Uncovering the
Missing Millions

inenco
understanding energy

INTRODUCTION

The cost of energy is on a steady trajectory upwards; by 2020, most business energy users will see costs increase by a further 25% as **the cost of creating a cleaner, more flexible energy system is felt by consumers.**

Beyond the cost of energy, businesses are facing even greater pressure on the bottom line. From April 2017, business rates are rising, the national living wage increases further, a new Apprenticeship Levy is being introduced and the workplace pension will be introduced across all businesses.

Finding ways to offset these increases can involve new efficiency targets, updated strategies and plans that can take months to garner results - so picking off the low-hanging fruit is essential.

80% of businesses don't check their invoices for accuracy

With one in every five business energy bills containing errors, Inenco believes that businesses could be sitting on

HALF A BILLION POUNDS

in inaccurate charges and miscalculated utility bills.

£500M

Inenco analysed a large sample of energy invoices of businesses from a wide range of industries and sectors to give an informed view of incorrect billing errors by sector and as a total proportion of business' £25billion energy spend in the UK.

FINDING THE HIDDEN SAVINGS

These billing errors come from across the supply chain, from energy supplier errors to meter operators, data collectors and distribution network operators. They can be a result of inaccurate meter reads, wrong charges being applied to business' bills, or processes and system errors when businesses change premises or tenants.

Incorrect charges and billing errors are sometimes caused by human error but more often mistakes happen due to of the complex flows of data between different bodies across the energy supply chain.

A business with a large number of sites in their portfolio will have hundreds of half-hourly meter reads automatically submitted each day, creating huge volumes of data to process. A large manufacturer may unknowingly have had an incorrect rate applied on their consumption for years.

Without invoice validation, there is often no way of knowing whether a bill is correct. Undertaking historical audits and validation can uncover significant savings, from reclaiming refunds to ensuring accurate charges for the future.

12921   37892   20013

49921   61039   00247
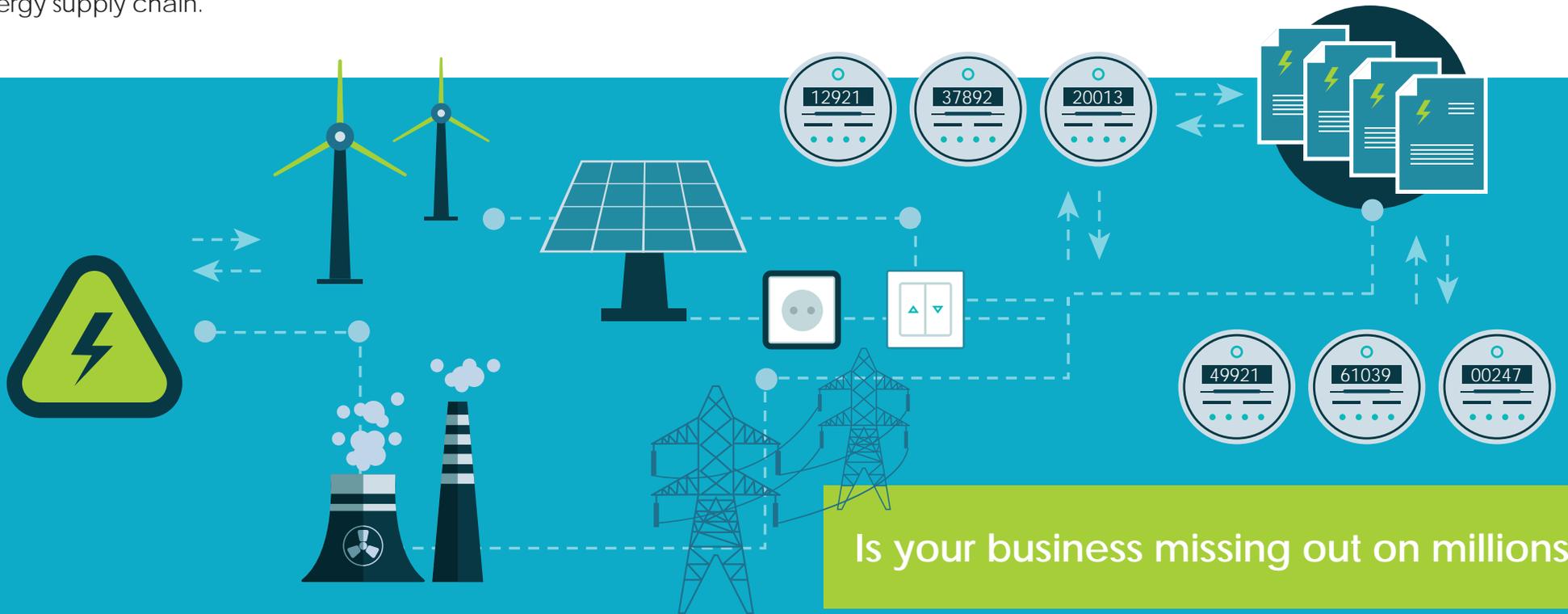
Is your business missing out on millions?

UNCOVERING THE MISSING MILLIONS

In 2016, Inenco recovered millions of pounds on behalf of its business customers through historical bill audits and validating utility invoices.

Inenco's validation and audit teams check thousands of invoices each week to identify billing issues or problems caused by erroneous meter reads, missing data, changes of tenants, new sites and connections.

	42%	The highest volume of errors were identified on behalf of retail and leisure businesses, including supermarket chains, high street stores, pub chains and leisure centres.
	15%	15% of uncovered errors were attributed back to commercial properties and managing agents
	13%	Manufacturers across the UK accounted for 13% of revenue recovered by Inenco
	22%	Public sector organisations accounted for almost a quarter of the savings uncovered over the 12 month period.

UNCOVERING THE MISSING MILLIONS

Where are the mistakes being made?
The top five most common issues were:

1 **Taxes and other imposed charges** 14% of all uncovered charges were caused by miscalculated taxes and other imposed charges

2 **Technical issues** 10% of issues were caused by technical or unspecified billing issues

3 **Incorrect rates** 17% were down to businesses paying incorrect rates

4 **Change of Tenancy** One of the biggest issues for the property and retail sector, issues resulting from a change of tenancies was the fourth most common factor behind inaccurate bills

5 **Meter reads** Meter reading errors generated 8% of the errors spotted by Inenco's validation teams.

Where are the savings hidden?
The most value was uncovered from these five areas:

1 **Consumption errors** 19% of the total savings uncovered in 2016 were down to businesses being billed against incorrect consumption values.

2 **Technical issues** These problems generated 17% of uncovered errors

3 **Incorrect rates** Almost 17% of uncovered errors were down to the incorrect rate being applied to business bills

4 **Taxes and other imposed charges** Errors with taxes and charges accounted for almost 10% of the issues identified over the course of the year

5 **Incorrect supplier** Whilst only 8% of the problems were down to incorrect supplier allocation, this uncovered a substantial amount of revenue for Inenco customers

£200M

The retail and leisure industry could be sitting on savings of up to £200 million.

This sector recorded the highest net savings uncovered in 2016, accounting for **42%** of all errors spotted by the Inenco team.

42%

54% of all savings were found on electricity bills, **41%** came from gas, and the remainder from water bills

400%

With some high street businesses facing business rate hikes of **up to 400%**, recovering refunds could help to offset the impact within year.

Multi-site portfolios are complex, with hundreds of meters recording daily data and a high churn of tenants combining to create large margins for error by suppliers.

The most common cause of incorrect bills was issues resulting from a change of tenancy, swiftly followed by inaccurate AMR data being used to calculate charges.

32%
Reclaimed from consumption

17.2%
From bills from the incorrect supplier

14.4%
Uncovered from other technical billing issues
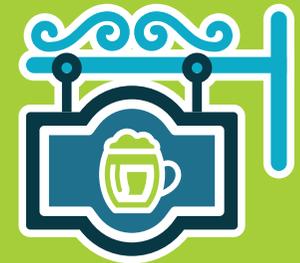
A supplier was duplicating the supply charges for one major supermarket site, resulting in over **£700k** being uncovered.

£65M

Manufacturers could be owed over £65 million from suppliers across the energy supply chain – the equivalent of running 10 x 1MW factories for 10 years*

13% of revenue uncovered by Inenco in 2016 was for manufacturers. The most common issue was organisations being charged incorrect rates, swiftly followed by meter read errors.

13%

Faced with a **25% increase** in energy costs by 2020 against a highly competitive backdrop of squeezed budgets, uncovering historical savings and avoiding further errors in the future should be top of the priority list for manufacturers.
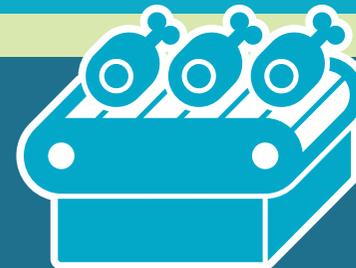
Inenco spotted that a food manufacturer's Triad charges had been wrongly calculated, generating a £530,000 reconciliation.

OVER 38%
uncovered from technical issues

OVER 15%
of issues uncovered from erroneous meter reads

Incorrect application of a Climate Change Agreement has often led to manufacturers paying too much **Climate Change Levy**: CCL errors accounted for 10% of the total claims for the past year- another **example of incorrect taxes and imposed charges.**

*A1MW factory typically consumes ca. 7800MWh/yr. The cost of electricity for a factory is ca.£90/MWh: £65M would buy around 722,000MWh of electricity.
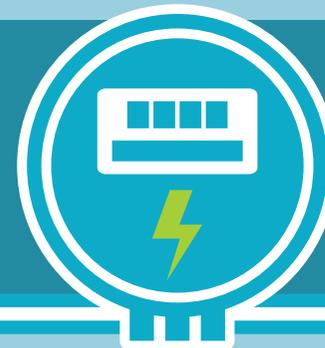
SECTOR: PROPERTY

Commercial property landlords and managing agents look after incredibly complex and constantly changing portfolios. The problems thrown up by such complexity – new tenants, settlements and volume changes – are the reason this sector could be owed £78.5million.

Over 40% of the errors identified by Inenco's validation team were caused by incorrect rates – either on the first invoice or applied consistently over a period of time.

This resulted in substantial sums being uncovered by Inenco on behalf of its property clients, with rates being corrected for future bills.

85% of errors in the property **sector were identified from** electricity bills.

A property management agent paid almost £775k in incorrect rates for a year **before Inenco identified and** corrected the fault.

PUBLIC SECTOR

22% **of the savings identified by Inenco in 2016 were for public sector organisations**

...with potential scope to recover up to **£112 million** from across the sector.

Taxes and other imposed charges were recorded as the main inaccuracy discovered by Inenco – over 42% of all errors were **non-commodity related.**

Gas bills generated the most issues for public sector organisations – **63%** of all errors came from this side of the energy bill.

£112million potential savings represents **one third** of the NHS' annual electricity bill*

Calculation errors caused almost **36%** of the incorrect charges applied to public sector organisations.

*based on 2015/16 ERIC returns for the NHS

UNCOVERING YOUR HIDDEN SAVINGS

Collectively, UK businesses could be sitting on up to £500million in uncovered savings, meaning it pays for all organisations to undertake a simple audit of current and historic invoices to make sure they are only paying for the energy they use.

Businesses can recover incorrect charges for the past 6 years and the entire process can be managed end-to-end to make it simple and stress-free.

Inenco's Bureau team

Inenco's team of data analysts process and validate over 1 million invoices each year on behalf of clients, following ISO9001-accredited processes to review and report upon utility data.

We have established relationships with all UK energy suppliers and channels of communication into supply network operators, meter operators and all other energy market counterparties, taking away the time and effort required to identify and rectify incorrect rates, resolve issues and refund any backdated charges paid erroneously.

We also apply forensic analysis to your historical bills, looking beyond the invoices to examine the component parts that make up the bill and drive savings out of all elements of the supply chain.

Data gathering

We'll collate your invoices and data to enable us to conduct thorough audits

Implementation

Our data analysts conduct full invoice validation using our systems and processes

Issues identified and acted upon

We work across the supply chain to resolve any issues and recover overpayments

Reporting and results

We'll issue you with a full report of errors uncovered, action taken and the status of any refunds

To speak to a member of the Inenco Bureau team today to find out how we can help your business to recover savings, get in touch on **08451 46 36 26** or **missingmillions@inenco.com***

inenco
understanding energy