

A photograph showing a man and a young boy in a kitchen. The man is on the left, smiling and looking at the boy. The boy is on the right, wearing a blue hoodie, pointing at a smart home control panel mounted on the wall. The panel displays various icons for smart home functions like lighting, temperature, and music. The background shows a modern kitchen with white cabinets and a wooden floor.

ofgem

Making a positive difference
for energy consumers

Boiler Upgrade Scheme Annual Report

Scheme Year 2 (1 April 2023 – 31 March 2024)

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Foreword

More than 78% of homes in England and Wales are heated using fossil fuels¹ and according to the most recent government data, heating our homes accounts for 15% of the UK's total greenhouse gas emissions². Supporting homeowners to switch from fossil fuel heating systems like gas boilers, to cleaner more efficient alternatives like heat pumps, will be a vital part of the UK's journey to net zero.

Launched in May 2022 by the Department for Energy Security and Net Zero (DESNZ), the Boiler Upgrade Scheme (BUS) is designed to support the decarbonisation of homes and small non-domestic buildings in England and Wales by providing upfront grants to support the installation of heat pumps and, in limited circumstances, biomass boilers. It also seeks to support and develop the supply chain that will be required to achieve future growth in low carbon heating.

The BUS is one of a range of schemes Ofgem administers on behalf of the UK government and the devolved administrations. Our schemes are designed to advance decarbonisation and support vulnerable consumers and were worth almost £10 billion in the year 2022 to 2023.

The policy for the BUS is set by DESNZ who maintain overall responsibility for the scheme, while Ofgem has been appointed the scheme administrator. Key to our role is the processing of BUS voucher applications and ensuring that only those eligible for the grant receive it.

By the end of March 2024, the BUS had already supported almost 24,000 applicants to make the switch to low carbon heating. It was great to see the increase in grant funding for heat pumps to £7,500, introduced in October 2023, lead to 6,136 or 84% more applications being received to the end of the Scheme Year when compared to the same period in the previous year. This along with the extension of the scheme to March 2028 and an additional £1.5 billion of funding being proposed by the previous government, is intended to allow even more households to make the switch to low carbon heating.

I am immensely proud that our work administering the scheme has been recognised at the Civil Service's 2024 'Operational Delivery Profession' awards. We were awarded gold

¹ [2021 census: Constituency data - Central heating:](https://commonslibrary.parliament.uk/constituency-data-central-heating-2021-census/)

<<https://commonslibrary.parliament.uk/constituency-data-central-heating-2021-census/>>

² [Final UK greenhouse gas emissions national statistics: 1990 to 2022:](https://www.gov.uk/government/statistics/final-uk-greenhouse-gas-emissions-national-statistics-1990-to-2022)

<<https://www.gov.uk/government/statistics/final-uk-greenhouse-gas-emissions-national-statistics-1990-to-2022>>

in the 'Modern Civil Service' category in recognition of our delivery of the scheme, including the development of our digital service for installers and property owners, from whom we have a 95% customer satisfaction rating. I'm keen that we build on this strong performance and continue to improve the experience of applicants and make our processes even more efficient.

We also take our responsibility to ensure that public funds are used effectively very seriously. Our careful monitoring of scheme applications ensures that scheme abuse and fraudulent activity is detected. We work with DESNZ, the Microgeneration Certification Scheme, and consumer bodies to help provide protection for consumers and ensure that only those eligible for support receive it. In most cases when we identify an application that doesn't comply with the scheme rules, it is rejected before any money has been paid, or if money has been paid in error, we act to recover it. In Scheme Year 2, the total value of public funds protected as a result of these decisions was £894,000.

We welcome comments from readers on the content of this report, so if you want to get in touch, please contact us at SchemesReportingFeedback@ofgem.gov.uk.

Neil Lawrence

Director, Delivery & Schemes

23,875
Vouchers redeemed

From scheme launch to the end of March 2024, almost 24,000 low carbon heating systems have been supported.

£138.9m
Paid

The 23,875 grants paid mean a total of £138.9 million was paid supporting the installation of low carbon heating systems.

17,099
Fossil fuelled heating systems replaced

71.6% (17,099) of all grants paid were for the replacement of fossil fuelled heating systems, 10.7% were for the replacement of other heating system types e.g. direct electric, and 18.0% were for low carbon heating systems in eligible self-build properties.

96.2%
ASHPs

Over 96% of the low carbon heating systems supported were air source heat pumps (ASHPs). The remaining installations were ground source heat pumps (GSHPs) (2.8%), biomass boilers (0.9%) and shared ground loop GSHPs (SGL GSHP) (0.1%).

1,286
Registered installers

At the end of March 2024 1,286 Microgeneration Certification Scheme (MCS) certified installation companies were registered to participate in the BUS scheme. The top ten installers (by application volumes) were responsible for almost 25% of all grant applications received.

Executive summary

The Boiler Upgrade Scheme (BUS) launched on 23 May 2022 to support the decarbonisation of heat in buildings. It provides upfront capital grants towards the cost of installing heat pumps and, in limited circumstances, biomass boilers in homes and small non-domestic buildings in England and Wales. Changing the way we heat our homes and businesses, by replacing fossil fuel and direct electric heating systems with lower carbon, more efficient alternatives, is essential to reaching net zero and the BUS has an important role to play in achieving this.

As scheme administrator, we ensure the scheme is operated efficiently, including managing applications made by installers, issuing vouchers, and making payments. Additionally, our audit and compliance programme monitors compliance with the scheme rules, making sure that grants are only paid to those eligible to receive them.

As part of our statutory responsibilities, we have produced this annual report to provide an update on activity during Scheme Year 2 (SY2) from 1 April 2023 to 31 March 2024.

Scheme changes

Since the BUS launched several significant scheme announcements were made by the previous government. The announcements were:

- **March 2023**, an extension to the BUS scheme by three years until 2028³
- **September 2023**, an increase in the value of grants for heat pumps to £7,500⁴. This came into force on 23 October 2023
- **December 2023**, a proposed £1.5 billion of additional funding from 2025 to 2028⁵.

The previous government also consulted on a number of proposed scheme changes. The consultation was launched by the Department for Energy Security & Net Zero in August 2023⁶. They subsequently published their decision in March 2024 and the changes came

³ [Powering up Britain](https://www.gov.uk/government/publications/powering-up-britain): <<https://www.gov.uk/government/publications/powering-up-britain>>

⁴ [Changes to grant levels](https://www.gov.uk/government/publications/boiler-upgrade-scheme-changes-to-grant-levels): <<https://www.gov.uk/government/publications/boiler-upgrade-scheme-changes-to-grant-levels>>

⁵ [Families, business and industry to get energy efficiency support](https://www.gov.uk/government/news/families-business-and-industry-to-get-energy-efficiency-support): <<https://www.gov.uk/government/news/families-business-and-industry-to-get-energy-efficiency-support>>

⁶ [Consultation - Proposed amendments to the Boiler Upgrade Scheme Regulations](https://www.gov.uk/government/consultations/proposed-amendments-to-the-boiler-upgrade-scheme-regulations): <<https://www.gov.uk/government/consultations/proposed-amendments-to-the-boiler-upgrade-scheme-regulations>>

into force from 8 May 2024. These changes are covered in detail in our guidance but include:

- confirming the scheme extension to 2028
- removal of the requirement to install loft or cavity wall insulation if recommended on the property's EPC
- limiting the period after commissioning in which an application to the scheme can be made to 120 days

Voucher summary (page 16)

Applying for a BUS grant is a two-stage process. Installers are required to submit an initial voucher application (stage 1) where we check the pre-installation eligibility criteria. Property owners are required to provide consent to the application and verify the application details submitted by their installer. If the voucher application is successful, we issue the applicant with a voucher.

Following commissioning of an installation the installer can submit a voucher redemption application (stage 2). Once we have established that the remaining eligibility requirements have been met, the grant payment is made.

During Scheme Year 2, we received a total of 22,111 stage 1 applications. After completing our eligibility checks on these and outstanding applications from Scheme Year 1, we issued 18,772 vouchers worth over £122 million. We rejected 1,435 applications that failed our eligibility checks, and 1,549 applications were withdrawn.

We also received 13,997 stage 2 applications, and 13,904 grant payments worth over £88.8 million were made. As a result of our further eligibility checks we rejected 44 of the stage 2 applications.

Analysis of grants paid (page 20)

96.2% of grants paid since the start of the scheme were for air source heat pumps and 99.5% of installations were installed in domestic properties.

When looking at the heating systems being replaced, gas boilers made up the largest proportion at 47.2%. Oil boilers were the second most common technology being replaced making up 20.1% of the total. Altogether, replaced fossil fuelled heating systems account for 71.6% of grants paid. There were also an additional 17.7% of

installations where no heating system was being replaced – all of which were in eligible self-build⁷ properties.

Profile of BUS installers (page 27)

By the end of Scheme Year 2 there were 1,286 installer accounts registered on the BUS. Of these, 1,144 or 89.0% have submitted applications and 142 have yet to submit an application (as at the time the data was extracted).

It is worth noting that the top 30 installers, in terms of application numbers, were responsible for 14,122 (37.4%) of applications. Conversely, there were 162 installers with a single application each.

Monitoring compliance (page 29)

Audit

We operate a robust audit programme to help ensure that applicants are following the scheme rules. By identifying non-compliances we can ensure that grants are only paid to applicants eligible to receive them. This ensures that scheme funds are being spent effectively and deliver on the objectives of the scheme, thereby providing value for money for the public.

We undertake both statistical and targeted audits. Statistical audits are randomly selected to provide a representative view of the scheme population. This provides us with a reliable measure of the level and types of non-compliance within the population and allows us to monitor whether the estimated level of non-compliance remains within tolerance levels agreed with government. Targeted audits focus on installations we have identified as having an increased risk of non-compliance.

We conducted 410 statistical audits during Scheme Year 2. For audits closed to date, we assessed that 93.6% of those audited were complying with the scheme rules. Note that as we instruct the applicant to take corrective action, some of those provisionally assessed as being non-compliant may subsequently be brought into compliance.

⁷ New build properties are not eligible for the scheme except for certain 'self-builds'. An eligible self-build must have been built mainly using the labour or resources of the first owner, and the new building must never have been owned by a business or organisation.

The most common reasons for an installation being found non-compliant during an audit were:

- The heating system cannot meet the full space and water heating needs of the eligible property
- An ineligible technology has been installed
- The person who made the customer declaration was not the owner of the property.

The above non-compliances collectively accounted for almost 63% of all non-compliance identified through the statistical programme.

Additionally, we selected 607 installations for targeted audit during Scheme Year 2. As these audits target known risk areas, we expect compliance rates in this group to be lower. Overall we assessed that 88.8% of those audited were complying with the scheme rules.

It should be noted that the compliance rate can only be confirmed following the completion of a compliance investigation.

Compliance

When we suspect an applicant is non-compliant, for instance after completion of an audit or during the application process, we open a compliance investigation. If our investigation subsequently confirms a non-compliance, we will either work with the installer to bring the application into compliance, reject the ineligible application or revoke the voucher.

We closed 546 compliance investigations during Scheme Year 2, of which 158 (29%) were found to be non-compliant. The most common non-compliance reason affecting eligibility was 'Existing system was not fossil fuel or electric', accounting for 50.6% of non-compliances. This non-compliance is identified at the application stage and occurs where the installer has been unable to provide sufficient evidence that a retrofit BUS installation will be replacing, or has replaced, a fossil fuel or electric heat source.

In total, the compliance actions we took in Scheme Year 2 resulted in £894,000 of public funds being protected or identified for recovery.

Our administration (page 37)

Modern Civil Service Award

In the Civil Service's 2024 'Operational Delivery Profession' awards, Ofgem's BUS Team were awarded gold in the 'Modern Civil Service' category. This award recognises original thinking or technology that has improved the delivery of services to the public.

Our award recognised the collaborative efforts made across Ofgem to deliver the BUS, launching with robust manual processes, and thereafter taking an iterative approach to development of our digital service. We prioritise installer and consumer experience for which we have achieved a 95% customer satisfaction rating.

Voucher processing

In September 2023 the previous government announced a grant uplift for heat pumps to £7,500. Many applicants that were in the application review stage or had not redeemed their voucher, exercised their right to withdraw their application and reapply to benefit from the uplift when this came into force on 23rd October.

The volume of withdrawals and an increase in scheme interest generated industry concerns around cashflow. In response we introduced fast-track reviews to prioritise reapplications and minimise any delay to grant payments being made where the application details remained unchanged. As a result, we issued 3,622 vouchers during the first four weeks following introduction of the uplift, up by 185% on the 1,269 issued in the four weeks preceding the announcement in September. This was against receipt of 4,777 applications (new and reapplications) over the same period, up from 1,459 received in the four weeks prior to the announcement. The initiative proved very successful, and we were able to return to normal application processing earlier than anticipated.

In total, following introduction of the grant uplift we received 13,459 BUS applications to the end of SY2. This is an 83.8% increase on the 7,323 applications we received over the same period in SY1.

Digital delivery

A key enabler of running the BUS scheme efficiently and securely is the continuous review and development of our digital services. Scheme Year 2 has been a period of significant transformation and growth for our digital service. Through a series of strategic enhancements and continuous improvements, we have significantly improved the experience for installers while optimizing internal processes. These efforts have not only

streamlined operations but have also ensured that the scheme remains compliant with legislative changes.

Please note: a spreadsheet containing the data used in the production of this report is published alongside the report on our website.

1. About the scheme

This chapter summarises the context and legislative background to the Boiler Upgrade Scheme (BUS), including Ofgem’s administrative duties. This chapter also summarises the changes to the scheme that occurred during Scheme Year 2 (SY2).

- 1.1 The Boiler Upgrade Scheme (BUS) supports the decarbonisation of heat in buildings. It provides upfront capital grants to support the installation of heat pumps and, in limited circumstances, biomass boilers in homes and small non-domestic buildings in England and Wales.
- 1.2 The BUS launched on 23 May 2022⁸ and supports property owners to move away from their reliance on fossil fuel systems to cleaner and more efficient ways of heating their homes. In the long term, the deployment of low carbon technologies will reduce the UK’s dependency on fossil fuels, reduce exposure to global fuel price spikes and help the country work towards net zero.
- 1.3 On 21 September 2023, DESNZ issued a notice, increasing the BUS grant level for heat pumps to £7,500 (up from £5,000 for air source heat pumps and from £6,000 for ground source heat pumps). The grant levels shown below applied to new applications from Monday 23 October 2023⁹.
 - Air source heat pumps (ASHP) (£7,500)
 - Ground source heat pumps (GSHP) (£7,500)
 - Biomass boilers (£5,000)
- 1.4 The BUS is underpinned by ‘The Boiler Upgrade Scheme (England and Wales) Regulations 2022’¹⁰ (as amended) (the BUS regulations). The Department of Energy Security & Net Zero (DESNZ) is responsible for the BUS policy and scheme regulations.

⁸ Although the BUS launched on 23 May 2022, systems first commissioned from 1 April 2022 were eligible for support.

⁹ [Changes to grant levels](https://www.gov.uk/government/publications/boiler-upgrade-scheme-changes-to-grant-levels): <<https://www.gov.uk/government/publications/boiler-upgrade-scheme-changes-to-grant-levels>>

¹⁰ [The Boiler Upgrade Scheme \(England and Wales\) Regulations 2022](https://www.legislation.gov.uk/uksi/2022/565/contents/made):

<<https://www.legislation.gov.uk/uksi/2022/565/contents/made>>

The regulations were subsequently amended after the end of Scheme Year 2 in May 2024

[The Boiler Upgrade Scheme \(England and Wales\) \(Amendment\) Regulations 2024](https://www.legislation.gov.uk/uksi/2024/524/contents/made):

<<https://www.legislation.gov.uk/uksi/2024/524/contents/made>>

- 1.5 At launch, the scheme was scheduled to run for three years with a budget of £150 million available per year. The total budget of £450 million was enough to support the installation of up to 90,000 low carbon heating installations by 2025. On 30 March 2023, the previous government announced their intention to extend the BUS until 2028¹¹ and subsequently on 18 December 2023, announced their plan for £1.5 billion additional funding to allow more homes to benefit from support under the scheme¹².
- 1.6 Ofgem administers the scheme on behalf of government and our responsibilities are set out in the BUS regulations. Our functions include but are not limited to:
- Publishing scheme guidance for installers¹³ and property owners¹⁴
 - Processing installer account creation requests
 - Processing voucher and redemption applications
 - Making payments to installers following processing of successful voucher redemptions
 - Publishing reports on the BUS
 - Monitoring and enforcing compliance with the BUS regulations.
- 1.7 The low carbon heating products on the scheme must be Microgeneration Certification Scheme (MCS) certified¹⁵. MCS certification provides greater assurance as to the competence of installers and encourages a high-quality standard of installation. Furthermore, additional consumer protection is provided as all registered installers must be a member of an approved consumer code¹⁶.

¹¹ [Powering up Britain](https://www.gov.uk/government/publications/powering-up-britain): <https://www.gov.uk/government/publications/powering-up-britain>
This change subsequently came into force on 8 May 2024.

¹² [Families, business and industry to get energy efficiency support](https://www.gov.uk/government/news/families-business-and-industry-to-get-energy-efficiency-support):
<https://www.gov.uk/government/news/families-business-and-industry-to-get-energy-efficiency-support>

¹³ [BUS: Guidance for Installers](https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-installers): <https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-installers>

¹⁴ [BUS: Guidance for Property Owners](https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-property-owners): <https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-property-owners>

¹⁵ [Information on MCS](https://mcs-certified.com/): <https://mcs-certified.com/>

¹⁶ Consumer codes are consumer organisations that set out the levels of customer service and consumer protection that MCS installers must provide.

- 1.8 This report is produced to meet our obligation to publish a report on scheme activity annually by 31 July.¹⁷ This second annual report on the BUS covers the period from 1 April 2023 to 31 March 2024. The first annual report on BUS was published in July 2023 and covers the period from 1 April 2022 to 31 March 2023.¹⁸
- 1.9 We also publish monthly¹⁹ and quarterly²⁰ reports covering the BUS on our website and DESNZ publish monthly statistics on GOV.UK²¹.

¹⁷ This annual report is published as required by regulation 30(5) of the Boiler Upgrade Scheme (England and Wales) Regulations 2022 (the 'BUS regulations'). In so far as the data can be provided in aggregate form, this report contains the information specified by regulation 30(3)(c) of the BUS regulations.

¹⁸ [BUS Scheme Year 1 Annual Report](https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-bus-annual-report-2022-23): <https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-bus-annual-report-2022-23>

¹⁹ [BUS monthly scheme update](https://www.ofgem.gov.uk/publications/bus-monthly-scheme-update): <https://www.ofgem.gov.uk/publications/bus-monthly-scheme-update>

²⁰ [BUS publications](https://www.ofgem.gov.uk/environmental-and-social-schemes/boiler-upgrade-scheme-bus/boiler-upgrade-scheme-bus-guidance-and-resources): <https://www.ofgem.gov.uk/environmental-and-social-schemes/boiler-upgrade-scheme-bus/boiler-upgrade-scheme-bus-guidance-and-resources>

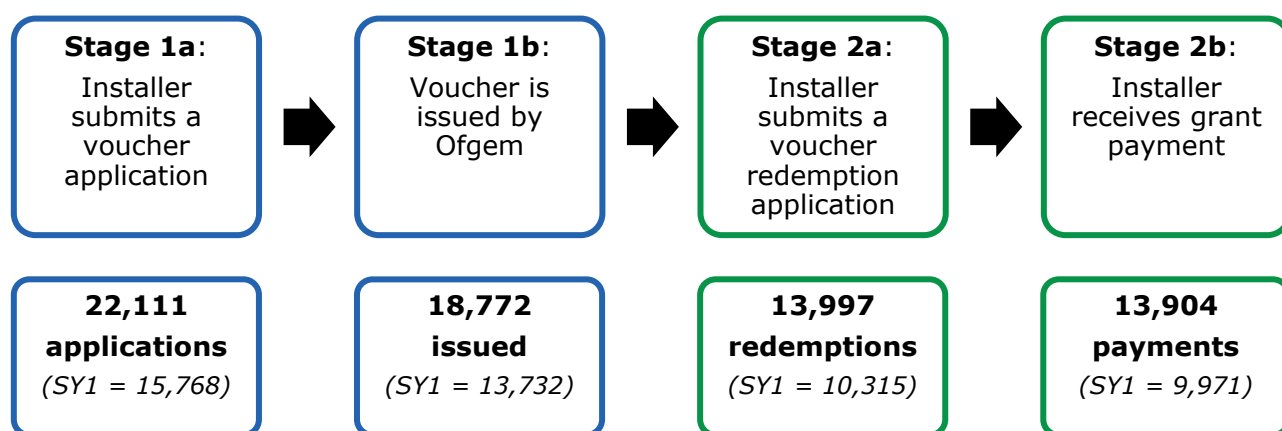
²¹ [Monthly DESNZ BUS statistics](https://www.gov.uk/government/collections/boiler-upgrade-scheme-statistics): <https://www.gov.uk/government/collections/boiler-upgrade-scheme-statistics>

2. Voucher summary

This chapter provides a summary of BUS voucher applications, the vouchers we issued, and the redemption applications received.

- 2.1 The BUS grant application is a two-stage process which is illustrated in **Figure 2.1** alongside application volumes for Scheme Years 1 and 2.
- 2.2 For voucher applications submitted in Scheme Year 2 (SY2), firstly installers were required to submit a voucher application (stage 1) where we checked that the pre-installation eligibility criteria were met. Property owners were required to provide consent to the application and verify the application details submitted by their installer. If the voucher application was successful, we issued the applicant with a voucher.
- 2.3 Once a voucher has been issued to an installer, they must complete the installation and submit a redemption application within the voucher validity period set out on the voucher. The validity period is three months for air source heat pumps (ASHPs) and biomass boilers, or six months for ground source heat pumps (GSHPs). If a redemption application is not received within the relevant validity period, the voucher expires.
- 2.4 Following the commissioning of an installation the installer can submit a voucher redemption application (stage 2). Once we have established that the remaining eligibility requirements have been met, the grant payment is made.²²

Figure 2.1: Summary of grant application process and volumes Scheme Year 2



²² Further detail on the BUS application process can be found in our [BUS: Guidance for Installers](https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-installers): <https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-installers>

Voucher applications (stage 1)

- 2.5 During BUS SY2 a total of 22,111 applications were received with 96.2% of these being for ASHPs. It should be noted that this total can include multiple applications for the same property, for example, where a re-application is made following a voucher expiring.
- 2.6 A breakdown of applications received split by technology type is shown in **Figure 2.2**.

Figure 2.2: Applications received by technology type in Scheme Year 2

ASHP	GSHP	Biomass	GSHP (Shared ground loop) ²³
21,281 (96.2%)	675 (3.1%)	124 (0.6%)	31 (0.1%)

- 2.7 Following our eligibility checks (including on outstanding applications from Scheme Year 1) we rejected 1,435 BUS applications at this stage in SY2, thereby protecting £8,679,500 of public funds. Applicants withdrew a further 1,549 applications (mainly to benefit from the grant uplift in October 2023). Applications were most commonly rejected due to a failure by the installer or property owner to provide further information when requested, or because the property was deemed to be ineligible. The most common issues affecting property eligibility are listed below:

- The installation was commissioned before 1 April 2022
- An application for a self-build property was, while being built or subsequently, owned by a company and is therefore not an eligible self-build
- Construction of a self-build property started prior to ownership by the property owner.

- 2.8 After completing our stage 1 checks we issued 18,772 vouchers worth £122,031,500.²⁴

²³ See glossary for description.

²⁴ The figure for vouchers issued in SY2 includes applications received in SY1 where the voucher was issued in SY2. Also included are vouchers which have subsequently expired.

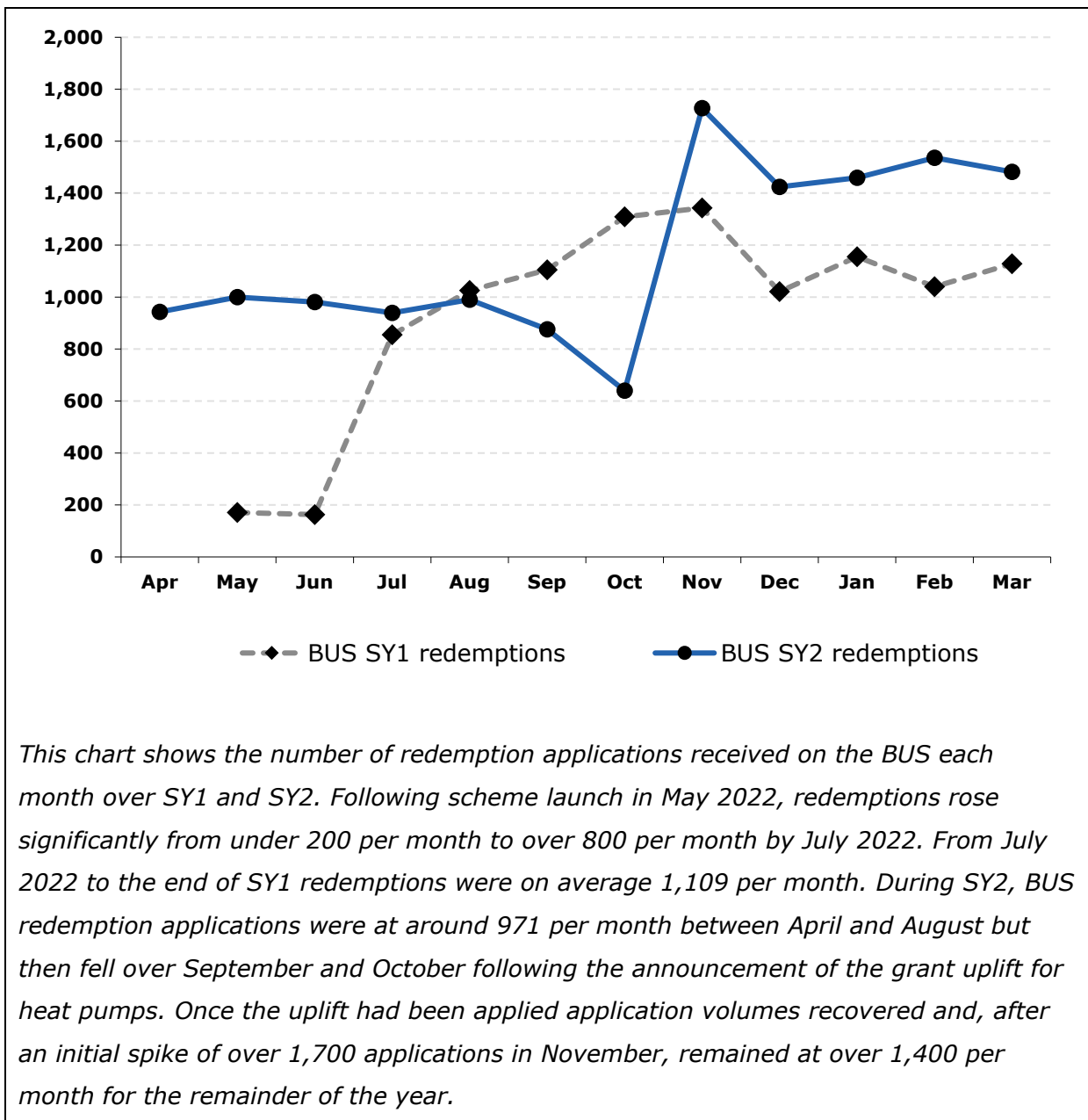
- 2.9 Once a voucher has been issued to an installer, they must complete the installation and submit a redemption application before it expires. A total of 2,128 vouchers expired in SY2 before being redeemed. Where a voucher has expired a new BUS application with the same information can be made. Our analysis shows that many of these have reapplied with 1,080 (50.8%)²⁵ having already been approved and paid. Of those that expired in SY1, 71.8% have now reapplied and been paid.
- 2.10 The rates of voucher expiry for each technology type since the start of the scheme are as follows: ASHP (13.6%), GSHP (9.6%), shared ground loop GSHP (5.6%) and biomass (14.5%).

Redemption applications (stage 2)

- 2.11 A total of 13,997 redemption applications were received during BUS SY2 and following our stage 2 eligibility checks, we paid grants towards 13,904 installations. Our stage 2 eligibility checks also resulted in 44 redemption applications being rejected in SY2 - protecting a further £220,000 of public funds.
- 2.12 **Figure 2.3** compares the monthly redemption applications received on BUS in SY1 and SY2.

²⁵ Due to the way this data was captured and then extracted the actual number of re-applications may be higher. We expect this number to rise as more grant re-applications are subsequently approved for payment.

Figure 2.3: Comparison of monthly BUS redemption applications in SY1 and SY2



3. Analysis of grants paid

This chapter provides information on the characteristics of the low carbon heat installations supported under the scheme. This includes information on the technology types installed, location and the heating technologies being replaced.

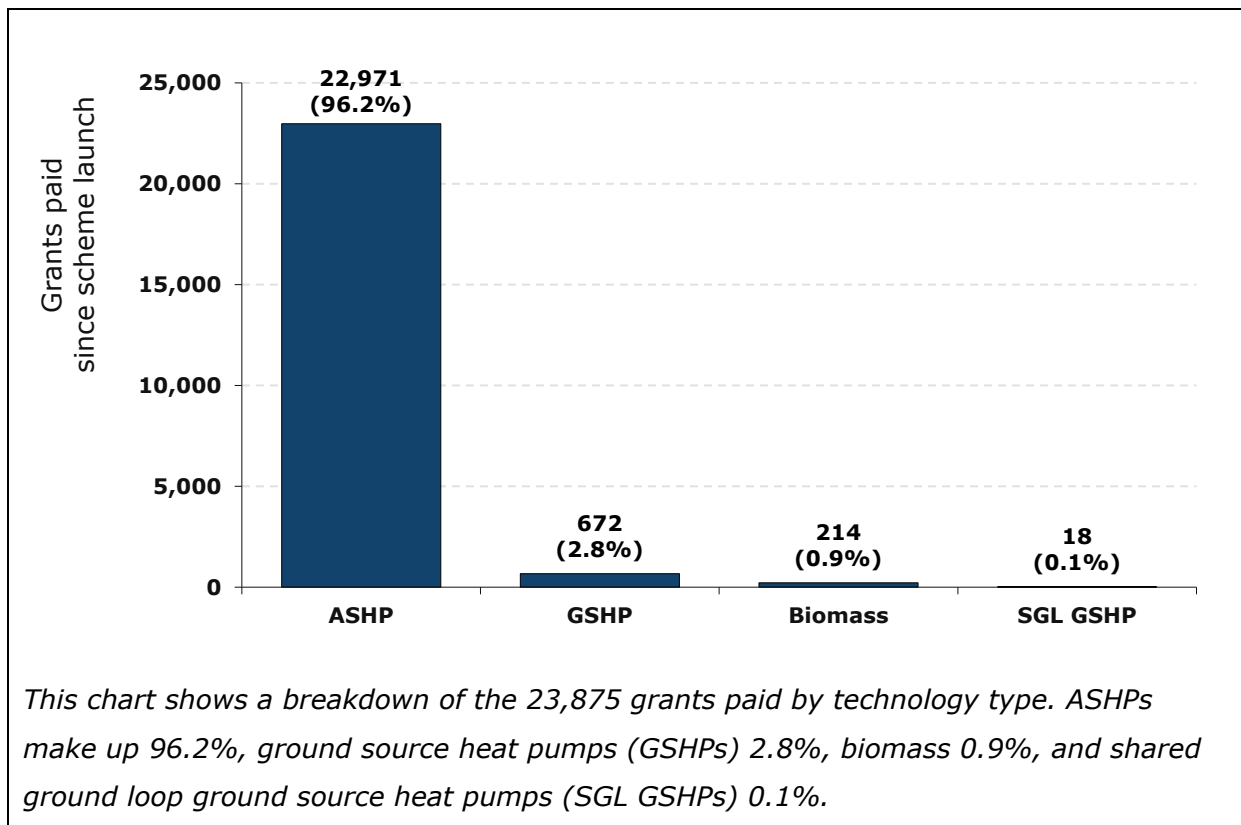
- 3.1 During BUS Scheme Year 2 (SY2) we paid grants worth £88,821,500, supporting the installation of 13,904 low carbon heating systems. 65.4% of the money was paid in the five months following the grant uplift for heat pumps on 23 October 2023. This brings the total value of grants paid since the start of the scheme to £138,925,500, supporting 23,875 low carbon heating systems.
- 3.2 To provide insight into the characteristics of installations being supported through the BUS, we have provided information on:
- technology types
 - the location of installations
 - the heating technologies being replaced
 - the split between domestic and non-domestic, and
 - quoted installation costs.

BUS technology types

- 3.3 Air source heat pumps (ASHPs) make up the vast majority of BUS installations. This is the same deployment pattern as seen on the previous Domestic Renewable Heat Incentive (DRHI) scheme²⁶. **Figure 3.1** shows the proportion of each technology type installed since the start of the BUS scheme.

²⁶ [Information on the DRHI scheme](https://www.ofgem.gov.uk/environmental-and-social-schemes/domestic-renewable-heat-incentive-domestic-rhi): <<https://www.ofgem.gov.uk/environmental-and-social-schemes/domestic-renewable-heat-incentive-domestic-rhi>>

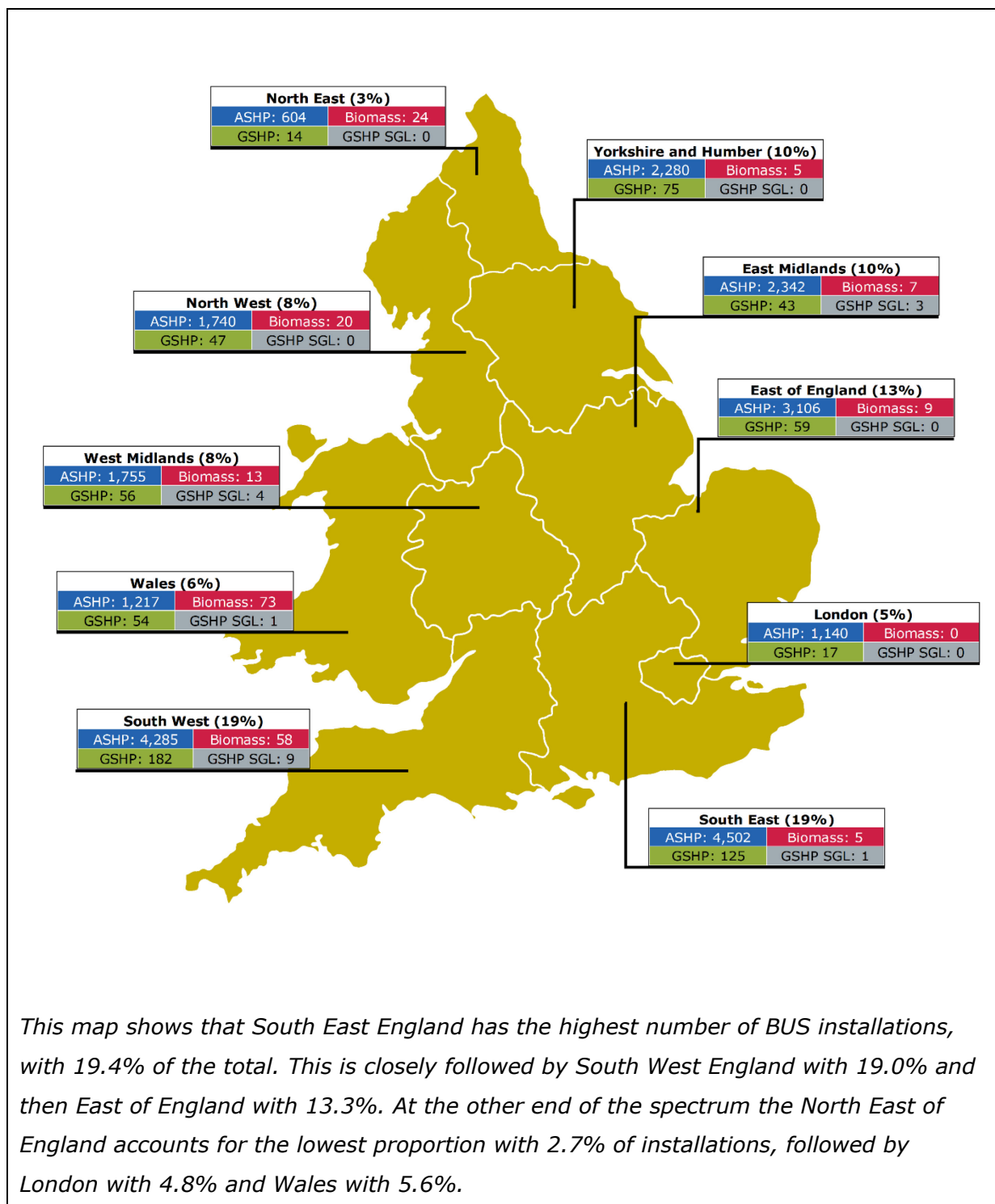
Figure 3.1: Grants paid by technology type on the BUS since scheme launch



Regional distribution of BUS installations

3.4 **Figure 3.2** below shows the regional distribution of BUS installations across England and Wales, split by technology type, since scheme launch.

Figure 3.2: Regional distribution of grants paid by technology type

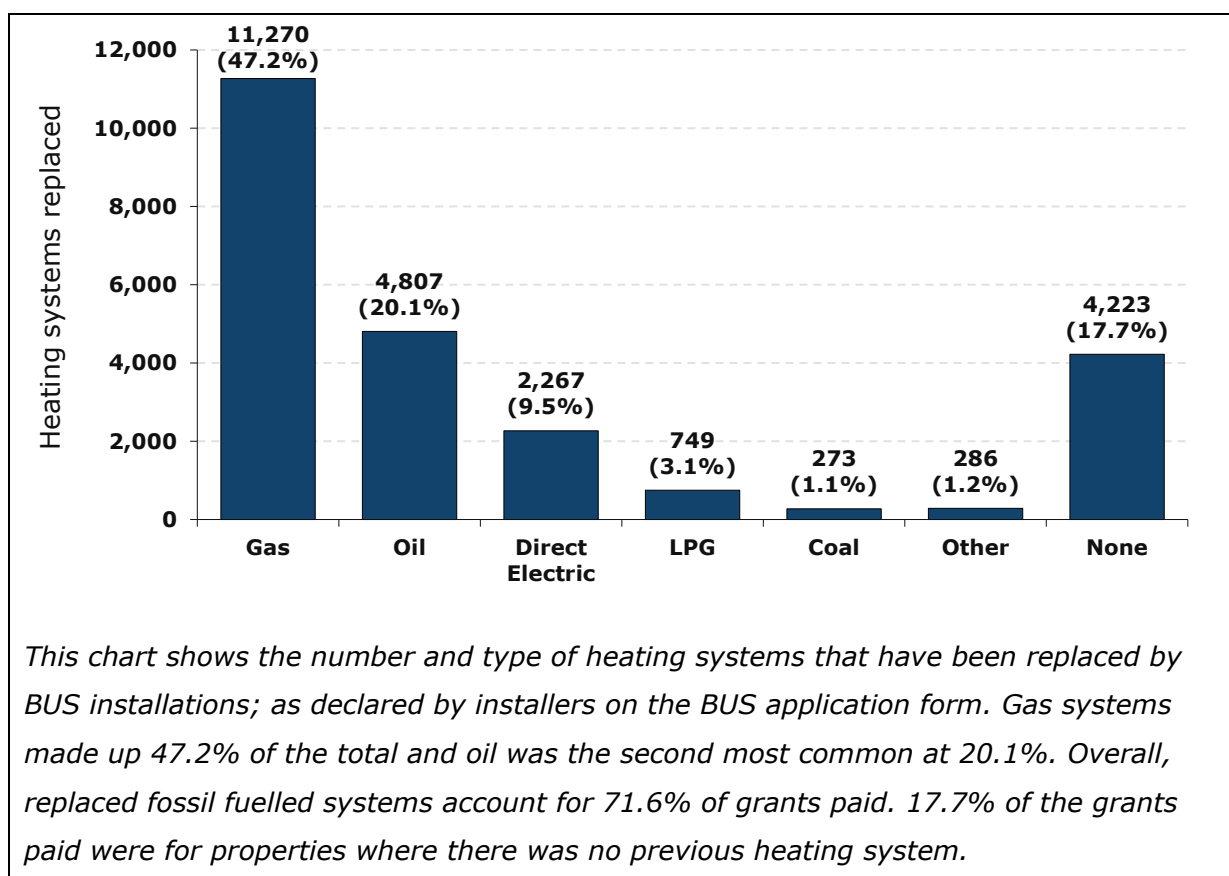


Replaced heating systems

3.5 A key policy aim of the BUS is to decarbonise homes in England and Wales by replacing fossil fuel and direct electric heating systems with lower carbon alternatives. **Figure 3.3** provides details of the heating systems replaced by BUS installations, as declared by installers on the BUS application form.

3.6 The BUS also supports the installation of low carbon heating in eligible self-build properties²⁷. In total, 4,303 eligible self-builds have received support since the start of the scheme, with 2,692 of these being within Scheme Year 2. Most were in newly constructed buildings or conversions of buildings without previous heating. However, a small proportion were conversions where a non-domestic heating system was replaced. Therefore the number where no heating system has been replaced is lower than the number of eligible self-builds.

Figure 3.3: Heating systems replaced since scheme launch

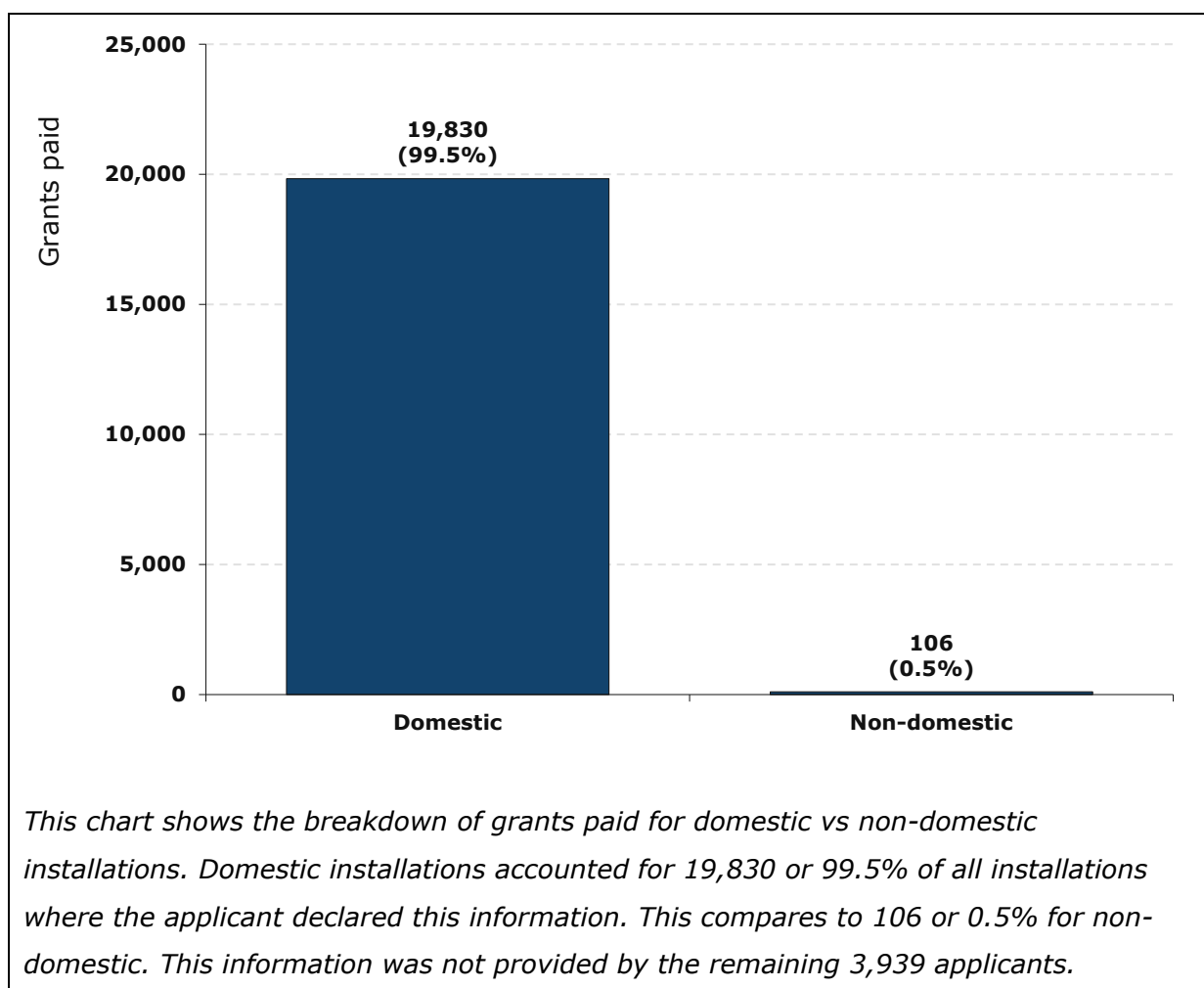


²⁷ New build properties are not eligible for the scheme except for certain 'self-builds'. An eligible self-build must have been built mainly using the labour or resources of the first owner, and the new building has never been owned by a business or organisation.

Domestic and non-domestic

3.7 The BUS supports the installation of low carbon heating systems up to a maximum capacity of 45 kWth. In practice this means that the scheme is targeted at domestic and small scale non-domestic buildings. **Figure 3.4** provides a breakdown of the declared building type for grants paid since scheme launch.

Figure 3.4: Proportion of grants paid for domestic vs non-domestic installations



Installation costs

3.8 BUS applicants are required to submit information on the price quoted²⁸ for installation of the new heating system. The property owner must confirm this information at customer declaration stage. The average total quote (which includes the value of the BUS grant) is listed in **Figure 3.5**, broken down by technology type.

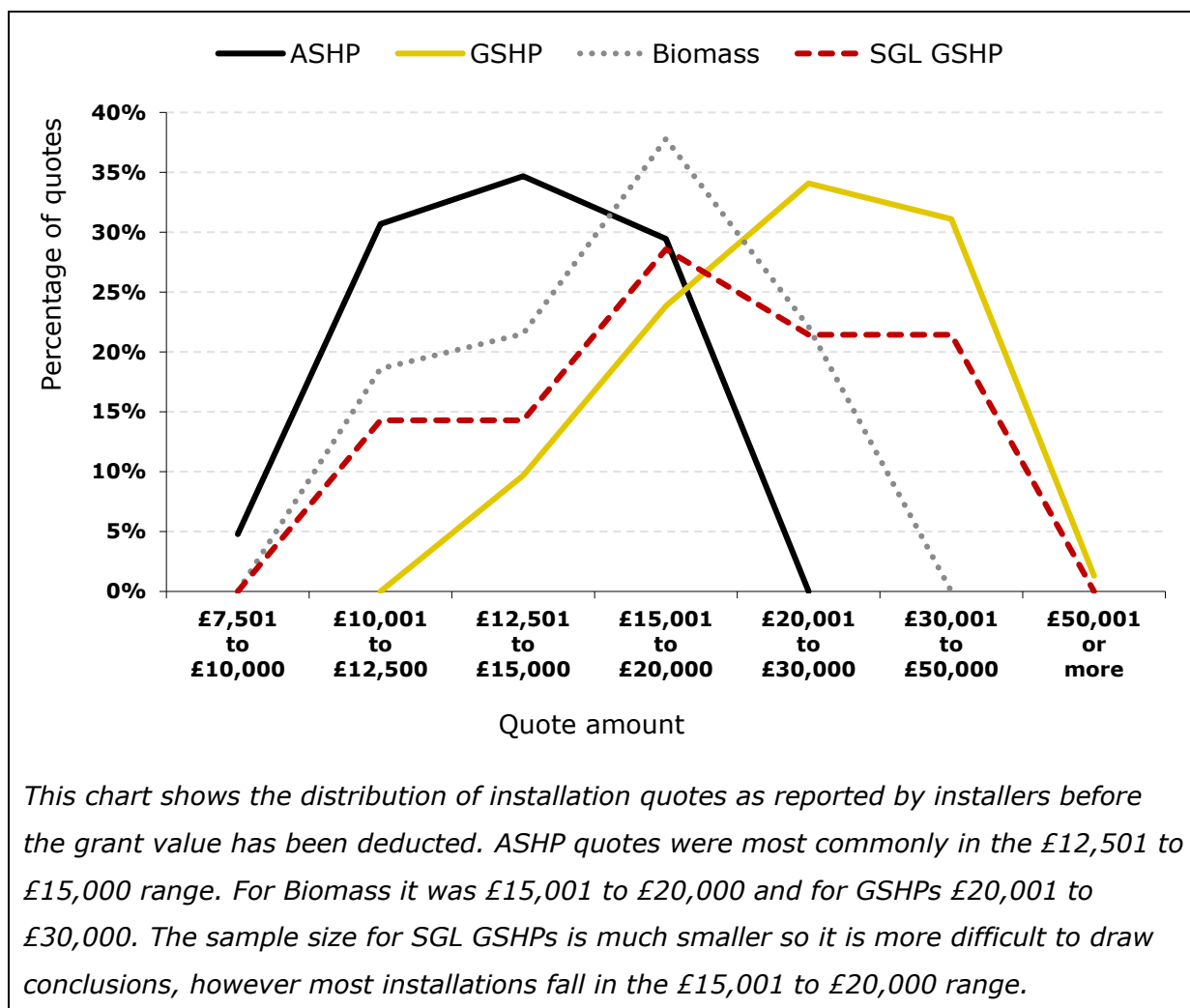
Figure 3.5: Average total quote amount for BUS grants paid (grant value included)

ASHP	GSHP	Biomass	SGL GSHP
£13,811	£26,766	£16,672	£22,086

3.9 **Figure 3.6** shows the distribution of installation quotes by amount quoted for each technology type.

²⁸ The total quote amount reported by installers includes the system cost, labour and VAT (if applicable). It should be noted that we do not validate the information provided. As such to account for outliers we have excluded the highest and lowest 10% of values from the data in this section. For SGL GSHP where there are only nine grants paid the single highest and lowest values have been excluded.

Figure 3.6: Distribution of installation quotes by technology type (grant value included)



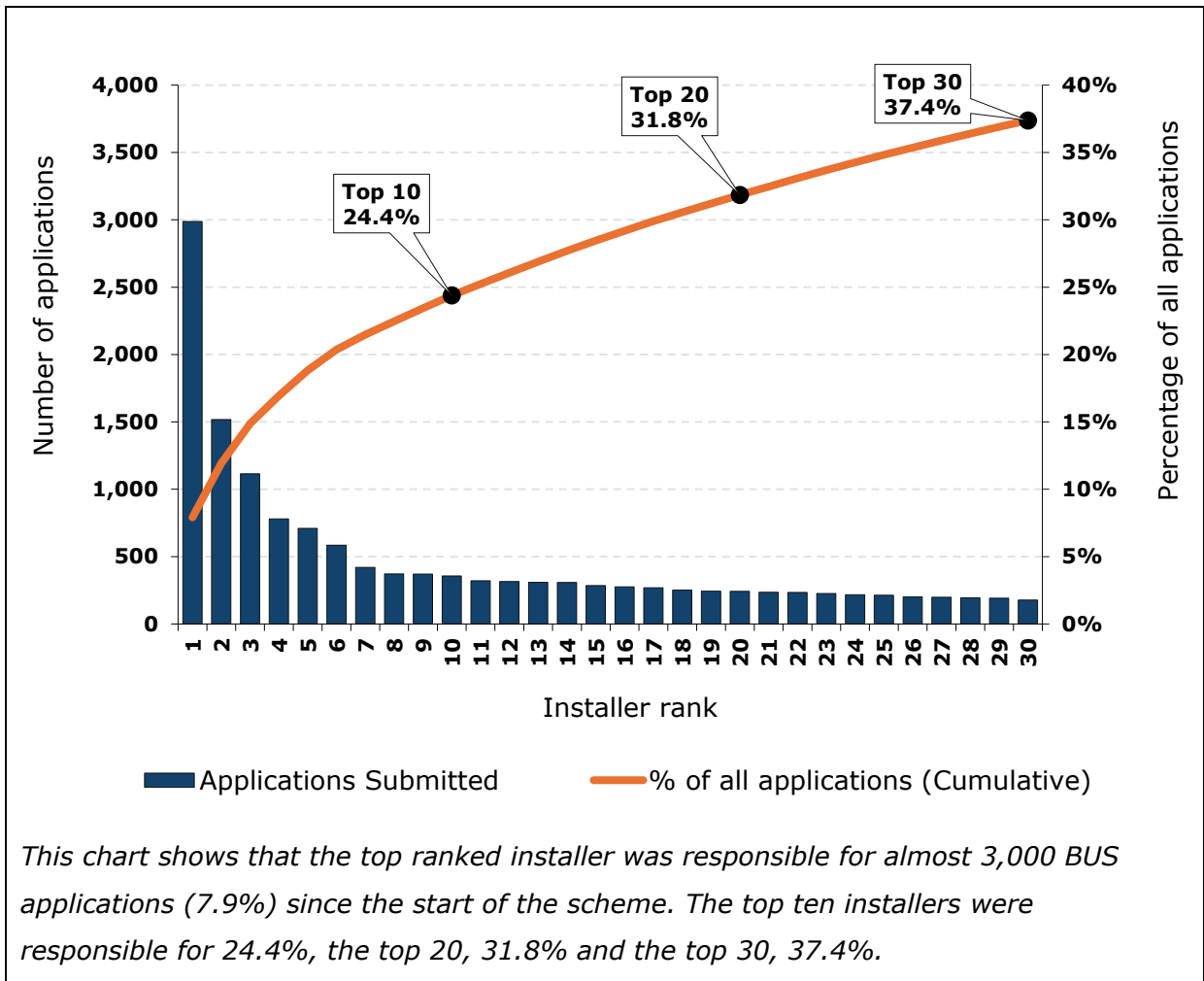
4. Profile of BUS installers

This chapter provides information on the installers who have created an account under the scheme.

- 4.1 Installers were able to create an installer account from 11 April 2022, in advance of the scheme opening for applications on 23 May 2022. As of 31 March 2024 there were 1,286 installers registered under the scheme. This was an increase of 21.9% on the 1,055 registered at the end of SY1, which suggests development of supply chains in line with the scheme's policy aims.
- 4.2 By the end of March 2024 1,144 (89.0%) had submitted applications, and of the 142 that had yet to apply, 39 are installers that created their accounts towards the end of the Scheme Year (between January and March 2024). It is likely many of the installers with recently created accounts will submit applications but have not had sufficient time to do so yet.
- 4.3 It is worth noting that as shown in **Figure 4.1**, the top 30 installers, in terms of application volumes, were responsible for 14,122 (37.4%) of applications. Conversely, there were 162 installers (12.6%) with a single application each.²⁹

²⁹ Note that the data in Figure 4.1 and the stated number of installers with a single application includes installer accounts that have been suspended.

Figure 4.1: Top 30 installers by volume of applications submitted



5. Monitoring compliance

This chapter summarises our work monitoring compliance with the BUS rules. Included are details of our statistical and targeted audit programmes and our compliance activity.

- 5.1 Ofgem takes any non-compliance with scheme rules extremely seriously. We operate robust audit and compliance programmes to ensure that grants are only made to those eligible to receive them, thereby protecting the public purse. Ofgem has the legal authority to conduct routine checks on grant applications at any point in the process, including after payment has been made.
- 5.2 Audit checks are one way to do this whilst also:
- giving us an understanding of trends in non-compliance in the scheme
 - allowing us to identify and address the root causes of non-compliance, for example by strengthening our operational controls
 - allowing us to target our stakeholder engagement, and further monitoring and compliance activity
 - helping us identify and protect against errors, scheme abuse and fraud.
- 5.3 We take a risk-based approach to scheme abuse and fraud and have a dedicated Counter Fraud function that works to detect, prevent, and deter such activity. Where we identify suspected scheme abuse and/or fraud, we'll refer the individuals in question to the relevant authorities which include Action Fraud³⁰, the police and/or trading standards.
- 5.4 When we suspect an applicant is non-compliant, for instance after completion of an audit or during the application process, we open a compliance investigation. Where a non-compliance is confirmed, we will (if possible) work with the installer to bring the application into compliance. Otherwise we will reject the ineligible application or revoke the voucher.
- 5.5 Examples of non-compliance may include, but are not limited to:
- The property owner has not consented to the installation or consent has been falsified

³⁰ [Action Fraud](https://www.actionfraud.police.uk/): <https://www.actionfraud.police.uk/>

- The heating system does not meet the full space and water heating demands of the property
- The heating system has not been appropriately installed and is inoperable and/or the Microgeneration Certification Scheme (MCS) certificate was issued before the installation was complete
- There is no heating system present for which an MCS certificate has been issued
- The information provided to Ofgem appears to be incorrect, false or misleading
- A fossil fuel heating system is still in place
- There is no evidence that the property owner has benefitted from the value of the grant
- The installation has previously received public funding.

5.6 As a scheme where 99.5% of installations are in domestic properties, consumers could be negatively impacted by scheme abuse or fraudulent activity. Therefore, in addition to working to ensure the appropriate use of public funds, we also champion consumer protection. We work with DESNZ, MCS and consumer bodies to monitor installer behaviour (including their cashflow and liquidity) and when installers cease to trade, we can take proactive action to protect consumers who are part way through their installation and may be left without heating.

Summary of audit activity

5.7 Our audit strategy and plans have been developed in line with best practice from the National Audit Office. They are reviewed annually and updated to account for emerging risks, changes to the scheme and new trends in non-compliance.

5.8 We undertake both statistical and targeted audit programmes. Statistical audits are site audits and are randomly selected to provide a representative view of the scheme population. This provides us with assurance that the audit results reflect the level and types of non-compliance across the population, and whether the levels of non-compliance remain within tolerance levels agreed with government.

5.9 Targeted audits are used where we identify applications that may have an increased risk of non-compliance. We primarily identify installations for targeted audits during the course of performing our administrative duties, but our audit choice may also be informed by a range of factors and sources. Targeted audits can be either desk-based audits or site audits, with the audit method selected based on the specific risks identified.

5.10 **Figure 5.1** below gives an overview of our audit programme and shows the initial compliance rating for the audits that have been closed. The audit statistics cover the 2023 to 2024 period, however, at the time of writing this report some of these investigations remain ongoing. The information presented here is accurate up to and including 31st March 2024. Targeted audits are selected on a weekly basis and statistical audits are selected fortnightly following voucher redemption.

Figure 5.1: Statistical and targeted audits – Scheme Year 2

Audit type	Total audits	Open audits	Closed audits	Compliant audits	Non-compliant audits	Compliance rate (%)
Statistical (site)	410	99	311	291	20	93.6%
Targeted (site)	360	84	276	238	38	86.2%
Targeted (desk)	239	21	218	200	18	91.7%
Targeted (transfers) ³¹	8	3	5	5	0	100%
Totals	1,017	207	810	734	76	90.6%

5.11 We selected 410 installations that received grant payments in 2023 to 2024 for statistical audit, with an initial compliance rate for those closed of 93.6%. The statistical audit programme is used to determine the BUS 'error rate'³².

³¹ These audits started as targeted desk audits but were changed to a site audit as the property owners required additional support.

³² 'Error rate' is the estimated level of non-compliance with the scheme rules (expressed as a percentage of payments made) across the scheme population.

5.12 We monitor trends in non-compliance and the level of error, scheme abuse and fraud in our schemes through our audit programmes. The value of error stated represents the estimated impact of both fraud and error. The value of payments made in error during 2023 to 2024 under the BUS is estimated at £1.0 million (1.18% of total payments) within a 95% confidence interval of £0.1 million to £2.0 million³³. This estimated level of non-compliance is comfortably within the tolerance levels agreed with government.

5.13 Details of the non-compliances identified through our statistical audit programme are shown in **Figure 5.2** below. There were 27 non-compliances identified across the 20 non-compliant audits; the most common three reasons accounted for almost 63% of the total.

Figure 5.2: Statistical audit non-compliances – Scheme Year 2

Non-compliance*	Number of non-compliances	Percentage of non-compliances	<i>Inferred incidence in the scheme population</i>
Plant cannot meet eligible property space and water heating needs	13	48.1%	4.2%
Ineligible technology installed	2	7.4%	0.6%
Person who made the customer declaration was not the owner of the property	2	7.4%	0.6%
Other non-compliances (single instances of each non-compliance)	10	37.0%	3.2%

**For further information on the non-compliances shown please refer to paragraph 5.19.*

5.14 In addition to our statistical audits, we conducted 607 targeted audits on installations identified as having a potential increased risk of non-compliance. Of these, 499 were closed by the end of March 2024, with 443 found to be compliant. The initial compliance rate in this group was 88.8%, which as expected is lower than the statistical group.

³³ A 95% confidence interval means that we are 95% confident that the actual value of payments made in error will fall between the upper and lower values of £0.1 million and £2.0 million.

5.15 It should be noted that the compliance rate shown in **Figure 5.1** includes all potential non-compliances identified through audit. Where an initial audit indicates a weak rating, a compliance investigation is conducted to confirm if a non-compliance has occurred. Therefore, the final compliance rate can only be confirmed following completion of the compliance investigation.

BUS compliance

5.16 When we suspect an applicant has not complied with the scheme rules, for instance after we complete an audit or during our application assessment, we may open a compliance investigation. During an investigation, we have the power to withhold payment for a single, or multiple vouchers, pending the outcome. If a non-compliance affecting eligibility has occurred, we will (if possible) work with the installer to bring the application into compliance. Otherwise we will reject the ineligible application or revoke the voucher - thereby protecting the public purse.

5.17 We closed 546 compliance investigations during the Scheme Year 2 from which 158 (29%) applications were found to be non-compliant. The compliance action we took in Year 2 resulted in £894,000 of public funds either being protected or identified for recovery. Further details can be found in **Figure 5.3** below.

Figure 5.3: Summary of compliance cases – Scheme Year 2

Referral source	Cases closed	Cases non-compliant	Percentage non-compliant	Value of public funds protected or recoverable
Audit ³⁴	76	15	19.7%	£80,500
Operational	286	95	33.2%	£535,000
MCS	177	47	26.6%	£277,500
External referral	7	1	14.3%	£1,000
Total	546	158	28.9%	£894,000

³⁴ At the time of writing there are 14 ongoing audit investigations in relation to the 2023-24 audit programme.

5.18 To provide further insight on the nature of the non-compliances being identified, we have included information on the five most common in **Figure 5.4**. In total, the five most common non-compliances identified accounted for 90.5% of all non-compliances.

Figure 5.4: Five most common non-compliances – Scheme Year 2

Non-compliance	Number of non-compliances	Percentage of non-compliances
Existing system was not fossil fuel or electric	80	50.6%
Installer does not meet the definition of an installer / is no longer MCS certified	47	29.7%
Plant does not meet eligible space and hot water demands	7	4.4%
Grant not used solely to fund installation of plant/ Voucher did not benefit property owner	5	3.2%
Installation first commissioned prior to 1 April 2022	4	2.5%
Total	143	90.5%

5.19 Background information on the five most common non-compliances is provided below:

- Existing system was not fossil fuel or electric:** The Boiler Upgrade Scheme was designed to decarbonise heating systems in buildings. For the property to be eligible on the BUS, when a heating system is being replaced the new system needs to replace either a fossil fuel or an electric heating system.³⁵

We will investigate all applications for properties that have previously installed a heat pump or biomass boiler to ensure they meet applicable BUS eligibility criteria.

³⁵ With the exception of eligible self-builds. [See our website for more information:](https://www.ofgem.gov.uk/environmental-and-social-schemes/boiler-upgrade-scheme-bus/property-owners#:~:text=Property%20eligibility,excluded%20property%20development)
<https://www.ofgem.gov.uk/environmental-and-social-schemes/boiler-upgrade-scheme-bus/property-owners#:~:text=Property%20eligibility,excluded%20property%20development>

- **Installer is no longer MCS certified:** Installers must be MCS certified to participate in the BUS scheme. MCS certification ensures that both the installed heating system and the installer meet high standards of quality and performance.

Ofgem regularly checks with MCS to ensure all installers on BUS continue to remain MCS accredited. Any installer who loses MCS accreditation will no longer be able to submit or redeem vouchers and any ongoing voucher applications will be investigated by us. Please note, it is an installer's obligation to inform Ofgem of any change in circumstance, including losing MCS accreditation.

- **Plant does not meet eligible space and hot water demands:** Ensuring the installation heats the whole property is an eligibility condition and necessary for the heating system to operate efficiently and provide comfortable living conditions for occupants, avoiding the need for secondary/additional heating systems. Additionally, issues can arise from improper heating, including, dampness, condensation, and mould, which can lead to adverse effects on health.

During an investigation Ofgem ensures that BUS installations can provide both the space and water heating for the property. We will also compare building heat demand, for each property, to installed output of the plant to ensure it has sufficient capacity.

- **Grant not used solely to fund installation of plant/Voucher did not benefit property owner:** The purpose of the grant is to reduce the financial burden on property owners, making the switch to low carbon heating more affordable and encouraging wider adoption. The rules require that the financial support provided is spent directly on technologies that meet these objectives and the benefit is received by the property owner. By investigating instances where this is not the case, we are ensuring we maximise the impact of each grant, and also that the grant contributes toward the scheme's decarbonisation objectives.

For example, an installer may request full payment for the installation before the voucher has been redeemed with the intention of paying the property owner the balance once the voucher has been paid. If this does not occur, the compliance team will make every attempt to work with the installer to have the voucher amount transferred to the property owner.

However, in some circumstances the installer may not transfer the money as they have ceased to trade.

- **Installation first commissioned prior to 1 April 2022:** Other sources of support were available for small scale and domestic low carbon heat technologies before 1 April 2022, including The Domestic Renewable Heat Incentive (DRHI) scheme.

5.20 To maintain and further reduce the levels of non-compliance on the scheme, we continue to analyse the root causes of the non-compliances identified. We use this information to look for ways to strengthen our procedures and apply preventative measures to reduce the likelihood of non-compliances happening. We share our non-compliance findings with DESNZ, MCS (who carry out additional checks on the quality of the BUS funded installations) and relevant consumer codes³⁶ as appropriate, to ensure that all parties can respond accordingly.

³⁶ Consumer codes are consumer organisations that set out the levels of customer service and consumer protection that MCS installers must provide.

6. Our administration

This chapter provides additional detail on our administration of the BUS during Scheme Year 2.

- 6.1 As administrators of the BUS, Ofgem perform a number of functions, including:
- Publishing scheme guidance for installers and property owners
 - Processing installer account creation requests
 - Processing voucher and redemption applications
 - Making payments to installers following a successful voucher redemption
 - Monitoring and enforcing compliance with the BUS regulations
 - Publishing reports on the operations and progress of BUS.
- 6.2 This chapter provides information on certain aspects of our administration not covered elsewhere in this report.

Modern Civil Service award

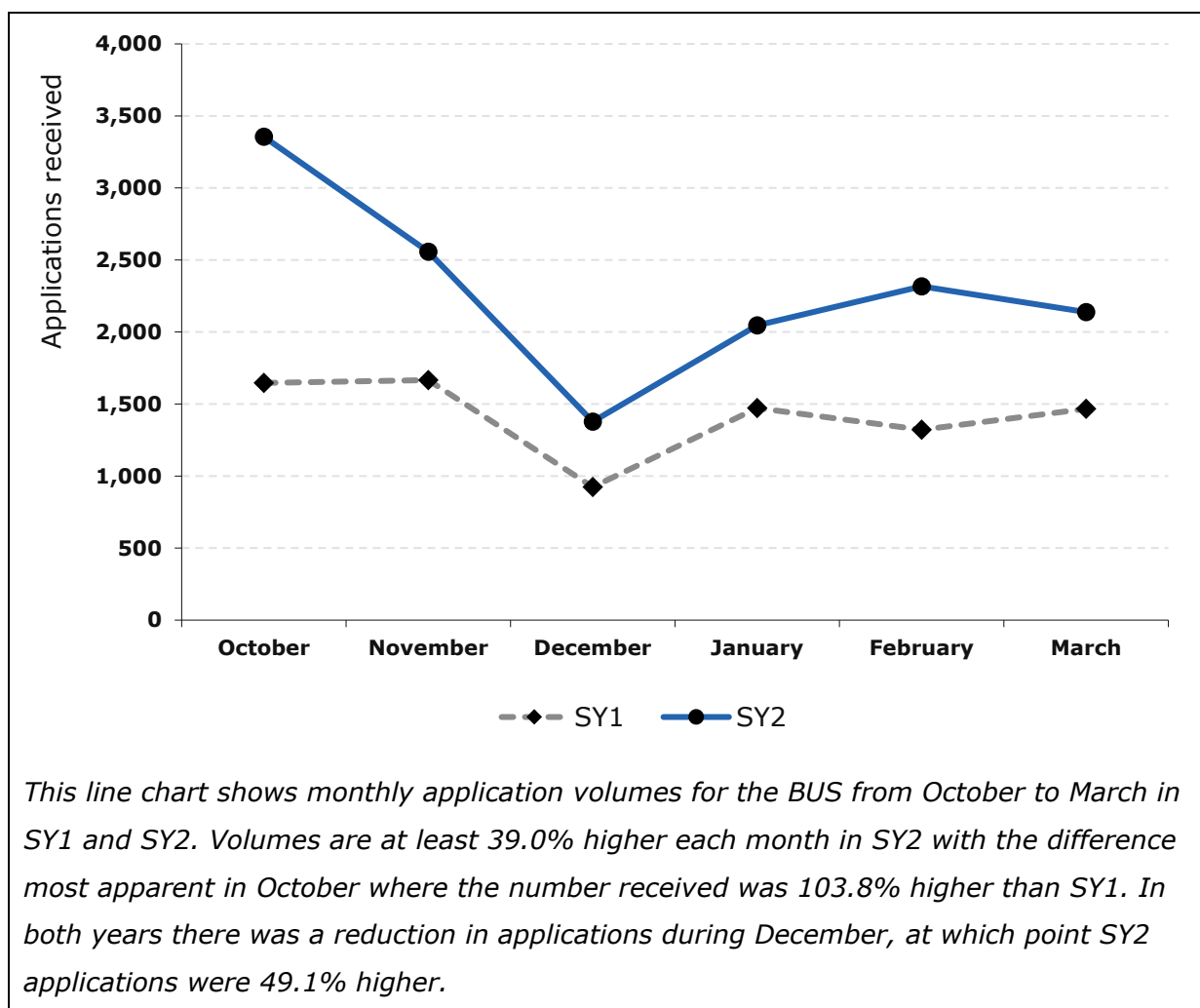
- 6.3 In the Civil Service's 2024 'Operational Delivery Profession' awards, Ofgem's BUS Team were awarded gold in the 'Modern Civil Service' category. This award recognises original thinking or technology that has improved the delivery of services to the public.
- 6.4 Our award recognised the collaborative efforts made across Ofgem to deliver the BUS, launching with robust manual processes, and thereafter taking an iterative approach to development of our digital service. We prioritised installer and consumer experience for which we have achieved a 95% customer satisfaction rating. This is alongside our part in supporting the roll out of low carbon heating, which is a fundamental part of achieving net zero.

Voucher processing

- 6.5 A key part of our administration is to assess the eligibility of applications and reach a decision in a timely and efficient manner. The assessment includes a review of both the applicant and the property where the technology will be installed, including validating whether a fossil fuel or electric heating system is being replaced, or if the installation is in an eligible self-build.

- 6.6 In September 2023, the previous government announced a grant uplift for heat pumps to £7,500. Many applicants that were in the application review stage or had not redeemed their voucher, exercised their right to withdraw their application and reapply to benefit from the uplift when this came into force on 23rd October.
- 6.7 The volume of withdrawals and an increase in scheme interest generated industry concerns around cashflow. In response we introduced fast-track reviews to prioritise reapplications and minimise any delay to grant payments being made where the application details remained unchanged. As a result, we issued 3,622 vouchers during the first four weeks following introduction of the uplift, up by 185% on the 1,269 issued in the four weeks preceding the announcement in September. This was against receipt of 4,777 applications (new and reapplications) over the same period, up from 1,459 received in the four weeks prior to the announcement. The initiative provided very successful and we were able to return to normal application processing earlier than anticipated.
- 6.8 In total, following introduction of the grant uplift we received 13,459 BUS applications to the end of SY2. This is an 83.8% increase on the 7,323 applications we received to process over the same period in SY1. **Figure 6.1** illustrates the increase in application volumes between SY1 and SY2.

Figure 6.1: Application volumes October to March in SY1 and SY2



6.9 Once a voucher application has been received, the property owner will be asked to consent to the installer making the application on their behalf. Their consent is one part of the information we require before we can deem an application has been 'properly made'³⁷. Within Scheme Year 2, we issued over 98% of ASHP property owner consent requests within ten working days of the grant application being first received.

6.10 Across Scheme Year 2, we processed and paid 98% of applications for voucher redemptions within 12 working days of the redemption application being made. This demonstrates our efficient processing of applications and the high quality of documents provided by BUS installers in line with the guidance we provide.

³⁷ A voucher application is only considered 'properly made' when we have received all the information required to assess the eligibility of a voucher application, including property owner consent.

Digital delivery

6.11 A key enabler of running the BUS scheme efficiently and securely is the continuous review and development of our digital services. Scheme Year 2 has been a period of significant transformation and growth for our digital service. Through a series of strategic enhancements and continuous improvements, we have significantly improved the experience for installers while optimising internal processes. These efforts have not only streamlined operations but have also ensured that the scheme remains compliant with legislative changes.

Self-Service for installers

6.12 Our digital service has seen progressive enhancements aimed at enabling installers to manage their applications independently. This shift towards self-service has made the process more efficient and user-friendly, whilst also reducing the administrative burden on Ofgem.

6.13 **Digital redemptions** - Installers are now able to submit voucher redemptions digitally which has simplified the redemption process significantly. In conjunction with the existing digital service for voucher applications, this has reduced the time and effort required by installers and ensures a more streamlined workflow for our operations team.

6.14 **Evidence submission/file upload** - Installers can now attach evidence directly to applications, eliminating the need for separate emails. This feature has streamlined both the external and the internal processing of applications, leading to quicker processing times and a more cohesive submission process.

6.15 **Application cancellation and reapplication** - installers are now able to cancel applications and reapply using the same details. This feature allows installers to reapply whilst also correcting any errors, ensuring a simpler and more efficient reapplication journey for installers.

Internal improvements

6.16 Internally, we have focused on making the scheme easier to manage and administer. By automating manual processes and reducing operational load, we have expedited application processing whilst also reducing error.

6.17 **System Validations** - We introduced Application Programming Interface (API) validations for redemption applications to automatically validate the information submitted by installers against external data sources. These validations help

ensure that submitted applications are accurate and complete from the outset, reducing the need for follow-up, rejections, or re-submissions. This not only speeds up internal processing but also enhances the overall user experience by minimizing delays and errors.

- 6.18 **Automated payments** - Automating the payment process has significantly reduced the manual steps involved to get a payment completed, resulting in faster and error-free processing.

User research and feedback

- 6.19 During the year we conducted usability and user testing sessions with external stakeholders to identify and understand pain points when using our digital service. Additionally, we used feedback to refine and validate our system designs and content. This has provided valuable insight which has helped us to improve our digital service and ensure it remains responsive to the evolving needs of our users.

- 6.20 Our commitment to user-centric improvements is reflected in our consistently high customer satisfaction rating, currently at 95% from property owners and 92% from installers. These ratings are a testament to our dedication to provide an efficient and reliable digital service that meets the needs of our users and supports our operational goals.

Stakeholder engagement

- 6.21 Our stakeholder engagement activities have been vital for the effective and robust operation of the BUS. This has included ensuring that scheme applicants and potential applicants are aware of:

- the scheme rules
- our administrative approach
- the published guidance
- changes to the digital service, and
- Any other scheme updates.

- 6.22 To help achieve this, we have kept in close contact with our colleagues at DESNZ to ensure consistency of messaging surrounding the BUS.

- 6.23 As the appointed administrator our objective is to target installers to ensure their understanding of the scheme design and the application processes. It should be noted that public awareness and promotion of the scheme and the benefits of low carbon heating systems, including to property owners, sits outside of Ofgem's remit as an independent administrator: this is the responsibility of DESNZ as the policy owner.
- 6.24 However, recognising the public need for information about the scheme, and that Ofgem would be seen as a key source of this information, we have produced targeted content on our website, as well as managing a dedicated customer services team for enquiries via email or phone.
- 6.25 We conduct a wide range of activities with organisations and individuals representing scheme installers and property owners to ensure they receive the right level of support from us. We meet them in a diverse range of settings, from board-level meetings and roundtables to conferences and other events.
- 6.26 All of this allows for regular, detailed dialogue to take place between Ofgem and our external stakeholders and ensures that we are not making administrative decisions in isolation, but with expert input from groups with a wide range of perspectives. This engagement has helped inform how we design our administration of the scheme and improve the user experience.

Forums

- 6.27 We hold regular forums with trade associations, relevant industry stakeholders and other interested parties. The forums allow stakeholders to share their feedback, which gives us valuable information and allows us to continually improve our service. We also use the forums to share key messages, updates, and feedback, including highlighting common issues that could affect application approval or eligibility.
- 6.28 The forums started in June 2022 at which point they were held monthly to help support the launch of the scheme. As the scheme has become established, we moved to a quarterly format in October 2023.

Document publications

- 6.29 As administrator of the BUS, we publish guidance for both installers³⁸ and property owners³⁹ in addition to the information we publish on our website⁴⁰.
- 6.30 These guidance documents are periodically updated to reflect scheme developments and improved using feedback we receive from stakeholders. At the time of writing the most recent update was published on 1 May 2024. A full list of the changes made in each new edition is published alongside the guidance on our webpage.
- 6.31 If you have any suggestions for additions or clarifications to future versions of the guidance, please get in touch with us directly at:
future.heatpolicy@ofgem.gov.uk.

³⁸ [BUS guidance for installers](https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-installers): <https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-installers>

³⁹ [BUS guidance for property owners](https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-property-owners): <https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-property-owners>

⁴⁰ [BUS information on the Ofgem website](https://www.ofgem.gov.uk/environmental-and-social-schemes/boiler-upgrade-scheme-bus): <https://www.ofgem.gov.uk/environmental-and-social-schemes/boiler-upgrade-scheme-bus>

7. Looking forward

This chapter provides information on changes due to take place on the scheme, alongside other information affecting the broader policy landscape.

- 7.1 After a successful first year of operation, the previous government announced their intention to extend the BUS until 2028. This three-year extension was announced as part of the 'Powering Up Britain: Net Zero Growth Plan'⁴¹ on 30 March 2023. On 18 December 2023, the previous government announced their plan for £1.5 billion of additional funding for the BUS over the three-year extension.⁴² This illustrates the important role the BUS is expected to play in helping to achieve the target of deploying 600,000 heat pumps per year by 2028. This target has also been supported by government efforts to foster the development of heat pump supply chains within industry.
- 7.2 With the scheme fully underway we anticipate another busy year ahead. To support this, we are continuing our programme of improvements to systems and processes.
- 7.3 The Department for Energy Security & Net Zero consulted on changes to the BUS in August 2023⁴³. They subsequently published their decision in March 2024 and the changes came into force from 8 May 2024. These changes are covered in detail in our guidance but include:
- extending the scheme until 2028
 - removal of the requirement to install loft or cavity wall insulation if recommended on the property's EPC
 - limiting the period after commissioning in which an application to the scheme can be made to 120 days
 - making biomass boilers with a cooking function that cannot be controlled independently of the heating or hot water eligible for support

⁴¹ [Powering up Britain](https://www.gov.uk/government/publications/powering-up-britain): <<https://www.gov.uk/government/publications/powering-up-britain>>

⁴² [BUS additional funding Press Release](https://www.gov.uk/government/news/families-business-and-industry-to-get-energy-efficiency-support): <<https://www.gov.uk/government/news/families-business-and-industry-to-get-energy-efficiency-support>>

⁴³ [Consultation - Proposed amendments to the Boiler Upgrade Scheme Regulations](https://www.gov.uk/government/consultations/proposed-amendments-to-the-boiler-upgrade-scheme-regulations): <<https://www.gov.uk/government/consultations/proposed-amendments-to-the-boiler-upgrade-scheme-regulations>>

- Increasing the capacity limit for shared ground loops from 45 kW to 300 kW.

Appendix 1 – Associated links

- Applications for the BUS are made online on the gov.uk website:

[Apply for the BUS](#)

<<https://www.gov.uk/apply-boiler-upgrade-scheme>>

- Guidance documents on the BUS for installers can be viewed on the Ofgem website:

[Ofgem's BUS guidance for installers:](#)

<<https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-installers>>

- Guidance documents on the BUS for property owners can be viewed on the Ofgem website:

[Ofgem's BUS guidance for property owners:](#)

<<https://www.ofgem.gov.uk/publications/boiler-upgrade-scheme-guidance-property-owners>>

- More information on the BUS can be found on the Ofgem website:

[Information about the BUS scheme:](#)

<<https://www.ofgem.gov.uk/environmental-and-social-schemes/boiler-upgrade-scheme-bus>>

- The Boiler Upgrade Scheme (BUS) Regulations can be viewed on the legislation.gov.uk website:

[Boiler Upgrade Scheme \(England and Wales\) Regulations:](#)

<<https://www.legislation.gov.uk/primary+secondary?title=The%20Boiler%20Upgrade%20Scheme>>

- The consultation documents detailing the BUS policy can be found here (Future support for low carbon heat):

[Consultation: Future support for low carbon heat:](#)

<<https://www.gov.uk/government/consultations/future-support-for-low-carbon-heat>>

- Government plans to strengthen Britain's long-term energy security and independence including extension of the BUS scheme to 2028 set out in 'Powering up Britain':

[Powering up Britain:](#)

<<https://www.gov.uk/government/publications/powering-up-britain>>

- The Department for Energy Security and Net Zero consultation and government response "Proposed amendments to the Boiler Upgrade Scheme Regulations":

[Proposed amendments to the Boiler Upgrade Scheme Regulations - GOV.UK:](#)

<<https://www.gov.uk/government/consultations/proposed-amendments-to-the-boiler-upgrade-scheme-regulations>>

Appendix 2 – Scheme glossary⁴⁴

A

Air source heat pump (ASHP) – A low carbon heating technology that transfers heat from the ambient air outside a property to a liquid heating system. This provides hot water via a water cylinder and heating via radiators.

B

Biomass boiler – A boiler designed to burn solid biomass (other than fossil fuel or peat) to deliver heat via a liquid heating system.

Boiler Upgrade Scheme (BUS) voucher – A BUS voucher is issued after a voucher application is properly made, has been assessed and we are satisfied that all the relevant eligibility requirements have been met. Vouchers can be redeemed within the validity period for the relevant grant amount once an installation is commissioned, and all evidence required for redemption is provided to us.

C

Custom-build – Custom build refers to properties created by a builder who is contracted by an individual. This type of building is considered to be a “self-build”. For further information, please refer to “self-build” below.

D

The Department for Energy Security & Net Zero (DESNZ) – Formerly known as the Department for Business, Energy and Industrial Strategy (BEIS), DESNZ are responsible for BUS policy in Great Britain, the scheme regulations, scheme budget and any promotion of the scheme.

G

Ground source heat pump (GSHP) - A low carbon heating technology that absorbs heat from the ground around a property using a ground loop, to provide hot water via a water cylinder and heating via radiators.

⁴⁴ Many of the terms included in this glossary are defined in the Regulations and those definitions should be consulted for their legal meaning for the purposes of the Regulations.

M

Microgeneration Certification Scheme (MCS) – The MCS is a certification scheme for microgeneration installation companies, products and installations. It defines and maintains consistent standards, providing confidence to consumers who wish to invest in small-scale technologies that produce electricity or heat from low carbon sources.

S

Self-build – Eligible self-builds are new build properties which were built using either the resources or labour of an individual. This includes buildings where an individual contracts a builder to create a 'custom-built' property or where a private individual builds it as a DIY 'self-build' project. Both types of property are treated as self-builds. Eligible self-builds cannot have been owned wholly or partly by a person who is not an individual. The date the building was first occupied must be on or after the first commissioning date of the heat pump and the building cannot have an installed heating system before the date on which the heat pump is first commissioned.

Shared ground loop GSHP – A GSHP system where the ground loop is shared by two or more properties.