

# Case Study | ProClass - Improving Collaborative Business Planning

## Summary

The Procurement Agency for Essex (PAE) had made great improvements in their expenditure information, but it still had limitations. The difficulty was knowing what had been purchased in a useful management information format, rather than how much was spent with each supplier. What was needed was improved spend information to provide collaboration and comparison opportunities which would lead to greater savings. Mapping expenditure by ProClass has provided that data.

## Organisation Background

The PAE is the UK's first example of a genuinely cross public sector, self-funding, collaborative procurement organisation. It now has fifteen members including Essex County Council, Southend Unitary Authority, Essex Fire and Rescue, and the twelve district councils. Once set up, the PAE soon established itself by delivering early successes with effective procurement of agency staff and advertising. Both led to real cashable gains for all the members, with Basildon benefiting from a return on investment of nearly 10:1 from its first year's subscription. Since 2004, the PAE has proved its worth – delivering both cashable savings and service improvements to its members.

## Business Challenge

Major procurement exercises cannot be undertaken without access to good and reliable expenditure information. Expenditure analysis specialists SPS carried this out for the PAE from the outset.

Even though the expenditure analysis work to date has been a major step forward, both the PAE and SPS realised that it still had limitations. "The main issue is the absence of a common procurement classification which means it is difficult to ascertain what is being purchased as opposed to from whom it is being bought", said Rowena Ward, the SPS Project Manager.

Three options were discussed: UNSPSC, Thomson and ProClass. Chelmsford examined UNSPSC, which was rejected, owing to the large number of headings and its poor fit with local government expenditure. PAE rejected the Thomson classifications as it only provided information on what was the main business of a supplier, not on what was purchased. However, ProClass seemed to represent the best classification to support the above requirements of the councils. The next step was to test it.



*"ProClass is an extremely valuable tool for local authority collaboration."*

*Chris Lay, Chairman  
Procurement Agency for Essex*

## The Business Solution

When the PAE undertook its 2006/7 expenditure analysis it asked SPS and Coding International Ltd (CIL) to look at ways to map their financial data to ProClass to get the most accurate results.

Financial information by subjective (Nominal) headings and suppliers were obtained from each PAE member. CIL then mapped a subjective code to a ProClass classification where it could be completed with a high or medium level of confidence.



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### Benefits

Although not perfect, as some data was incorrectly recorded in the finance systems, the approach quickly and easily allowed over 85% of expenditure to be classified accurately using both the account code and supplier name to ascertain the exact nature of what had been purchased.

*Terry Ashmore, Managing Director of CIL, points out that “each council now has an accurate breakdown of 85% of its expenditure, which can be used with a high level of confidence. The last 15% comprises hundreds of low-value orders that are not economical to analyse. They also have a list of where improvements need to be made to the subjective headings to make data analysis easier.”*

*Chris Whiley at Chelmsford Borough Council said “ProClass maps extremely well onto our expenditure patterns and will assist us greatly in improving the accuracy of our data analysis and making direct comparisons with other councils in Essex and elsewhere.”*

### Find Out More



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