

MAKING SPEND MATTER

Basic Spend Analysis Guide

A step by step methodology



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Making Spend Matter is a network of 7 European cities, funded through the URBACT III Programme and the European Regional Development Fund, exploring how Spend Analysis can be used as an evidence base to improve public procurement and deliver wider benefits to communities and places.

Introduction

Introduction

Making Spend Matter

This Guide has been developed in the framework of the [Making Spend Matter Transfer Network](#)¹, one of 23 Transfer Networks funded through the [URBACT Programme](#)² and European Regional Development Fund. The Transfer Networks are testing how [URBACT identified pieces of Good Practice](#)³ can be shared, re-used and adapted by cities to develop solutions to respond to their own issues and needs. This transfer process is also designed to identify in which areas the Good Practices can be improved and taken further.

In the case of Making Spend Matter, the identified Good Practice is around the process of public procurement and particularly a methodology called Spend Analysis which enables cities to measure where their procurement spend goes, and subsequently work in cooperation with other partners and the market, to progress the way in which they undertake procurement policy and practice.

The Spend Analysis Good Practice has been developed by the City of Preston in the United Kingdom over the course of the last seven years, in cooperation with different anchor institutions. Through Making Spend Matter, Preston transferred the principles and practice of the methodology to six partner cities: Pamplona (Spain), Vila Nova De Famalicão (Portugal), Schaerbeek (Belgium), Kavala (Greece), Bistrița (Romania), and Koszalin (Poland).

The importance of Procurement and Spend Analysis

Each year, public authorities across Europe spend 2000 Billion Euros buying goods, services and works. This is a significant amount of money (equivalent to 14% of European Gross Domestic Product) and spending which brings a range of economic, social and environmental benefits. However, cities and countries, bar a small number, have tended not to measure where procurement spend goes in geographic, sectoral, and business type terms; nor have they measured the wider impact of that spend. The level of Spend Analysis undertaken is certainly not proportionate to the scale of spend outlined above, or in respect of the scope to address wider challenges across Europe.

Procurement and Spend Analysis are increasingly being seen as important across Europe for a number of reasons:

- Procurement is significant in terms of scale of spend;
- Procurement can be used as a lever to address a range of economic, social and environmental challenges;

¹ <http://urbact.eu/making-spend-matter>

² <http://urbact.eu/>

³ <http://urbact.eu/good-practices/home>

- Procurement spend is public money, and it is therefore important that it is spent efficiently, effectively and transparently;
- Spend Analysis and Procurement can be used to support Small and Medium-sized Enterprises (SMEs⁴) to bid for opportunities.

Spend Analysis is a powerful tool for cities. It provides them with an evidence base which enables places and organisations to better understand how they carry out public procurement and how their economy works. Cities need to harness the power of public procurement to deliver more for their communities, place and environment, and Spend Analysis plays an essential role in providing the evidence base which informs that process. It acts as a demonstrator, using facts and data, to provide insights into a specific situation in time. When undertaken over the long term Spend Analysis also highlights trends, disruptive factors and how a situation evolves over time.

Making Spend Matter seeks to enable the Spend Analysis methodology to be transferred widely and have developed this Guide to enable other cities and organisations to shape and develop their own practice.

Approaches to undertaking Spend Analysis

The Guide provides information on the Spend Analysis methodology applied by the City of Preston. It is based on the Spend Analysis tool and methodology developed by the Centre for Local Economic Strategies (CLES) and builds on the work of different think-tanks and other organisations over the years.⁵

In 2002, a think-tank in the United Kingdom called the New Economics Foundation⁶ made the first attempt to develop a methodology to understand how spend circulates in particular and defined local economies. Local Multiplier 3 (LM3)⁷ was developed to understand the local economic impact of regeneration programmes and projects. LM3 develops a ratio which details the proportion of the total budget of a project which circulates in a local economy, through procurement spend with suppliers, through wage spend with employees, and through the extent to which those suppliers and employees spend back within the local economy.

In 2007, the Centre for Local Economic Strategies (CLES)⁸ started to take the LM3 methodology further through looking at the totality of local authority spend within a place. A first study in Swindon with the Association for Public Service Excellence (APSE)⁹, found that for

⁴ See the European Commission SME definition for more information: http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

⁵ Other Spend Analysis methodologies exist across Europe, beyond those developed by NEF and CLES – these however, tend to be focused upon measuring the efficiency of procurement spend, as opposed to where it goes and its impact.

⁶ <https://neweconomics.org/>

⁷ https://neweconomics.org/uploads/files/9215d0d00f79789377_cxm6bu0ue.pdf

⁸ <https://cles.org.uk/>

⁹ <http://www.apse.org.uk/apse/>

every pound spent, 64 pence was spent or re-spent upon and by suppliers and employees in the local economy of Swindon. Then, CLES started using the principles of LM3 to analyse the procurement spend of Manchester City Council¹⁰ and subsequently of many other cities and organisations across the United Kingdom with the objective of using this evidence to change the way in which procurement policy is developed and procurement practice undertaken.

In 2013, Preston identified the procurement spend of anchor institutions as a key area of existing ‘wealth’ that needed to be explored and harnessed further. The challenge however was that these institutions did not know how much money they were spending buying goods and services; the sectors in which their suppliers were; the types of organisations they were spending money with; and the geographical location of those suppliers. It was at this point that Preston City Council and six other anchor institutions¹¹ started to work with CLES to take the Spend Analysis methodology beyond local authorities to explore how Spend Analysis could be undertaken by cities as a place, in collaboration with other institutions such as Universities, Housing Associations and the Police.

Spend Analysis Guide

This Guide has been developed with the objective of providing public institutions and organisations with a step by step methodology to undertake their own Spend Analysis. The methodology explores how public money is spent, geographically, by sector and with which types of businesses such as SMEs. It takes readers through the Spend Analysis methodology across 5 different phases:

- **What to think about before you start;**
- **Checking your Data;**
- **Entering your Data;**
- **Analysing your Data;**
- **Taking your analysis to the next step.**

The evidence that your organisation will be able to gather through the analysis will be key to help you inform policies, develop procurement and economic strategies as well as increase knowledge and engagement with your supplier base, raise awareness and change behaviour. The Guide was designed to enable practitioners to develop their own bespoke Spend Analysis methodology, tools and processes in line with their own organisational priorities. Spend Analysis is not the end goal in itself, it forms part of becoming more strategic in public procurement and provides a starting point for cities to develop solutions for their place and communities.

¹⁰ <https://cles.org.uk/wp-content/uploads/2011/01/The-power-of-procurement.pdf>

¹¹ <https://cles.org.uk/wp-content/uploads/2016/10/Anchor-institutions.pdf>

Disclaimer:

This Spend Analysis Guide has been created in the framework of Making Spend Matter, an URBACT III Transfer Network, funded by the European Regional Development Fund to support organisations with the development of their Spend Analysis methodology.

This Guide is free to use by third parties not taking part in network activities but must not be used for commercial gain.

The examples provided in this Guide are based on fictitious data, supplier information and monetary values to demonstrate the different steps of the methodology. Any references to existing trading names and addresses is unintentional.

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Things to think about before you start

1| What you will need to define:

- **The scale of your analysis**

The number of suppliers you will analyse should offer a representative sample of your procurement activities. This Guide recommends finding a suitable ratio to reflect both a representative percentage of value of procurement and of contracted suppliers. For example, in Preston the scale was defined as the top 300 suppliers which represented a minimum of 80% of total procurement value and 20% of suppliers. The relevance of this number will vary depending on your organisation's scale and procurement budget.

What is the most relevant analysis scale for your organisation? How many suppliers would this represent?

- **The timeframe of your analysis**

This Guide uses the example of an analysis undertaken with an annual timeframe corresponding to an organisation's financial year. This timeframe suited Preston's objective to create a broad picture in order to understand the evolution of its spend over a number of years. However, the analysis can also be undertaken over a shorter timeframe to provide a snapshot of a specific moment in time (e.g. monthly, quarterly, half-yearly basis...).

What is the timeframe that would suit your organisation's needs?

- **The geography of your analysis**

A key objective of the analysis is to look at procurement spend within a specific locality. In the UK there are multiple ways a locality can be defined geographically: administrative boundaries, functional economic area, travel to work areas, etc. In Preston's case, the Spend Analysis is undertaken at two main levels. Preston District is defined as the first locality of analysis (Geography 1) representing the administrative boundaries relevant for the City Council. Lancashire County is defined as a second locality of analysis (Geography 2) representing the wider regional area. There are two important things to keep in mind when defining your geography. Firstly select localities that are relevant to your organisation, thinking about the community, the place and the economy you interact with and have an impact on. Secondly, choose localities that can be easily defined and identified geographically. Depending on the data available, you may be able to do this using Nomenclature of Territorial Units for Statistics (NUTS), postcodes, zip codes, city names, etc.

What do you consider as your first locality (Geography 1)? Are you also considering other wider localities (Geography 2, Geography 3, etc.)? How do you define these geographies?

- **The classification of your Small and Medium-sized suppliers**

The analysis also looks at how much is spent with Small to Medium-sized Enterprises (SMEs). SME definitions can vary from one county to another so it is useful to clarify which definition will be used in your analysis. Also ensure your definition is in line with the one selected by

the source(s) you will use to gather SME data. Resources such as national business registers sometimes provide useful information on suppliers' size classification.

How do you define an SME in your organisation? What are the criteria applied in your country? ¹²

- **The classification of your industrial sectors**

The same principles as above apply to the definition of industrial sectors. Industrial sectors can be defined broadly or very specifically. How you plan on using the results of this analysis to inform policy recommendations can also influence the type of classification you should use. Industrial classifications can also differ from one sector to another. If you are planning to undertake the Spend Analysis process with organisations based in different sectors, you may wish to identify a suitable common classification to ensure the different data sets can be aggregated and compared (i.e. Common Procurement Vocabulary¹³).

How do you define your industrial sectors? What classification do you use?

2| What you will need to gather:

Before starting the analysis make sure you have defined and collected all the information you need. Where you will collect the data from, and how much time it will take to gather, will vary from one organisation to another. The process of collecting data can take time. This will depend on whether the data you need can be found in one central database and/ or is managed by one easily identified person or source. You may have a comprehensive e-procurement system which enables you to access this data easily. Alternatively you may find that the data is collected by different departments across your organisation or that some of the information is out of date or not currently being collected.

Experience with our partners has showed that data is not always straightforward to find, but there is often more data available than organisations are typically aware of. Financial systems' databases, open data resources, transparency programmes and tax data can all prove useful sources of information. Check if there are any existing databases that you could build upon. It is really useful at this stage to take the time to put in place an effective method of collecting the data you will need for future Spend Analyses.

In order to generate the analysis, the tool will need to compare each supplier's data with the data defining your different geographies and your industrial sectors (*Your supplier size and SME status will be defined by a simple Yes or NO, so there is no need to prepare a dedicated source file for this part of the data gathering*).

¹² See the European Commission SME definition for more information: http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

¹³ See the EU Common Procurement Vocabulary (CPV) for more information: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32008R0213>

With this in mind, it is recommended that you gather and organise your data in simple excel tabs or spreadsheets. This will make the process of entering your data into the Spend Analysis tool easier.

1. Supplier data source file:

Prepare a tab or spreadsheet containing the list of the supplier sample you wish to analyse for a defined period, broken down by:

- A. Supplier Name;**
- B. Supplier geographical identifier;**
- C. Amount spent with supplier;**
- D. Supplier SME status;**
- E. Supplier industrial sector.**

	A	B	C	D	E
1	Supplier Name	Geography Identifier	Spend	SME Status	Industrial Sector
2	Supplier A	N80NW	£178,177.00	Yes	Architect
3	Supplier B	LA88PG	£151,256.36	No	Passenger Transport
4	Supplier C	SN11GW	£143,901.74	No	Buildings
5	Supplier D	PO157JZ	£140,563.00	Yes	Insurance
6	Supplier E	MK91EA	£139,566.80	No	Temporary & Agency Staff
7	Supplier F	PR13NA	£128,518.38	No	Commercial
8	Supplier G	BA148YX	£97,412.20	Yes	Insurance
9	Supplier H	BB19DR	£76,580.68	Yes	Buildings
10	Supplier I	WN12HP	£64,796.52	Yes	Open Spaces
11	Supplier I	PR58AO	£59,951.52	No	Printing

Supplier data source file:

To ensure the data can be easily used in the Spend Analysis tool, it is recommended to prepare the data in a simple excel spreadsheet broken down in 5 columns with no breaks in between the columns.

If you identify gaps in SME Status or Industrial Sector at this stage, these will be covered in steps 4 and 5 below.

2. Geography 1 source file:

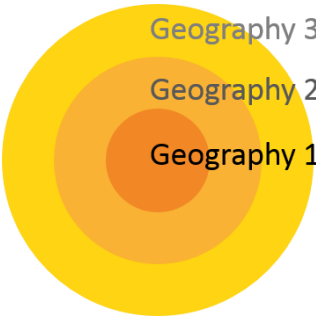
	A
1	Geography 1 Identifier
2	PR11LD
3	PR22DX
4	PR269AJ
5	PR11NU
6	PR10NS
7	PR12RL
8	PR11HT
9	PR266TW
10	PR22DR
11	PR58AO

In a tab or spreadsheet, insert the **list of geographical identifiers defining your Geography 1 area.**

In Preston’s case, this file regroups a list of all the postcodes defining Preston District area. Depending on national and institutional administrative systems other types of identifier might be used here (i.e. ZIP codes, city names...).

3. Other Geography source files:

Follow the steps described for the Geography 1 source file to prepare all you other Geography (2, 3...) source file(s).

	<p><i>If some of your Geographies refer to a wider geographical area which encompasses other smaller Geographies, don't forget to include the identifiers defining your smaller Geography in the list of your wider Geography Identifiers as well. For example, in Preston's case, the list of postcodes defining Preston District area (Geography 1) are also included in the list of postcodes defining Lancashire County area (Geography 2).</i></p>
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3| What you will need to use:

- Excel spreadsheets:**

The Spend Analysis tool has been created as an Excel file to provide organisations with an accessible and easy to use tool. The Excel file is composed of 6 tabs:

1	2	3	4	5	6
Summary	Spend Analysis	Sector Analysis	Source - Geography 1	Source - Geography 2	Source - Geography 3

- Excel formulas:**

The tool uses simple Excel formulas to generate the analysis results. These are the main formulas you will need to use during the Spend Analysis:

SUMIF	SUMIFS	COUNTIFS	VLOOKUP
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If needed, please check for their translation in your national language(s) before you start. (See Annex A for more details). More detailed definitions of the formulas are also available in Annex B.

Phase 1: Checking your Data

Phase 1: Checking your Data

Before entering your data into the Spend Analysis tool, it is recommended that you take the time to check all your **data is correct** and **uniformly entered in your supplier source file**. Make sure to also check that the format used in your supplier source file is consistent with your Geography and industrial sector source files.

Step 1| Check Supplier Names

	A	B	C	D	E
	Supplier Name	Geography Identifier	Spend	SME status	Industrial Sector
2	AGOS CONSTRUCTION LTD	PR5 6BE	£2,894,674.58	No	Works - Construction, Repair & Maintenance
3	FAST BUS LTD	PR26NY	£998,922.19	No	Public Transport
4	FIN CAPITAL & Partners LTD	PO1 57JZ	£432,250.09	Unknown	Financial Services
5	SIM CAM LTD	MX9 1EA	£340,176.55	Yes	Works - Construction, Repair & Maintenance
6	CHARLES WHITE PARTNERS	PR13NA	£264,083.40	Yes	Consultancy
7	LOCA SOFTWARE SERVICES	BA1 4BYX	£195,075.25	Unknown	Information Communication Technology
8	MC COUDALD LTD	BB19DR	£183,288.90	Yes	Works - Construction, Repair & Maintenance
9	GILLES AND SONS	PR5 6BE	£178,177.00	Yes	Vehicle Management
10	ADMINISTRATIVE SERVICES LTD	N8 0NW	£151,256.36	Yes	Facilities & Management Services
11	CAP LTD	SN11GW	140563	Unknown	Financial Services
12	ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services
13	A.GA	W48HE	£97,412.20	Yes	Facilities & Management Services
14	LAND GREEN LEISURE	WN3 0TR	£91,441.46	Unconfirmed	Arts & Leisure Services
15	TECH Play Ltd	MK18L	£66,498.85	Yes	Sports & Playground Equipment & Maintenance
16	FREDDY & ASSOCIATES	PR15SH	£65,580.68	Unknown	Financial Services
17	BRAVA LIMITED	PR12P	£11,240.00	No	Financial Services
18	A.GA ENERGY	W135A	£9,461.65	No	Energy
19	ENGINEERING MODEL	PR2 2YL	£4,796.52	Yes	Facilities & Management Services
20	ARCHIBALD LAND & BUILD LTD	PR252EJ	£3,909.50	Yes	Works - Construction, Repair & Maintenance
21	STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport
22	CLEAR WATER UTILITIES	WA551VA	59632.87	No	
23	BRAVA Ltd	PR12P	£57,595.51	N/A	Financial Services
24	CLEAR INFOTECH EVOLUTION	HP2 4NW	51403.89	No	Information Communication Technology
25	ALL BUILD Contractor & Maint	PR75J S	£51,043.34	Yes	Works - Construction, Repair & Maintenance
26	GILLES AND SONS	PR5 6BE	£43,007.56	Yes	Vehicle Management

Check for suppliers entered twice under the same name:

Example: The supplier **Gilles and Sons** is entered twice under the same name and both entries share the same postcode, SME status and industrial sector, which indicates they might be the same supplier.

Check for suppliers entered under similar names:

Example 1: **BRAVA LIMITED** and **BRAVA LTD** have similar names and may refer to the same supplier.

Example 2: **A.GA** and **A.GA Energy** have similar names but may refer to different suppliers.

If you find duplicates or suppliers with similar names, check with your procurement team the names, geography identifiers, SME status, sectors and amounts of spend to establish whether they are real duplicates, whether some suppliers need to be removed from the list and whether you need to add together the spent amount before deleting the duplicate.

Supplier Name	Geography Identifier	Spend	SME status	Industrial Sector
AGOS CONSTRUCTION LTD	PR5 6BE	£2,894,674.58	No	Works - Constructi
FAST BUS LTD	PR26NY	£998,922.19	No	Public Transport
FIN CAPITAL & Partners LTD	PO1 57JZ	£432,250.09	Unknown	Financial Services
SIM CAM LTD	MK9 1EA	£340,176.55	Yes	Works - Constructi
CHARLES WHITE PARTNERS	PR13NA	£264,083.40	Yes	Consultancy
LOCA SOFTWARE SERVICES	BA1 48YX	£195,075.25	Unknown	Information Comr
MC COUDALD LTD	BB19DR	£183,288.90	Yes	Works - Construction, Repair & Maintenance
GILLES AND SONS	PR5 8AQ	£178,177.00	Yes	Vehicle Management
ADMINISTRATIVE SERVICES LT	N8 0NW	£151,256.36	Yes	Facilities & Management Services
CAP LTD	SN11GW	140563	Unknown	Financial Services
ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services
A.GA	BB48HE	£97,412.20	Yes	Facilities & Management Services
LAND GREEN LEISURE	WN36PR	£31,441.46		
TECH Play Ltd	MK181JX	£86,498.86		
FREDDY & ASSOCIATES	PR155H	£76,580.60		
BRAVA LIMITED	NW12EP	£71,240.00		
A.GA ENERGY	PR13SA	£69,461.60		
ENGINEERING MODEL	PR2 2YL	£64,795.52		
ARCHIBALD LAND & BUILD LTD	PR252EJ	£63,909.50	Yes	Works - Construction, Repair & Maintenance
STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport
CLEAR WATER UTILITIES	WA551WA	59632.87	No	
BRAVA Ltd		£57,595.51	N/A	Financial Services
CLEAR INFOTECH EVOLUTION	HP2 4NW	51403.89	No	Information Communication Technology
ALL BUILD Contractor & Maint	PR75LS	£51,043.34	Yes	Works - Construction, Repair & Maintenance
GILLES AND SONS	PR5 8AQ	£43,007.56	Yes	Vehicle Management

Tip to check for DUPLICATE supplier names:

1. Select your whole **Supplier Name** column.
2. In the Home toolbar, click on **Conditional Formatting**, a drop down menu will appear
3. In the menu, click on **Highlight Cells Rules**, a second menu will appear
4. In the second menu, click on **Duplicate Values**.
5. A pop up window will appear, select the option **Duplicate**, and then click on **Ok**.

This function will highlight in colour all the cells containing the exact same content as another cell, which will allow you to track which supplier names may have been entered twice in your Supplier Name column.

Note: Remember to clear all the formatting rules you may apply to your data before copying it into the tool. (To do so click on 'Conditional Formatting', then click on 'Clear Rules' and then select 'Clear Rules from entire sheet').

Supplier Name	Geography Identifier	Spend	SME status	Industrial Sector
AGOS CONSTRUCTION LTD	PR5 6BE	£2,894,674.58	No	Works - Construction, Repair & Maintenance
FAST BUS LTD	PR26NY	£998,922.19	No	Public Transport
FIN CAPITAL & Partners LTD	PO1 57JZ	£432,250.09	Unknown	Financial Services
SIM CAM LTD	MK9 1EA	£340,176.55	Yes	Works - Construction, Repair & Maintenance
CHARLES WHITE PARTNERS	PR13NA	£264,083.40	Yes	Consultancy
LOCA SOFTWARE SERVICES	BA1 4BYX	£195,075.25	Unknown	Information Technology
MC COUDALD LTD	BB19DR	£183,288.90	Yes	Works - Construction, Repair & Maintenance
GILLES AND SONS	PR5 8AQ	£178,177.00	Yes	Vehicle Management
ADMINISTRATIVE SERVICES LTD	NS 0NW	£151,256.36	Yes	Facilities & Management Services
CAP LTD	SN11GW	140563	Unknown	Financial Services
ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services
A.GA	BB48HE	£97,412.20	Yes	Facilities & Management Services
LAND GREEN LEISURE	WN36PR	£91,441.46	Unconfirmed	Arts & Leisure
TECH Play Ltd	MK181X	£86,498.86	Yes	Sports & Recreation
FREDDY & ASSOCIATES	PR15SH	£76,580.68	Unknown	Financial Services
BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services
A.GA ENERGY	PR13SA	£69,461.65	No	Energy
ENGINEERING MODEL	PR2 2YL	£64,796.52	Yes	Facilities & Management Services
ARCHIBALD LAND & BUILD LTD	PR252EJ	£63,909.50	Yes	Works - Construction, Repair & Maintenance
STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport
CLEAR WATER UTILITIES	WA551WA	59632.87	No	Water Supply
BRAVA Ltd		£57,595.51	N/A	Financial Services
CLEAR INFOTECH EVOLUTION	HP2 4NW	51403.89	No	Information Communication Technology
ALL BUILD Contractor & Main	PR75J 5	£51,043.34	Yes	Works - Construction, Repair & Maintenance
GILLES AND SONS	PR5 8AQ	£43,007.56	Yes	Vehicle Management

Tip to check for SIMILAR supplier names:

1. Select the whole **Supplier Name** column.
2. In the Home toolbar, click on **AZ Sort & Filter**, a drop down menu will appear.
3. In the menu, click on **Sort A to Z**.
4. A pop up window will appear, select the option '**Expand the selection**' and then click on '**Sort**'.
5. With your supplier organised alphabetically, scroll down the list to track similar supplier names.

Note: Remember to undo the A to Z sorting you may apply to your data before copying into the tool.

Step 2| Check Geography Identifiers

	A	B	C	D	E	F
1	Supplier Name	Geography Identifier	Spend	SME status	Industrial Sector	
2	AGOS CONSTRUCTION LTD	PR56BE	£2,894,674.58	No	Works - Construction, Repair & Maintenance	
3	FAST BUS LTD	PR26NY	£998,922.19	No	Public Transport	
4	FIN CAPITAL & Partners LTD	PO157JZ	£432,250.09	Unknown	Financial Services	
5	SIM CAM LTD	MK91EA	£340,176.55	Yes	Works - Construction, Repair & Maintenance	
6	CHARLES WHITE PARTNERS		£264,083.40	Yes	Consultancy	
7	LOCA SOFTWARE SERVICES	BA148YX	£195,075.25	Unknown	Information Communication Technology	
8	MC COUDALD LTD	BB19DR	£183,288.90	Yes	Works - Construction, Repair & Maintenance	
9	GILLES AND SONS	PR58aq	£178,177.00	Yes	Vehicle Management	
10	ADMINISTRATIVE SERVICES LTD	N80NV	£151,256.36	Yes	Facilities & Management Services	
11	CAP LTD	SN11CW	140563	Unknown	Financial Services	
12	ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services	
13	A.GA	BB48HE	£97,412.20	Yes	Facilities & Management Services	
14	LAND GREEN LEISURE	WN36PR	£91,441.46	Unconfirmed	Arts & Leisure Services	
15	TECH Play Ltd	MK181JX	£86,498.86	Yes	Sports & Playground Equipment & Maintenance	
16	FREDDY & ASSOCIATES	PR15SH	£76,580.68	Unknown	Financial Services	
17	BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services	
18	A.GA ENERGY	PR13SA	£69,461.65	No	Energy	
19	ENGINEERING MODEL	PR2_2YL	£64,796.52	Yes	Facilities & Management Services	
20	ARCHIBALD LAND & BUILD LTD	PR252EJ	£63,909.50	Yes	Works - Construction, Repair & Maintenance	
21	STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport	
22	CLEAR WATER UTILITIES	WA551WA	59632.87	No		
23	BRAVA Ltd	PR13NA	£57,595.51	N/A	Financial Services	
24	CLEAR INFOTECH EVOLUTION	HP24NW	51403.89	No	Information Communication Technology	
25	ALL BUILD Contractor & Maint	PR75JS	£51,043.34	Yes	Works - Construction, Repair & Maintenance	
26	GILLES AND SONS	PR58AQ	£43,007.56	Yes	Vehicle Management	

Check that your identifiers are written across the **Geography Identifier** column in exactly the same way or format:

- Check for **missing identifiers**
- Check for **consistent format** (consistent usage of uppercase or lowercase letters).
Example: do you spell all your entries as city, City or CITY?
- Check for **gaps** between cases and numbers
Example: PR23TC instead of PR23TC

It is better to use all uppercase letters and numbers with no gaps (in between or after the identifier) as a consistent format.

Also make sure to check that the format of your **Geography Identifier** column in your **Supplier Data Source File** is consistent with the ones used in your **Geography 1** and **Geography 2 Source Files**. The formulas in the tool will only be able to match identifiers written in the exact same format.

	A	B	C	D	E
	Supplier Name	Geography identifier	Spend		
2	AGOS CONSTRUCTION LTD	PR56BE	£2,894,674.		
3	FAST BUS LTD	PR26NY	£998,922.11		
4	FIN CAPITAL & Partners LTD	PO157JZ	£432,250.00		
5	SIM CAM LTD	MK91EA	£340,176.51		
6	CHARLES WHITE PARTNERS	PR58AQ	£264,083.44		
7	LOCA SOFTWARE SERVICES	BA148YX	£195,075.21		
8	MC COUDALD LTD	BB19DR	£183,288.90	Yes	Works - Construction, Repair & Maintenance
9	GILLES AND SONS	PR58aq	£178,177.00	Yes	Vehicle Management
10	ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes	Facilities & Management Services

Tip to erase all potential gaps:

First select the Geography Identifier column. Then, in your Home toolbar, click on **Find and Select**, a drop down menu will appear. In the menu, select the **Replace** option. A 'Find and Replace' pop up window will appear. Select the **Replace** tab. In the 'Find what' section use the space bar to enter a single gap space. Do not enter anything in the 'Replace with' and then click on 'Replace All'.

You can also use this technique to replace uppercase letters with lower case letters and or vice-versa.

Step 3| Check Spend Amounts

	A	B	C	D
	Supplier Name	Geography identifier	Spend	SME status
2	AGOS CONSTRUCTION LTD	PR56BE	£2,894,674.58	No
3	FAST BUS LTD	PR26NY	£998,922.19	No
4	FIN CAPITAL & Partners LTD	PO157JZ	£432,250.09	Unknown
5	SIM CAM LTD	MK91EA	£340,176.55	Yes
6	CHARLES WHITE PARTNERS	PR58AQ	£264,083.40	Yes
7	LOCA SOFTWARE SERVICES	BA148YX	£195,075.25	Unknown
8	MC COUDALD LTD	BB19DR	£183,288.90	Yes
9	GILLES AND SONS	PR58aq	£178,177.00	Yes
10	ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes
11	CAP LTD	SN11GW	140563	Unknown
12	ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes

In the **Spend** column, check that the amounts are entered consistently and uniformly.

- Check for **consistent format** (use of currency symbols, full stops, and commas).
- Also check your amounts have not been entered as texts. If this is the case, you might have little green triangles in the top left corner of your cells. The cells in your Spend column should be entered with a currency format (or number format if you prefer not to use currency symbols).

Step 4| Check SME Status

	A	B	C	D	E
1	Supplier Name	Geography identifier	Spend	SME status	Industrial Sector
2	AGOS CONSTRUCTION LTD	PR56BE	£2,894,674.58	Unconfirmed	Works - Construction, Repair & Maintenance
3	FAST BUS LTD	PR26NY	£998,922.19		Public Transport
4	FIN CAPITAL & Partners LTD	PO157JZ	£432,250.09	N/A	Financial Services
5	SIM CAM LTD	MK91EA	£340,176.55	Yes	Works - Construction, Repair & Maintenance
6	CHARLES WHITE PARTNERS	PR58AQ	£264,083.40	Yes	Construction
7	LOCA SOFTWARE SERVICES	BA148YX	£195,075.25		Information Communication Technology
8	MC COUDALD LTD	BB19DR	£183,288.90	Yes	Works - Construction, Repair & Maintenance
9	GILLES AND SONS	PR58aq	£178,177.00	Unknown	Vehicle Management

↓

	A	B	C	D	E
1	Supplier Name	Geography identifier	Spend	SME status	Industrial Sector
2	AGOS CONSTRUCTION LTD	PR56BE	£2,894,674.58	Yes	Works - Construction, Repair & Maintenance
3	FAST BUS LTD	PR26NY	£998,922.19	No	Public Transport
4	FIN CAPITAL & Partners LTD	PO157JZ	£432,250.09	Unknown	Financial Services
5	SIM CAM LTD	MK91EA	£340,176.55	Yes	Works - Construction, Repair & Maintenance
6	CHARLES WHITE PARTNERS	PR58AQ	£264,083.40	Yes	Construction
7	LOCA SOFTWARE SERVICES	BA148YX	£195,075.25	No	Information Communication Technology
8	MC COUDALD LTD	BB19DR	£183,288.90	Yes	Works - Construction, Repair & Maintenance
9	GILLES AND SONS	PR58aq	£178,177.00	Unknown	Vehicle Management

In the **SME Status** column, check suppliers not currently defined by a Yes or a No.

First try to confirm any undefined SME status by checking supplier names against your business register or any other preferred database.

Examples of databases in the United Kingdom: (eg: Orbis, Mint).

If the status of the supplier cannot be found in an external database, further desk research might be necessary to confirm the SME status of as many suppliers as possible.

If you cannot define the status of some suppliers enter them as 'Unknown'. (There can be a percentage of suppliers undefined)

*Tip: Make sure all your suppliers are either entered as **Yes**, **No** or **Unknown**. The formulas in the tool will not work if you enter these as **y**, **n** and **u**.*

Step 5| Check Industrial Sectors

	A	B	C	D	E	F
	Supplier Name	Geography Identifier	Spend	SME status	Industrial Sector	
2	AGOS CONSTRUCTION LTD	PR56BE	£2,894,674.58	Yes		
3	FAST BUS LTD	PR26NY	£998,922.19	No	Public Transport	
4	FIN CAPITAL & Partners LTD	PO157JZ	£432,250.09	Unknown	Financial Services	
5	SIM CAM LTD	MK91EA	£340,176.55	Yes	Works - Construction, Repair & Maintenance	
6	CHARLES WHITE PARTNERS	PR58AQ	£264,083.40	Yes	Consultancy	
7	LOCA SOFTWARE SERVICES	BA148YX	£195,075.25	No	Information Communication Technology	
8	MC COUDALD LTD	BB19DR	£183,288.90	Yes	Works -- Construction, Repair and Maintenance	
9	GILLES AND SONS	PR58aq	£178,177.00	Unknown	Works - Construction, Repair & Maintenance	
10	ADMINISTRATIVE SERVICES LT	N80NW	£151,256.36	Yes	Facilities & Management Services	

Following the same process as in Step 3, check that your industrial sectors are written across the **Industrial Sector** column in exactly the same way or format:

- Check for **missing sectors**

Tip: in the UK you can use <https://beta.companieshouse.gov.uk/> to find standard industrial classification for each supplier

- Check for hidden **gaps** between cases or numbers
- Check for **consistent format** (consistent usage of uppercase and lowercase letters but also symbols: &, -, etc.).

Finally make sure to check that the format of your Industrial Sector column in your Supplier Data Source File is consistent with the ones used in your Industrial Sector Source File. The formulas in the tool will only be able to match sectors written in the exact same format.

Phase 2: Entering your Data

Phase 2: Entering your Data

Once you have checked, cleansed and formatted your data, open the Spend Analysis Tool. The Tool is composed of the 6 following tabs:

Summary	Spend Analysis	Sector Analysis	Source – Geography 1	Source – Geography 2	Source – Geography 3
This tab contains the summary of all your Spend Analysis results – it's an easy to print summary.	This tab is where you will enter you supplier data and where the formulas in the tool will analyse your total spend, spend by Geographies and spend with SMEs.	This tab is where the formulas in the tool will analyse your spend by industrial sectors using a pivot table.	This tab is where you will enter your Geography 1 source data. The data will be used by the formulas in the Spend Analysis sheet to analyse how many of your suppliers are based in your Geography 1.	This tab is where you will enter your Geography 2 source data. The data will be used by the formulas in the Spend Analysis sheet to analyse how many of your suppliers are based in your Geography 2.	This tab is where you will enter your Geography 3 source data. The data will be used by the formulas in the Spend Analysis sheet to analyse how many of your suppliers are based in your Geography 3.

Step 6| Enter your general information

In the Analysis Summary tab:

1. Enter your organisation's name
2. Enter your timeframe (i.e. your financial year)
3. Enter the names of your different Geographies

Then start to enter your data from your Source Files into the Tool.

Step 7| Enter your Supplier Data

Supplier Data Source File:

	A	B	C	D	E
1	Supplier Name	Geography Identifier	Spend	SME status	Industrial Sector
2	AGOS CONSTRUCTION LTD	PR56BE	£2,894,674.58	No	Works - Construction, Repair & Maintenance
3	FAST BUS LTD	PR26NY	£998,922.19	No	Public Transport
4	FIN CAPITAL & Partners LTD	PO157JZ	£432,250.09	Unknown	Financial Services
5	SIM CAM LTD	MK91EA	£340,176.55	Yes	Works - Construction, Repair & Maintenance
6	CHARLES WHITE PARTNERS	PR58AO	£264,083.40	Yes	Consultancy

Spend Analysis Tool – Spend Analysis Tab:

	A	B	C	D	E
1	SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR
2				ADD WHETHER SME - YES/NO	
3				ADD WHETHER SME - YES/NO	
4				ADD WHETHER SME - YES/NO	
5				ADD WHETHER SME - YES/NO	
6				ADD WHETHER SME - YES/NO	
7				ADD WHETHER SME - YES/NO	
8				ADD WHETHER SME - YES/NO	

In the Spend Analysis tab:

1. Open your **Supplier data source file** and select the content of your 5 columns – Supplier Name, Geography Identifier, Spend, SME Status and Industrial Sector
2. **Copy-paste** this selection directly in the **Spend Analysis** tab, across the matching columns.

Tip: make sure you highlight all the columns and copy them across in to the spreadsheet altogether. Do NOT copy the columns individually. This could result in mismatching errors later when doing the analysis.

Step 8| Remove Non Relevant Suppliers

SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR	INCLUDED IN ANALYSIS
ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes	Facilities & Management Services	y
AGOS CONSTRUCTION LTD	PR56BE	£2,894,674.58	No	Works - Construction, Repair & Ma	y
ALL-BUILD Contractor & Maintenance	PR25J5	£51,043.34	Yes	Works - Construction, Repair & Ma	y
ARCHIBALD LAND & BUILD LTD	PR252EJ	£63,909.50	Yes	Works - Construction, Repair & Ma	n
BOSTON LAND LIMITED	TS146RQ	£128,518.38	Yes	Works - Construction, Repair & Ma	y
C.G.F.D. SYSTEMS LTD	PR97TR	£126,736.71	Yes	Works - Construction, Repair & Ma	y
CAP LTD	PO157JZ	£432,250.09	No	Works - Construction, Repair & Ma	y
CHARLES WHITE PARTNERS	PR13NA	£264,083.40	Yes	Works - Construction, Repair & Ma	y
CLEAR INFOTECH EVOLUTION BE LTD	HP24NW	£51,403.89	No	Communication Techn	y
CLEAR WATER UTILITIES	WA551WA	£59,632.87	No	Works - Construction, Repair & Ma	n
ENGINEERING MODEL	PR22YL	£64,796.52	Yes	Facilities & Management Services	y
ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services	y
FAST BUS LTD	PR16NY	£998,922.19	No	Public Transport	y
FIN CAPITAL & Partners LIMITED	SN11GW	£140,563.00	Unknown	Financial Services	y
FREDDY & ASSOCIATES	PR155H	£76,580.68	Unknown	Financial Services	y
GILLES AND SONS	PR58AQ	£43,007.56	Yes	Vehicle Management	n
GRANDI Center	PR13SA	£69,461.65	Unknown	Unknown	n
LAND GREEN LEISURE	WN36PR	£91,441.46	No	Works - Construction, Repair & Ma	y
LOCA SOFTWARE SERVICES	BA148YX	£195,075.25	Unknown	Communication Techn	y
MC COUDALD LTD	BB19DR	£183,288.90	Yes	Works - Construction, Repair & Ma	y
PAY EVERYDAY Ltd	XBR3TD	£57,595.51	N/A	Works - Construction, Repair & Ma	y
PHIL FOXTON LLP	NW12EP	£71,240.00	No	Works - Construction, Repair & Ma	n
SIM CAM LTD	MK91EA	£340,176.55	Yes	Works - Construction, Repair & Ma	y
STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport	y
TECH Play Ltd	MK181X	£86,498.86	Yes	Sports & Playground Equipment &	y
TECHNOLOGY SOLUTIONS	BB48HE	£97,412.20	Yes	Facilities & Management Services	y
TECH-SOLUTION	ME145PP	£139,566.80	Yes	Education	n
FAST BUS LTD	PR16NY	£998,922.19	No	Public Transport	y
CAP LTD	PO157JZ	£432,250.09	No	Financial Services	y
BOSTON LAND LIMITED	TS146RQ	£128,518.38	Yes	Works - Construction, Repair & Ma	y
LOCA SOFTWARE SERVICES	BA148YX	£195,075.25	Unknown	Information Communication Techn	y

In the Spend Analysis tab:

The Tool allows you to remove from the analysis suppliers' transactions that should not be taken into account (redacted) whilst keeping all the data as part of one same record for any future consultation or analysis updates.

To indicate which suppliers you would like to include in the analysis, go to the 'Included in Analysis' column:

- Enter **y** for the suppliers **to include** in the analysis
- Enter **n** for the suppliers **not to include** in the analysis

The type of entries which should be redacted from the analysis will vary from one country to another. For example, in the United Kingdom, redacted entries will typically include wages, pensions, funds return, grant payments, transactions with other local authorities, revenue and customs transactions, etc.

This is also where you have the option to take out of the analysis suppliers that have been entered twice in the list.

If in doubt, consult your procurement team and discuss which supplier and transaction should not be included in the analysis. As the formulas are live, you can also remove or add entries as you go through or after the analysis if you wish to run it with another set of data to compare results.

Step 9| Enter your Geography Identifiers Data

Geography 1 Source File:

Geography 1 Identifier	Display name
PR11LD	Preston
PR22DX	Preston
PR269AJ	Preston
PR11NU	Preston
PR10NS	Preston
PR12RL	Preston
PR11HT	Preston
PR266TW	Preston
PR22DR	Preston
PR266G	Preston

Spend Analysis Tool > Source - Geography 1:

GEOGRAPHY IDENTIFIER	DISPLAY NAME
Geog1	
Geog1	
Geog1	
Geog1	
Geog1	
Geog1	
Geog1	
Geog1	
Geog1	
Geog1	
Geog1	

Copy Paste

Summary | Spend Analysis | Sector Analysis | **Source - Geography 1** | Source - Geography 2 | Source - Geography 3

Source – Geography 1:

1. From your **Geography 1 source file**, select the content of your Geography Identifier column.
2. Copy paste the content across the matching column in the **Source – Geography 1** tab.

Source – Geography 2, 3, etc.:

Repeat the same process as above with the content of your **other Geography Source Files** to fill in the other corresponding **Source – Geography x** tabs.

Note: In each ‘Source – Geography’ tab of the tool, a ‘Display Name’ column has been pre-defined. It contains the value referring to each geography (i.e. Geog1, Geog2, Geog3) that will be used by the formulas during the geographical Spend Analysis to indicate which suppliers are located in which Geographies.

Phase 3: Analysing your Spend

Step 11| Analyse your Spend with SMEs

SUM : fx **=SUMIFS(C3:C13,F3:F13,"y",D3:D13,"yes")** = TOTAL AMOUNT SPENT WITH SMEs

The formula will add together the spend per suppliers from row number 3 to 13 in column C

IF the suppliers from row number 3 to 13 are defined as SMEs by a 'Yes' in Column D

IF the suppliers from row number 3 to 13 are included in the analysis by a 'y' in Column F

1	A	B	C	D	E	F	G	H	I
2	SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR	INCLUDED IN ANALYSIS	GEOGRAPHY ANALYSIS 1	GEOGRAPHY ANALYSIS 2	GEOGRAPHY ANALYSIS 3
3	ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes	Facilities & Management Services	y	#N/A	#N/A	Geog3
4	CAP LTD	SN11GW	£140,563.00	Unknown	Financial Services	y	#N/A	#N/A	#N/A
5	ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services	n	#N/A	#N/A	#N/A
6	LAND GREEN LEISURE	WN36PR	£91,441.46	Unknown	Arts & Leisure Services	y	#N/A	#N/A	#N/A
7	TECH Play Ltd	MK181JK	£86,498.86	Yes	Sports & Playground Equipment &	y	#N/A	Geog2	Geog3
8	FREDDY & ASSOCIATES	PR15SH	£76,580.68	Unknown	Financial Services	y	Geog1	Geog2	Geog3
9	BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services	n	#N/A	#N/A	Geog3
10	A.GA ENERGY	PR13SA	£69,461.65	No	Energy	y	Geog1	Geog2	Geog3
11	ENGINEERING MODEL	PR22YL	£64,796.52	Yes	Facilities & Management Services	y	Geog1	Geog2	Geog3
12	ARCHIBALD LAND & BUILD LTD	PR25ZEJ	£63,909.50	Yes	Works - Construction, Repair & Ma	y	Geog1	Geog2	Geog3
13	STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport	y	#N/A	Geog2	Geog3
14	NUMBER OF SUPPLIERS		OVERALL SPEND	SME SPEND		SPEND IN GEO 1 SPEND IN GEO 2 SPEND IN GEO 3			
15	9		£804,460	=SUMIFS(C3:C13,F3:F13,"y",D3:D13,"yes")		£274,748	£421,199	£572,455	
16				53.0%		34.2%	52.4%	71.2%	
17				5		4	6	7	
18									

At the bottom of the **SME status** column, 3 formulas are applied to analyse how much is spent with SMEs:

1. First, a **SUMIFS** formula is applied to calculate the **total amount spent with SME suppliers**. *SUMIFS allow for the sum to be defined by two conditions as you only want to take into account a) suppliers included in the analysis (defined by a 'y' in the 'included in analysis' column) and b) suppliers that have an SME status (defined by a 'yes' in the SME status column).*

SUM : X ✓ fx =D15/C15 = % SPENT WITH SMEs

Overall Spend Spend with SMEs

SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR	INCLUDED IN ANALYSIS	GEOGRAPHY ANALYSIS 1	GEOGRAPHY ANALYSIS 2	GEOGRAPHY ANALYSIS 3
ADMINISTRATIVE SERVICES LTD	N80NW	£11,256.36	Yes	Facilities & Management Services	y	#N/A	#N/A	Geog3
CAP LTD	SN11GW	£140,563.00	Unknown	Financial Services	y	#N/A	#N/A	#N/A
ENVELOPPE SOURCING	WA2BRE	£112,166.87	Yes	Mail Services	n	#N/A	#N/A	#N/A
LAND GREEN LEISURE	WN36PR	£91,441.46	Unknown	Arts & Leisure Services	y	#N/A	#N/A	#N/A
TECH Play Ltd	MK18LJX	£86,498.86	Yes	Sports & Playground Equipment & I	y	#N/A	Geog2	Geog3
FREDDY & ASSOCIATES	PR15SH	£76,580.68	Unknown	Financial Services	y	Geog1	Geog2	Geog3
BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services	n	#N/A	#N/A	Geog3
A.GA ENERGY	PR13SA	£69,461.65	No	Energy	y	Geog1	Geog2	Geog3
ENGINEERING MODEL	PR22YL	£64,796.52	Yes	Facilities & Management Services	y	Geog1	Geog2	Geog3
ARCHIBALD LAND & BUILD LTD	PR25EJ	£63,909.50	Yes	Works - Construction, Repair & Ma	y	Geog1	Geog2	Geog3
STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport	y	#N/A	Geog2	Geog3
NUMBER OF SUPPLIERS		OVERALL SPEND	SME SPEND			SPEND IN GEO 1	SPEND IN GEO 2	SPEND IN GEO 3
9		£804,460	£426,413			£274,748	£421,199	£572,455
			=D15/C15			34.2%	52.4%	71.2%
			5			4	6	7

- Second, a **basic division** is applied to establish the **percentage of the total spend with SMEs compared with the overall spend.**

Do not copy figures from the cells for this formula, only use cells as live elements to ensure any changes in the other amounts are directly taken into account in the formula.

SUM : X ✓ fx =COUNTIFS(F3:F13,"Y",D3:D13,"Yes") = Number of suppliers with SME Status

The formula will count the number of suppliers from row number 3 to 13 defined as SMEs by a 'Yes' in column C.

IF the suppliers from row number 3 to 13 are included in the analysis in Column F.

SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR	INCLUDED IN ANALYSIS	GEOGRAPHY ANALYSIS 1	GEOGRAPHY ANALYSIS 2	GEOGRAPHY ANALYSIS 3
ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes	Facilities & Management Services	y	#N/A	#N/A	Geog3
CAP LTD	SN11GW	£140,563.00	Unknown	Financial Services	y	#N/A	#N/A	#N/A
ENVELOPPE SOURCING	WA2BRE	£112,166.87	Yes	Mail Services	n	#N/A	#N/A	#N/A
LAND GREEN LEISURE	WN36PR	£91,441.46	Unknown	Arts & Leisure Services	y	#N/A	#N/A	#N/A
TECH Play Ltd	MK18LJX	£86,498.86	Yes	Sports & Playground Equipment & I	y	#N/A	Geog2	Geog3
FREDDY & ASSOCIATES	PR15SH	£76,580.68	Unknown	Financial Services	y	Geog1	Geog2	Geog3
BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services	n	#N/A	#N/A	Geog3
A.GA ENERGY	PR13SA	£69,461.65	No	Energy	y	Geog1	Geog2	Geog3
ENGINEERING MODEL	PR22YL	£64,796.52	Yes	Facilities & Management Services	y	Geog1	Geog2	Geog3
ARCHIBALD LAND & BUILD LTD	PR25EJ	£63,909.50	Yes	Works - Construction, Repair & Ma	y	Geog1	Geog2	Geog3
STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport	y	#N/A	Geog2	Geog3
NUMBER OF SUPPLIERS		OVERALL SPEND	SME SPEND			SPEND IN GEO 1	SPEND IN GEO 2	SPEND IN GEO 3
9		£804,460	£426,413			£274,748	£421,199	£572,455
			53.0%			34.2%	52.4%	71.2%
			=F13,"Y",D3:D13,"Yes")			4	6	7

- Third, a **COUNTIFS** formula is applied to establish the **total number of suppliers with an SME status**

COUNTIFS introduces two conditions that will limit the total count of suppliers to only take into account the ones that are a) included in the analysis and b) defined as SMEs.

Step 12| Analyse your Spend in Geography 1

To analyse how much is spent geographically, you need to establish which suppliers are located in each Geography area.

SUM X ✓ fx =VLOOKUP(B8,'Source - Geography 1'!A:B,2,FALSE) = formula in column G is looking up if supplier's identifier in column B is matching any of the Geography Identifiers in Source - Geography 1

	A	B	C	D	E	F	G	H	I
1									
2	SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR	INCLUDED IN ANALYSIS	GEOGRAPHY ANALYSIS 1	GEOGRAPHY ANALYSIS 2	GEOGRAPHY ANALYSIS 3
3	ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes	Facilities & Management Services	y	#N/A	#N/A	Geog3
4	CAP LTD	SN11GW	£140,563.00	Unknown	Financial Services	y	#N/A	#N/A	#N/A
5	ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Man. Services	n	#N/A	#N/A	#N/A
6	LAND GREEN LEISURE	WN36PR	£91,441.46	Unknown	Arts & Leisure Services	y	#N/A	#N/A	#N/A
7	TECH Play Ltd	MK181J	£86,498.86	Yes	Sports & Playground Equipment & f	y	#N/A	Geog2	Geog3
8	FREDDY & ASSOCIATES	PR15SH	£76,580.68	Unknown	Financial Services	y	{A,B,2,FALSE}	Geog2	Geog3
9	BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services	n	#N/A	#N/A	Geog3
10	A.G.A ENERGY	PR13SA	£69,461.65	No	Energy	y	Geog1	Geog2	Geog3
11	ENGINEERING MODEL	PR22YL	£64,796.52	Yes	Facilities & Management Services	y	Geog1	Geog2	Geog3
12	ARCHIBALD LAND & BUILD LTD	PR252EJ	£63,909.50	Yes	Works - Construction, Repair & Ma	y	Geog1	Geog2	Geog3
13	STRONG TYRE FIRM	Y45PR	£59,951.52	Yes	Public Transport	y	#N/A	Geog2	Geog3
14	NUMBER OF SUPPLIERS		OVERALL SPEND	SME SPEND			SPEND IN GEO 1	SPEND IN GEO 2	SPEND IN GEO 3
15	9		£804,460	£426,413			£274,748	£421,199	£572,455
16				53.0%			34.2%	52.4%	71.2%
17				5			4	6	7
18									

Taking the Geography 1 area as an example:

In the Spend Analysis tab, a **VLOOKUP** formula is applied across the **Geography Analysis 1** column.

It will go through the suppliers' postcodes listed in the **Geography Identifier** column, and check whether they match the identifiers listed in the **Source - Geography 1** sheet.

The formula has been defined to only look for exact matches.

In case of exact matches, the formula will return the value found in the **Display name** column of the **Source - Geography 1** tab (i.e. Geog1) back into the **Geography Analysis 1** column of the **Spend Analysis** tab.

Note: You are free to change the 'Display name' used but if you do, make sure to amend accordingly all the formulas used in the 'Spend Analysis' tab that are carrying the Geography analysis (i.e. SUMIFS, COUNTIFS).



	A	B	C	D	E	F
1						
2	GEOGRAPHY IDENTIFIER	DISPLAY NAME				
3	PR15SH	Geog1				If a exact match is found, the formula returns the Display Name found in column B of the Source - Geography 1 in the cell in the column G of the Spend Analysis tab.
4	PR13SA	Geog1				
5	PR22YL	Geog1				
6	PR252EJ	Geog1				
7	PR11LD	Geog1				
8	PR22DX	Geog1				
9	PR269AJ	Geog1				
10	PR11NU	Geog1				
11	PR10NS	Geog1				

SUM : $=SUMIFS(C3:C13,F3:F13,"y",G3:G13,"Geog1")$ = TOTAL AMOUNT SPENT IN GEOGRAPHY 1

The formula will add together the spend per suppliers from row number 3 to 13 in column C

IF the suppliers from row number 3 to 13 are included in the analysis by a 'y' in Column F

IF the suppliers from row number 3 to 13 matched the Identifiers in Source - Geography 1

	SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR	INCLUDED IN ANALYSIS	GEOGRAPHY ANALYSIS 1	GEOGRAPHY ANALYSIS 2	GEOGRAPHY ANALYSIS 3
3	ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes	Facilities & Management Services	y	#N/A	#N/A	Geog3
4	CAP LTD	SN11GW	£140,563.00	Unknown	Financial Services	y	#N/A	#N/A	#N/A
5	ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services	n	#N/A	#N/A	#N/A
6	LAND GREEN LEISURE	WN36PR	£91,441.46	Unknown	Arts & Leisure Services	y	#N/A	#N/A	#N/A
7	TECH Play Ltd	MK181JX	£86,498.86	Yes	Sports & Playground Equipment & I	y	#N/A	Geog2	Geog3
8	FREDDY & ASSOCIATES	PR155H	£76,580.68	Unknown	Financial Services	y	Geog1	Geog2	Geog3
9	BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services	n	#N/A	#N/A	Geog3
10	A.GA ENERGY	PR13SA	£69,461.65	No	Energy	y	Geog1	Geog2	Geog3
11	ENGINEERING MODEL	PR22YL	£64,796.52	Yes	Facilities & Management Services	y	Geog1	Geog2	Geog3
12	ARCHIBALD LAND & BUILD LTD	PR252EJ	£63,909.50	Yes	Works - Construction, Repair & Ma	y	Geog1	Geog2	Geog3
13	STRONG TYRE FIRM	FY45FR	£59,951.52	Yes	Public Transport	y	#N/A	Geog2	Geog3
14	NUMBER OF SUPPLIERS	OVERALL SPEND	SME SPEND				SPEND IN GEO 1	SPEND IN GEO 2	SPEND IN GEO 3
15	9	£804,460	£426,413	53.0%			£421,199	£572,455	
16							34.4%	52.4%	71.2%
17							4	6	7

At the bottom of the **Geography Analysis 1** column, 3 formulas are applied to analyse how much is spent in this geographical area:

1. First, a **SUMIFS** formula is applied to calculate the **total amount spent with suppliers in the Geography 1 area.**

SUMIFS allows for the sum to be defined by two conditions as you only want to take into account a) suppliers included in the analysis, b) suppliers located in the Geography 1 area.

SUM : $=G15/C15$ = % SPENT WITHIN GEOGRAPHY 1

Overall Spend

Spend within Geography 1

	SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR	INCLUDED IN ANALYSIS	GEOGRAPHY ANALYSIS 1	GEOGRAPHY ANALYSIS 2	GEOGRAPHY ANALYSIS 3
3	ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes	Facilities & Management Services	y	#N/A	#N/A	Geog3
4	CAP LTD	SN11GW	£140,563.00	Unknown	Financial Services	y	#N/A	#N/A	#N/A
5	ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services	n	#N/A	#N/A	#N/A
6	LAND GREEN LEISURE	WN36PR	£91,441.46	Unknown	Arts & Leisure Services	y	#N/A	#N/A	#N/A
7	TECH Play Ltd	MK181JX	£86,498.86	Yes	Sports & Playground Equipment & I	y	#N/A	Geog2	Geog3
8	FREDDY & ASSOCIATES	PR155H	£76,580.68	Unknown	Financial Services	y	Geog1	Geog2	Geog3
9	BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services	n	#N/A	#N/A	Geog3
10	A.GA ENERGY	PR13SA	£69,461.65	No	Energy	y	Geog1	Geog2	Geog3
11	ENGINEERING MODEL	PR22YL	£64,796.52	Yes	Facilities & Management Services	y	Geog1	Geog2	Geog3
12	ARCHIBALD LAND & BUILD LTD	PR252EJ	£63,909.50	Yes	Works - Construction, Repair & Ma	y	Geog1	Geog2	Geog3
13	STRONG TYRE FIRM	FY45FR	£59,951.52	Yes	Public Transport	y	#N/A	Geog2	Geog3
14	NUMBER OF SUPPLIERS	OVERALL SPEND	SME SPEND				SPEND IN GEO 1	SPEND IN GEO 2	SPEND IN GEO 3
15	9	£804,460	£426,413	53.0%			£274,748	£421,199	£572,455
16							34.1%	52.4%	71.2%
17							4	6	7

2. Second, a **basic division** is applied to establish the **percentage of the total spend in the Geography 1 area compared with the overall spend.**

Do not copy figures from the cells for this formula, only use cells as live elements to ensure any changes in the other amounts are directly taken into account in the formula.

SUM : X ✓ fx **=COUNTIFS(F3:F13,"Y",G3:G13,"Geog1") = Number of suppliers located within the Geography 1**

IF the suppliers from row number 3 to 13 are included in the analysis in Column F. **The formula will count the number of suppliers from row number 3 to 13 located in geography 1.**

	SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR	INCLUDED IN ANALYSIS	GEOGRAPHY ANALYSIS 1	GEOGRAPHY ANALYSIS 2	GEOGRAPHY ANALYSIS 3
3	ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes	Facilities & Management Services	y	#N/A	#N/A	Geog3
4	CAP LTD	SN11GW	£140,563.00	Unknown	Financial Services	y	#N/A	#N/A	#N/A
5	ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services	n	#N/A	#N/A	#N/A
6	LAND GREEN LEISURE	WN36PR	£91,441.46	Unknown	Arts & Leisure Services	y	#N/A	#N/A	#N/A
7	TECH Play Ltd	MK181JX	£86,498.86	Yes	Sports & Playground Equipment & I	y	#N/A	Geog2	Geog3
8	FREDDY & ASSOCIATES	PR15SH	£76,580.68	Unknown	Financial Services	y	Geog1	Geog2	Geog3
9	BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services	n	#N/A	#N/A	Geog3
10	A.GA ENERGY	PR13SA	£69,461.65	No	Energy	y	Geog1	Geog2	Geog3
11	ENGINEERING MODEL	PR22YL	£64,796.52	Yes	Facilities & Management Services	y	Geog1	Geog2	Geog3
12	ARCHIBALD LAND & BUILD LTD	PR252EJ	£63,909.50	Yes	Works - Construction, Repair & Ma	y	Geog1	Geog2	Geog3
13	STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport	y	#N/A	Geog2	Geog3
14	NUMBER OF SUPPLIERS		OVERALL SPEND	SME SPEND		SPEND IN GEO 1 SPEND IN GEO 2 SPEND IN GEO 3			
15	9		£804,460	£426,413 53.0%		£274,748 34.7%	£421,199 52.4%	£572,455 71.2%	
17						=COUNTIFS(F3:F13,"Y",G3:G13,"Geog1")	6	7	

3. Third, a **COUNTIFS** formula is applied to establish the **total number of suppliers located in the Geography 1 area.**

COUNTIFS introduces two conditions that will limit the total count to suppliers that are a) included in the analysis and b) located in the Geography 1 area.

Step 13| Analyse your Spend in your other Geographies (2, 3, etc.)

To establish which suppliers are located in your other Geographies (2, 3, etc.) and how much is spent by locality, follow the same methodology as the one detailed in the 'Analyse your spend in Geography 1' step above, looking at the column and Source - Geography relevant to your different Geography.

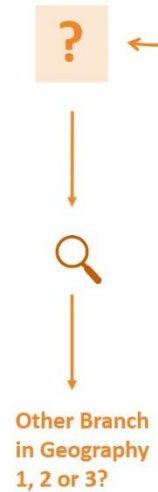
Example for your Geography **2**, look at the Column Geography Analysis **2** and the Source – Geography **2** tab.

Step 14| Analyse your spend outside your Geographies

SUPPLIER NAME	GEOGRAPHY IDENTIFIER	SPEND	SME STATUS	INDUSTRIAL SECTOR	INCLUDED IN ANALYSIS	GEOGRAPHY ANALYSIS 1	GEOGRAPHY ANALYSIS 2	GEOGRAPHY ANALYSIS 3
ADMINISTRATIVE SERVICES LTD	N80NW	£151,256.36	Yes	Facilities & Management Services	y	#N/A	#N/A	Geog3
CAP LTD	SN11GW	£140,563.00	Unknown	Financial Services	y	#N/A	#N/A	#N/A
ENVELOPPE SOURCING	WA28RE	£112,166.87	Yes	Mail Services	n	#N/A	#N/A	#N/A
LAND GREEN LEISURE	WN36PR	£91,441.46	Unknown	Arts & Leisure Services	y	#N/A	#N/A	#N/A
TECH Play Ltd	MK181JX	£86,498.86	Yes	Sports & Playground Equipment & I	y	#N/A	Geog2	Geog3
FREDDY & ASSOCIATES	PR155H	£76,580.68	Unknown	Financial Services	y	Geog1	Geog2	Geog3
BRAVA LIMITED	NW12EP	£71,240.00	No	Financial Services	n	#N/A	#N/A	Geog3
A.GA ENERGY	PR135A	£69,461.65	No	Energy	y	Geog1	Geog2	Geog3
ENGINEERING MODEL	PR22YL	£64,796.52	Yes	Facilities & Management Services	y	Geog1	Geog2	Geog3
ARCHIBALD LAND & BUILD LTD	PR252EJ	£63,909.50	Yes	Works - Construction, Repair & Ma	y	Geog1	Geog2	Geog3
STRONG TYRE FIRM	FY45PR	£59,951.52	Yes	Public Transport	y	#N/A	Geog2	Geog3
NUMBER OF SUPPLIERS		OVERALL SPEND	SME SPEND			SPEND IN GEO 1	SPEND IN GEO 2	SPEND IN GEO 3
9		£804,460	£426,413 53.0%			£274,748 34.2%	£421,199 52.4%	£572,455 71.2%

Once your Spend Analysis by Geography is complete, check the list of suppliers located outside of your designated Geography areas.

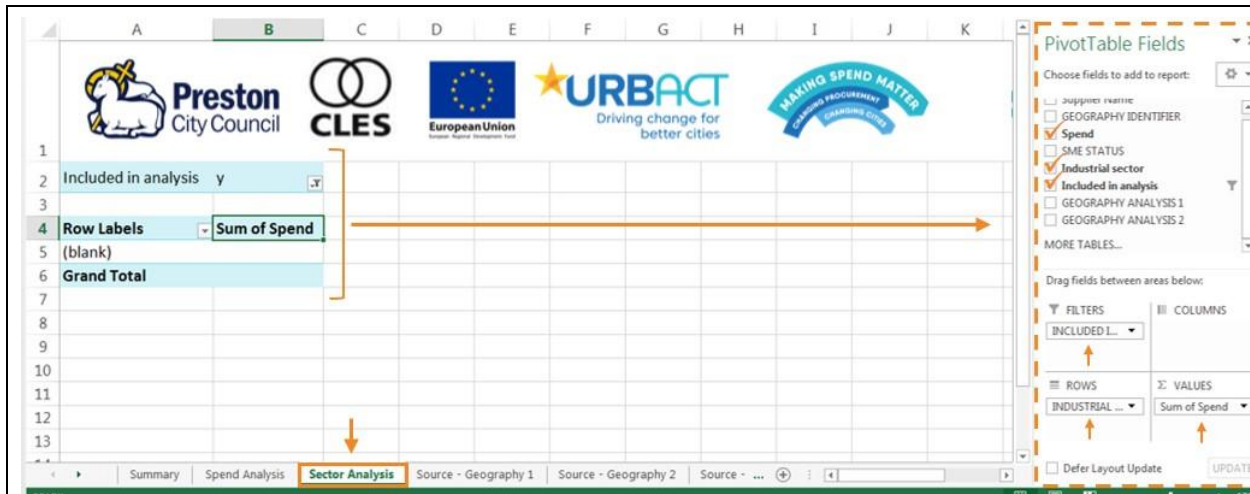
It will be important to establish whether the Geography Identifiers (i.e. Postcode, ZIP Code, City Names, etc.) used in the analysis refer to your suppliers' actual location. In some cases, especially when a supplier belongs to a wider business organisation, the Geography identifier (i.e. postcode) used in procurement transactions might be linked to an administrative headquarter site rather than the location of the individual regional or local branch which has actually been used.



Check the list of suppliers not included in your Geography 1, 2 and 3 areas, research if they have a branch located in either geography, confirm with your procurement team which Geography Indicator is correct and if needed amend the Indicator of relevant suppliers.

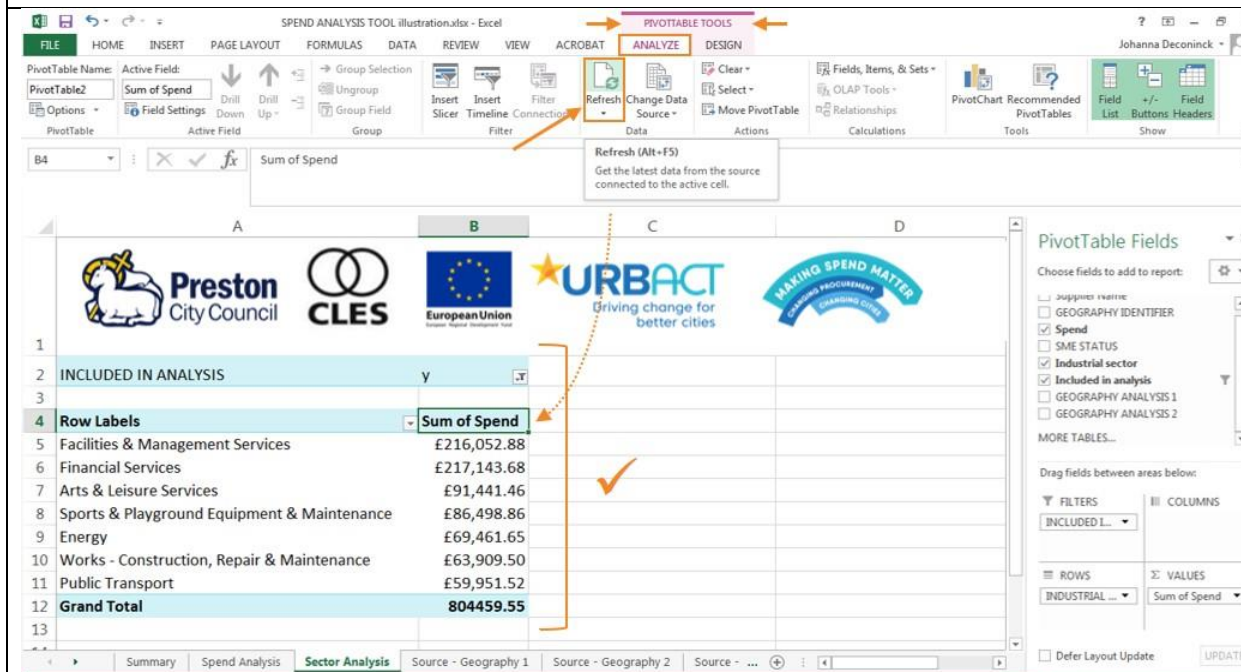
Step 15| Analyse your spend by Industrial Sectors

To analyse your spend by sectors go on the **Sector Analysis** tab. The tab already contains a **pre-defined pivot table**.



A **PivotTable Fields** pane appears when you click on one of the cells of the table. The pane shows which field of data from the Spend Analysis tab are included in the pivot table.

- By default, the pivot table is set up with
- **'Included in Analysis', 'y'**, as the main filter
 - **'Industrial Sectors'** as the row defining the table
 - A sum of **'Spend'** as the main value indicator



To generate analysis results (or to update your results if you have changed some data), go to the **PivotTable Tools** tab at the top of your toolbar and select the **'Analyse'** bar.

Then click on the **'Refresh'** function.

This will automatically update your pivot table and provide you with a summary of how much is spent by industrial sectors taking into account all the suppliers included in the analysis.

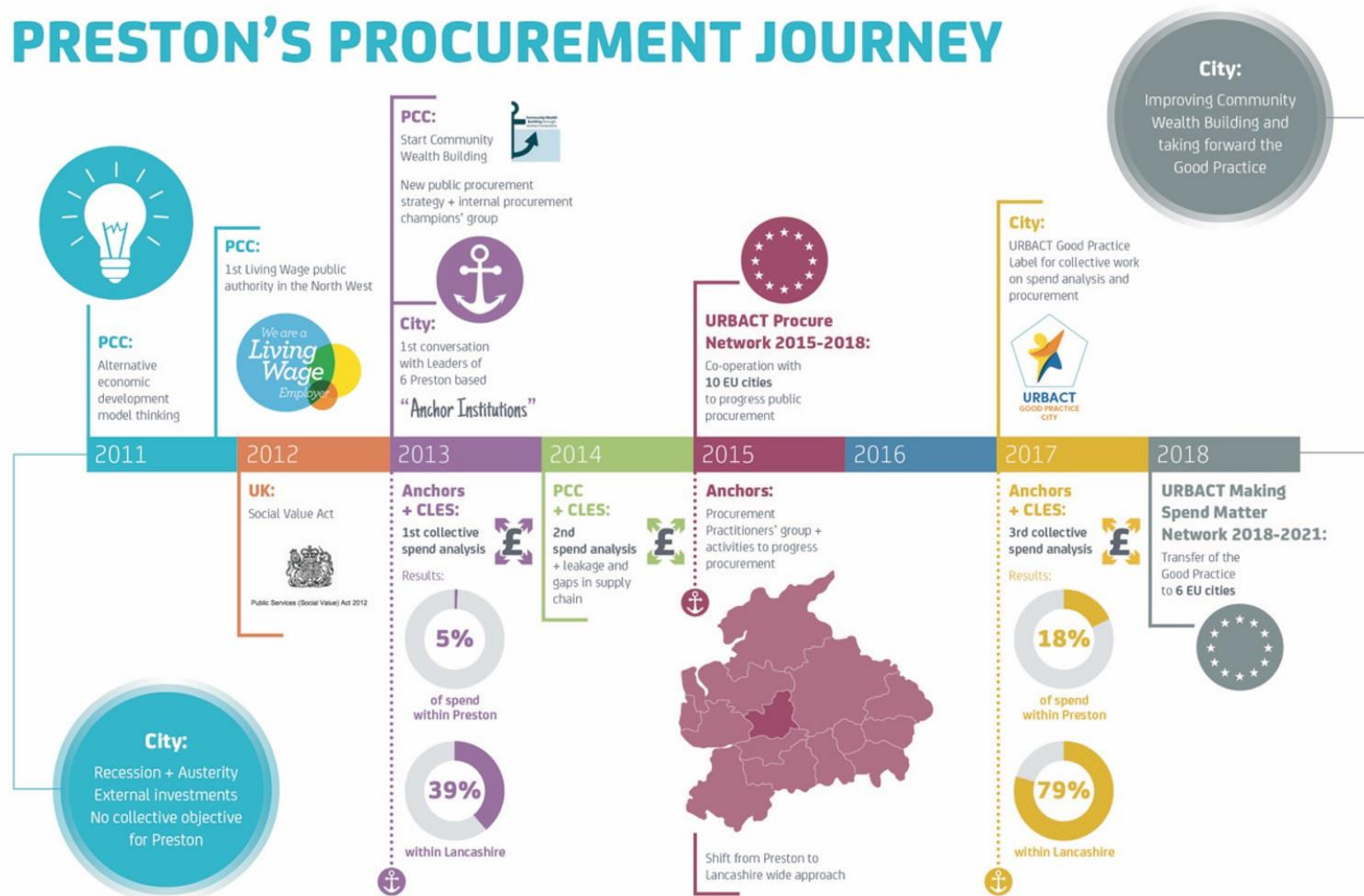
You are free to amend the table by changing the variables of the fields or by dragging other fields into the table.

For general information on how to generate a pivot table, please refer to Annex B.

Taking your analysis to the next step

The above sections of this Guide explain the process which Preston City Council goes through to collect the required data to undertake **Basic Spend Analysis**. In Preston, the City Council and other anchor institutions, supported by CLES, have undertaken this process collectively 3 times since 2013. The Spend Analysis enabled the group of institutions to understand where their annual procurement spend goes geographically and sectorally, and the extent to which it is spent with SMEs. This then helped the institutions to identify how procurement practices and processes could be improved to deliver wider economic, social and environmental benefits to their place and communities.

PRESTON'S PROCUREMENT JOURNEY



The Basic Spend Analysis undertaken in Preston has been carried out in a specific context and with a specific methodology. It is important to note that Basic Spend Analysis should be adapted to provide an analysis that is specific to your City's needs and using different means of portraying the information.

Beyond the Basic Spend Analysis there are also more activities which can be undertaken to demonstrate the wider impact of procurement spend. Whilst the primary objective of Making Spend Matter is to provide organisations with the information and capacity to develop and carry out their own Basic Spend Analysis, the process in Preston goes beyond this baseline. Through Making Spend Matter, an important part of our partners' work focused on how public institutions could further build upon their Spend Analysis to progress the way in which procurement strategies, processes and practices are undertaken.

The final section of this Guide aims to highlight how organisations can take their Basic Spend Analysis to the next level by exploring the four following considerations:

- **Designing a Spend Analysis bespoke to your organisation**
- **Interpreting your Spend Analysis findings**
- **Moving towards an Advanced Spend Analysis**
- **Becoming strategic in public procurement: What happens after Spend Analysis?**

1. Designing a Basic Spend Analysis bespoke to your organisation

As explained in the introduction, the Basic Spend Analysis described in this Guide is based on the methodology developed by the Centre for Local Economic Strategies (CLES). Whilst Preston was the first City to apply the Basic Spend Analysis with a city wide approach, in collaboration with its anchor institutions, the methodology has since been used with many different types of organisations across the UK including: Municipalities, other public sector anchor institutions, private sector businesses, and the Voluntary, Community and Social Enterprise (VCSE) Sector. The organisations undertaking the analysis have gathered other types of data or portrayed the information analysed through their Basic Spend Analysis differently, depending on their needs and priorities.

Over the past two years, the Spend Analysis methodology has been transferred through Making Spend Matter with 6 Cities across Europe which have tested and adapted these principles to develop their own bespoke approach in line with their local context. The points below draw from this experience and highlight some of the ways in which organisations can further adapt their Spend Analysis process.

A. Streamlining your data

The Basic Spend Analysis Guide provides a template for organisations to develop their own Spend Analysis methodology. The Guidance is designed to offer a comparable and common approach to Spend Analysis which can be applied in a wide range of contexts. It explains the type of data that organisations will typically need to gather to undertake a Basic Spend Analysis process. This is based on the information organisations are more likely to have access to, but organisations are encouraged to assess how they can build on this approach to make it work for their needs and context.

Organisations can look into available data sources to identify whether other types of data might enable them to develop a more effective and efficient Spend Analysis process. For example, some organisations might prefer to use Tax Identification Numbers as nominators for suppliers instead of Supplier Names. Where available, this solution provides a way to streamline the Spend Analysis process and reduce the scope for errors and duplications in suppliers' names as there is only one Tax Identification Number per supplier.

B. Gathering information on different types of suppliers

The Basic Spend Analysis presented in this Guide enables organisations to gather and analyse information about SMEs. There are however other types of suppliers which deliver goods and services that may be of particular interest to your organisation. The nature and constitution of these suppliers and their definitions vary by EU Member State, but they can include:

- Voluntary and Community Sector Organisations (VCSOs);
- Non-Governmental Organisations (NGOs)
- Social Enterprises (SEs);
- Community Interest Companies (CICs);
- Social Economy Organisations (SEOs)

The objective of the Basic Spend Analysis is to provide organisations with data and results that are useful for their activities and can inform their strategic priorities. If other types of specific suppliers are relevant to your organisation's needs or priorities, you may want to explore the extent to which you spend with these suppliers as well. The process would follow the same steps as the one detailed for collecting data and analysing how much is spend with SMEs in this Guide, with the data collected dependent on the types of supplier being analysed. Similarly, data cleansing would take place, as per Step 5 and data analysis as per Step 11.

C. Exploring your Geographies using different techniques

The Basic Spend Analysis enables organisations to gather and analyse the geographical location of suppliers which are providing goods and services, using largely Post/ZIP code and City Name information base data. However, some types of organisations may want to utilise a different way of depicting the geographical location of their suppliers.

For example, in the construction sector, companies often use radius as a means of demonstrating where both their suppliers and employees are from (i.e. 50 kilometres from where the construction project is being undertaken). It is up to each organisation to define which techniques and types of geography would be the more relevant and suitable.

To explore the Geography of their suppliers on a radius basis, organisations would need to adapt the steps laid out earlier in this Guide but the process would follow the same logic. Firstly they would need to define the relevant radiuses they want to look at (for example 25, 50 or 100 Kilometres). Then organisations would need to collect information about each supplier in their sample to identify their geographical distance from their organisations' headquarter (i.e. City Council Town Hall, University administrative office, etc.), with data cleansing undertaken as per Step 3 and analysis as per Step 10.

D. Presenting your spend findings

The Basic Spend Analysis enables organisations to present a series of final percentage such as: % of spend in a defined geographical area; % of spend with suppliers in a particular industrial sector; and % of spend with SMEs. This provides organisations with straightforward statistics that can be used in many different circumstances.

To support the communication of the Spend Analysis findings, organisations may want to explore alternative ways of presenting the findings of their Basic Spend Analysis. One such technique is to use Geographical Information Systems (GIS) to present the findings using a series of maps. Data can be portrayed using heat maps, with strong colours for example highlighting geographical areas where there is significant spend, and light colours where there is less spend. Data can also be portrayed using different coloured dots as a means of demonstrating both the region where suppliers are based and their industrial sector, with a different coloured dot used for each sector. The Spend Analysis maps can also be compared with other existing mapped resources (i.e. areas of deprivation, areas of economic growth, etc.). Mapping Software such as ArcGIS or MapInfo can be used for this purpose.

Making Spend Matter partners explored additional techniques to disseminate their findings with a wider audience such as infographics and videos. Presenting findings in simple and visual ways can help organisations to engage with a non-specialist stakeholders and raise awareness about the meaning of the results.

2. Interpreting your Spend Analysis findings

Common questions once Spend Analysis is complete in draft form are ‘**What happens next?**’; ‘**What do the findings mean?**’; ‘**How do we interpret the findings?**’; ‘**How do we inform policy and practice using the findings?**’.

The whole purpose of undertaking a Spend Analysis is to create an evidence base through which changes around procurement strategy, policy and practice can be realised. It is key for organisations to interpret what the data means to shape their future approach to procurement. For example, the Spend Analysis findings may enable organisations to inform their priorities on spend with SMEs, gaps in particular sectors in the market and collaboration with the supply chain to deliver greater social and environmental outcomes.

This section draws from Preston’s anchor institutions collective Spend Analysis journey and highlights different means for organisations to interpret their Spend Analysis:

Mean A – Explaining individual Spend Analysis findings to each Anchor Institution

Preston City Council and the Centre for Local Economic Strategies (CLES)¹⁴ met individually with each anchor involved in the Spend Analysis to discuss the initial findings with the relevant procurement officers as well as senior officers. These meetings were an opportunity to explain differences / disparities in the information and ask for clarification around some of the spend data.

Mean B – Generating cross-Anchor Institution collective findings

The findings from the analysis of the procurement spend of the individual anchor institutions were collated together and a detailed report was produced. The report was broken down into findings of the individual anchor institutions and a collective summary of all the anchor institutions spend.

Mean C – Hosting events to explain findings to a wider audience of policy makers and decision-makers

Two events were organised in 2014 and 2017. The purpose was to explain the findings of the analysis to a broader spread of policy and decision-makers such as those with responsibility for finance and economic development and inclusion, and to discuss a collective anchor institution vision for community wealth building and progressive procurement practice in Preston going forward.

Mean D – Using findings to develop Statement of Intent

As discussed above, the workshops in March 2014 were an opportunity for the anchors to discuss a potential collective vision. Subsequent to this workshop, a statement of intent was agreed. The anchor institutions agreed “a long term collaborative commitment to community wealth building in Lancashire for influenceable spend.”

¹⁴ CLES were partners of Preston in undertaking the Spend Analysis and supporting the wider Community Wealth Building Initiative.

Mean E – Using findings to frame Procurement Strategy and Frameworks

Preston took the opportunity to use the findings as a drive to replace their previous procurement strategy. The new strategy 2016 – 2019 (soon to be updated) was framed by the National Procurement Strategy and Preston City Council's corporate priorities and had the two-fold aim of incorporating social and environmental benefits in procurements and encouraging more SMEs to bid for tenders.

Mean F – Using findings to shape other activities (e.g. Advanced Spend Analysis, Business Database development)

The findings provided an opportunity to undertake further analysis, for example to understand how suppliers re-spent within the local economy. This was done through a survey questionnaire which explored how much money suppliers spent on labour within Preston, how the suppliers' employees spent within the local economy, and the number and value of apprenticeships created, the employment opportunities for the hard to reach and volunteering hours within both Preston and the wider Lancashire economy.

Mean G – Developing a Public Procurement Practitioners Group

Once the initial findings had been shared, a Public Procurement Practitioners Group was established as a way of formalising and sustaining engagement. The group enabled practitioners to meet on a regular basis to discuss challenges with procurement processes and practice; share information about their activities; provide advice; discuss areas of potential procurement collaboration; and identify how they could continue to deliver social value through procurement.

Mean H – Undertaking analysis again to view change

In order to be able to understand whether activities carried out by the anchor institutions were having a definitive impact, further Spend Analysis were undertaken in 2016/17, with the support of CLES and in 2017/18, autonomously, with the objective of building internal capacity. The findings highlighted positive change, areas of evolution and fluctuation as well as scope for further progress.

Mean I – As part of a wider Political, Policy and Communications Campaign

One aspect of the Community Wealth Building work has been sharing not only what has been done but also what has been achieved. To support this a number of reports have been produced highlighting the progress of Community Wealth Building, the Council has a series of webpages dedicated to Community Wealth Building and Spend Analysis, the Leader of the Council and other officers have spoken at conferences and hosted visits from other interested local authorities, and there has been growing press coverage about what has come to be known as the "Preston Model".

3. Developing an approach towards Advanced Spend Analysis

The 'Basic' Spend Analysis' outlined throughout this Guide is just one of the pieces of analysis and activities which municipalities, public sector anchor institutions and other organisations can undertake to understand their Procurement Spend. 'Advanced' Spend Analysis can be used to

explore this spend data in more detail or identify information which demonstrates the wider impact of procurement spend in economic, social, and environmental terms.

There are three types of ‘Advanced’ Spend Analysis:

A. Gap Analysis

The ‘Basic’ Spend Analysis enables organisations to understand how much of their procurement spend is with suppliers based in their locality or region and with particular sectors. However, it does not enable organisations to understand and ask questions about what happens to procurement spend which is not spent within their locality or region, or the sectors of spend within which this procurement spend is. Gap Analysis therefore explores the procurement spend which is leaving the defined geographical area in more detail. This data can be analysed by sector in two ways.

The first is to identify the sectors which have the greatest amount of procurement spend leaving the defined geographical area – for example, 5 Million Euros of Construction spend may be leaving the defined geographical area and 1 Million Euros of Communications spend.

The second is to identify the sectors where there is a small proportion of spend in the defined geographical area in comparison to the overall spend within their locality or region – for example, organisations may spend 40% of their total procurement budget in their local area; however, when it comes to analysis of spend with the construction sector, this percentage reduces to 10%.

Once the gaps have been identified, organisations can then have a conversation around why these situations are the case. This dialogue enables organisations to understand which spend is ‘Uninfluenceable’ and which is ‘Influenceable’, with influenceable spend being that which could potentially be delivered by another type of supplier, such as an SME; or in which a new type of supplier could be created, such as a Cooperative; or in which capacity building activities could be undertaken with businesses based in the locality or region.

It is important to note that Gap Analysis is not about protecting a particular economy and ensuring all goods and services are delivered by ‘local’ suppliers. Instead, it is about ensuring that suppliers based within a region at least have the awareness to develop their skills, capacity and knowledge and potentially bid for procurement opportunities. It is also about creating and growing new types of businesses which could also potentially bid for procurement opportunities.

B. Re-Spend Analysis

‘Basic’ Spend Analysis will enable organisations to detail the proportion of procurement spend which they spend within their locality or region. It does not however allow organisations to understand what happens to procurement spend once it reaches the supply chain. To what extent

do suppliers re-spend the money they receive with suppliers of their own which are based in the defined geographical area such as their municipality? To what extent are the employees of supply chain organisations resident in the municipality?

Re-Spend Analysis enables these questions to be answered, with suppliers asked six questions through a survey:

- What proportion of your organisation's total spend is upon Staff Wages;
- How many employees does your organisation have;
- How many of your employees are resident in {insert geographical area of focus};
- What proportion of your organisation's total spend is upon Suppliers;
- How many suppliers does your organisation have;
- How many of your suppliers are based in {insert geographical area of focus};

From the 'Basic Spend Analysis', organisations will know how much is spent with each supplier, and using this as a base figure they can explore, how much each supplier re-spends in the defined geographical area using the data extracted from the survey. This can then be added together and averaged to identify how much the supply chain as a whole spends in the defined geographical area.

How much suppliers feel comfortable to disclose as part of this type of survey might vary from one context to another. It is key for organisations to assess how best to frame the survey to ensure the questions are not sensitive or intrusive for suppliers. Through Making Spend Matter, some partners have for example looked into using spend value ranges rather than specific numbers. They have generally found that by engaging with suppliers to explain the purpose behind the survey and the Re-Spend Analysis, suppliers were often willing to take part in the process and help analyse the impact of public spend within the supply chain.

C. Wider Impact Analysis

As well as undertaking Re-Spend Analysis, as detailed above, organisations can also use the survey described as a way of collecting data about the Wider Impact of Procurement Spend. For example, they can ask questions around the number of jobs suppliers have created, or the number of hours of Volunteering that employees of the suppliers have undertaken, or the amount of Carbon Emissions they have reduced. The above collects output data from each supplier, which in turn, using tools such as the National Themes, Outcomes, Measures (TOMs)¹⁵, can be used to estimate the wider impact of procurement spend.

¹⁵ The TOMs is a UK focused tool developed by the Social Value Portal. It enables financial proxies to be applied to an output such as creating a job for a previously unemployed individual for example.

4. Becoming Strategic in public procurement: What happens after Spend Analysis?

Traditionally the process of procurement has often been viewed as a transaction. An organisation will want to buy a good, service or work and a supplier provides responses to questions around how they would deliver that good, service, or work and how much it will cost. The supplier providing the best price and quality will then be procured to deliver.

However, in order for the ‘Strategic Approach to Procurement’ to be effective the process needs to shift from one of a transaction to a relationship and a number of activities need to happen after Spend Analysis as part of the ‘Cycle of Procurement’:

THE CYCLE OF PROCUREMENT



Step 1: Governance and Strategy

To change the way in which they undertake procurement, organisations must have the strategic and governance conditions in place to enable it to happen. Undertaking Spend Analysis enables organisations to set a baseline position. Building on this they can develop a Social Value Procurement Strategy and Framework that outlines the types of wider (Social Value) outcomes they want to achieve through procurement. They also should ensure internal officers are socially conscious, as well as cost conscious.

Step 2: Commissioning

This is where organisations design the good, service or work they are looking to procure. Here they should be thinking about how the outcomes of the Social Value Procurement Framework can be potentially applied to what they are looking to purchase and also how the process can be adapted to support SMEs to bid, for example.

Step 3: Pre-Procurement

This is where organisations make the market aware of the good, service or work they are looking to purchase and any wider outcomes they are looking to achieve through the process. It may also include direct engagement with the market.

Step 4: Tendering

This is the actual procurement process itself, where potential suppliers are asked to demonstrate how they will deliver the good, service, or work, how much it will cost, and how they will contribute towards wider outcomes. This is also where bids are evaluated.

Step 5: Monitoring

This is where the successful Supplier delivers the good, service or work contract and also delivers and monitors against the agreed wider outcomes.

For more information on Advanced Spend Analysis, Strategic and Progressive Public Procurement:

- Visit [Making Spend Matter URBACT Webpage](#)
- Subscribe to the [Making Spend Matter Newsletter](#) to receive the latest news from the Network and keep up to date with upcoming events and publications.
- Follow us @MspendM_eu on [Twitter](#), [YouTube](#) and [Wakelet](#)

The Basic Spend Analysis Guide and Tool form the first part of the Network's final outputs which will regroup the key learning, findings and conclusions from the Network and will be published in the upcoming months on our platforms.

Further details on where to access information relating to Making Spend Matter can also be found in the section 'For more information', p.54.

Annexes

Annex A

Translation of Excel formulas

LANGUAGE	FORMULAS			
ENGLISH	SUMIF	SUMIFS	COUNTIFS	VLOOKUP
DUTCH	SOM.ALS	SOMMEN.ALS	AANTALLEN.ALS	VERT.ZOEKEN
FRENCH	SOMME.SI	SOMME.SI.ENS	NB.SI.ENS	RECHERCHEV
GERMAN	SUMMEWENN	SUMMEWENNS	ZÄHLENWENNS	SVERWEIS
GREEK	SUMIF	SUMIFS	COUNTIFS	VLOOKUP
POLISH	SUMA.JEŻELI	SUMA.WARUNKÓW	LICZ.WARUNKI	WYSZUKAJ.PIONOWO
PORTUGUESE	SOMASE	SOMASES	CONT.SES	PROCV
ROMANIAN	SUMIF	SUMIFS	COUNTIFS	VLOOKUP
SPANISH	SUMAR.SI	SUMAR.SI.CONJUNTO	CONTAR.SI.CONJUNTO	BUSCARV

Annex B

Description of Excel formulas

FORMULA 1

`=SUMIF (range, criteria, [sum_range])`

Adds the cells specified by a given condition

Description of the parameters:

range: The range of cells that you want to apply the criteria against.

criteria: The criteria used to determine which cells to add.

sum_range: Optional. It is the range of cells to sum together. If this parameter is omitted, it uses range as the sum_range.

What does the formula returns? The SUMIF function returns a numeric value.

FORMULA 2

`=SUMIFS (sum_range, criteria_range1, criteria1, [criteria_range2, criteria2, ... criteria_range_n, criteria_n])`

Adds the cells specified by a given set of conditions

Description of the parameters:

sum_range: The cells to sum.

criteria_range1: The range of cells that you want to apply criteria1 against. It is used to determine which cells to add.

criteria1: The criteria applied against criteria_range1.

criteria_range2, ... criteria_range_n: Optional. It is the range of cells that you want to apply *criteria2*, ... *criteria_n* against. There can be up to 127 ranges.

criteria2, ... criteria_n: Optional. It is used to determine which cells to add. *criteria2* is applied against *criteria_range2*, *criteria3* is applied against *criteria_range3*, and so on. There can be up to 127 criteria.

What does the formula returns? The SUMIFS function returns a numeric value.

FORMULA 3

```
=COUNTIFS (criteria_range1, criteria1, [criteria_range2, criteria2, ... criteria_range_n, criteria_n])
```

Counts the number of cells specified by a given set of conditions

Description of the parameters:

criteria_range1: The range of cells that you want to apply *criteria1* against.

criteria1: The criteria used to determine which cells to count. *criteria1* is applied against *criteria_range1*.

criteria_range2, ... criteria_range_n: Optional. It is the range of cells that you want to apply *criteria2*, ... *criteria_n* against. There can be up to 127 ranges.

criteria2, ... criteria_n: Optional. It is used to determine which cells to count. *criteria2* is applied against *criteria_range2*, *criteria3* is applied against *criteria_range3*, and so on. There can be up to 127 criteria.

What does the formula returns? The COUNTIFS function returns a numeric value.

FORMULA 4**=VLOOKUP (lookup_value, table array, col_index_number, [range_lookup])**

Looks for a value in the leftmost column of a table and then returns a value in the same row from a column you specify and in accordance with a given match type.

Description of the parameters:

value: The value that we would like to find. You can specify a string, a number or a cell address as the value you would like to search for. While using a string enclose it within quotes (Ex. "Apple"). When searching for a cell provide the address of the cell (Ex. B12). Numbers can be entered as such. (Ex. 19)

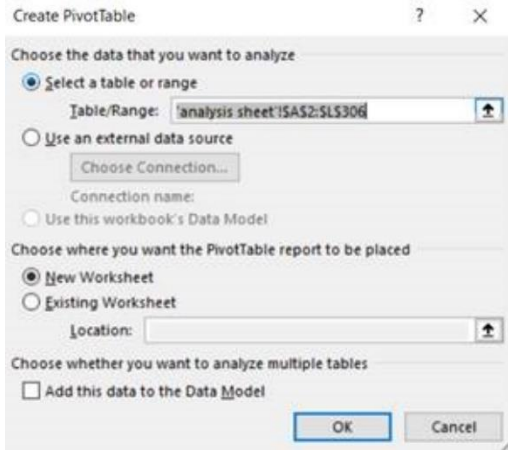
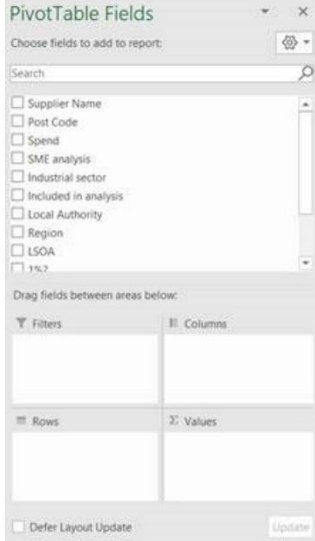
table: The table in which we would like to find the value we are looking for. If the table is on another sheet in your Excel document, click on the sheet and then specify the column(s) in which to search.

index_number: The column number in the *table* from which the matching value must be returned. The first column is 1.

approximate_match: Optional. Enter FALSE to find an exact match. Enter TRUE to find an approximate match. If this parameter is omitted, TRUE is the default.

What does the formula returns? The VLOOKUP function returns any datatype such as a string, numeric, date, etc. If you specify FALSE for the *approximate_match* parameter and no exact match is found, then the VLOOKUP function will return #N/A. If you specify TRUE for the *approximate_match* parameter and no exact match is found, then the next smaller value is returned. If *index_number* is less than 1, the VLOOKUP function will return #VALUE!. If *index_number* is greater than the number of columns in *table*, the VLOOKUP function will return #REF!.

If you are looking to set up other pivot tables for your analysis or to amend the one in place, follow the steps below.

	<p>Pivot tables are one of Excel's most powerful features, allowing you to extract and make sense of a large, detailed data set.</p> <p>To create a pivot table, execute the following steps:</p> <ol style="list-style-type: none"> 1. Click on any single cell inside the Spend Analysis tab. 2. In the Insert toolbar, go to the section on the Tables group, click on PivotTable. <p>Insert Excel Pivot Table</p> <p>The following dialog box appears. Excel automatically selects the data for you. The default location for a new pivot table is New Worksheet.</p> <ol style="list-style-type: none"> 3. Click OK.
	<p>Create PivotTable Dialog Box</p> <p>Drag fields</p> <p>The PivotTable Fields pane appears. To get the total amount exported of each product, drag the following fields to the different areas.</p> <ol style="list-style-type: none"> 1. Click and drag 'included in analysis' field to the Filters area. Click the drop down that has appeared on the left hand side, click 'Select Multiple Items' and unclick '(Blank)'

For more information

MAKING SPEND MATTER

urbact.eu/makingspendmatter

twitter.com/MSpendM_eu

youtube.com/channel/UCUEcDKSAeFs4hHp9vdcPjw

wakelet.com/@MSpendM_eu

urbact.eu/progressing-procurement-practice-through-spend-analysis

URBACT

urbact.eu/

CLES

cles.org.uk/

PRESTON CITY COUNCIL

<https://www.preston.gov.uk/communitywealthbuilding>



