

## **Glossary of terms**

### **Aggregation**

Adding together the value of separate contracts for the same supply and/or service.

### **Appraisal**

A detailed assessment of the general capacity of a contractor, supplier or service provider to meet certain general criteria or standards.

### **Approved list**

A list of potential contractors, suppliers or service providers, who have met pre-set criteria and are therefore 'approved' by the Local Authority. See also 'preferred supplier list'. Unless on competitively tendered frameworks public sector procurement rules still apply.

### **Audit trail**

System or paper generated evidence, showing how and by whom certain processes and functions were carried out.

### **Benchmarking**

Comparison of performance against other providers of similar services, particularly those recognised as adopting best practice.

### **Best practice**

The most effective and desirable method of carrying out a function or process, derived from experience rather than theory.

### **Best value**

The relationship between 'worth' and 'cost', assessed over the whole life of the goods or services in question, reflecting a combination of economy, efficiency and effectiveness.

### **Business questionnaire**

A questionnaire completed by companies that wish to be considered for a procurement activity or placed on a LA approved supplier list. The purpose is to assess the company's general suitability in terms of financial and economic standing, technical capability and experience, quality assurance, health and safety procedures, environmental issues and equalities considerations. See also 'pre-qualification questionnaire'.

### **Call off contract**

A contract made following a formal tendering process with one or more contractors, suppliers or service providers for a defined range of works, goods or services covering terms and conditions (including price) which

users 'call off' to meet their requirements. See also 'framework agreement'.

### **Collusion**

Generally: a fraudulent arrangement between two or more parties.  
Specifically: such an arrangement, where prices or service requirements are manipulated to get around competitive tendering thresholds and requirements.

### **Competitive dialogue**

A variation of the negotiated process, now available under the new EU directives, which permits discussion of different options before choosing a particular solution. It can be used in complex contracts where technical solutions are difficult to define, or where development of the best solution is wanted.

### **Competitive tendering**

Awarding contracts by the process of seeking competing bids from more than one firm.

### **Consortium**

A joint federation of Local Authorities, working together to act as a single purchasing agent for its member authorities and other public sector customers, to offer a cost effective procurement and supply service. See also 'public sector buying organisation'.

### **Contract**

A binding agreement made between two or more parties, which is intended to be enforceable at law.

### **Contract award notice**

Notice of an award of a contract published in the Official Journal of the European Union (OJEU), in fulfilment of the requirements of EU public procurement directives.

### **Contract documents**

Documents incorporated in the enforceable agreement between client (such as the school) and contractor, including contract conditions, specification, pricing document, form of tender and the successful tenderer's responses (including method statements), and all other relevant documents expressed to be contract documents (such as relevant correspondence, etc.).

### **Contract notice**

Notice published in the Official Journal of the European Union (OJEU) by contracting authorities, seeking expressions of interest or inviting companies to tender.

**Contract value**

The total monetary value of a contract over its full lifetime (NB not simply its annual value).

**Contractor**

An organisation or individual who has made a contract to undertake works, supply goods or provide services.

**Cost plus**

The method of payment for contracts by which tenderers quote a lump sum or % addition to their costs (which would be reimbursed).

**Crown Commercial Service (CCS)**

Centralised commercial and procurement services for Government and the wider public sector.

**Daily rates**

The method of payment for contracts for which tenderers quote rates per chargeable day.

**Dayworks**

The method of payment for contracts for which tenderers quote rates per attendance hour.

**Default**

A breach of a contract condition - e.g., a delay in the promised delivery.

**Deliverables**

A collective name for the tangible goods and/or services that the supplier or contractor is required to supply under an agreement.

**E-procurement**

The use of electronic methods in every stage of the purchasing process, from identification of requirement through to payment, and potentially to contract management.

**Estimate**

A genuine and realistic price calculated by the relevant finance officer, that represents an estimate for defined works, goods or services, as required by EU rules or standing orders for the purposes of determining the procurement process and ensuring adequate budget provision. This should not be confused with an estimate from a contractor, supplier or service provider for a defined piece of work.

**EU rules**

The Public Services or Supplies or Works Contracts Regulations relevant to the implementation of the EU (European Union) directive on award of public services contracts.

**Evaluation**

Detailed assessment and comparison of contractor, supplier or service provider offers, against financial and quality criteria.

**Firm price**

A price which is not subject to variation.

**Framework agreement**

An arrangement under which a contracting authority (e.g., Local Authority or Government Department) establishes - with a provider of goods, works or services - the terms under which contracts subsequently can be entered into, or 'called-off' (within the limits of the agreement) when particular needs arise. See also 'call-off contract'.

**Invitation to negotiate**

An invitation to a shortlist of typically 3 to 4 bidders to submit a response to a bid document prepared by the tendering body (such as a school). This document comprises detailed descriptions of the project facilities and services required, expressed in the form of outputs to be delivered or achieved, as opposed to inputs. Bidders determine how such outputs are to be delivered efficiently and effectively. Also known as an 'ITN'.

**Invitation to tender**

An invitation to contractors, suppliers or service providers to bid for the provision of works, goods or services. Also known as an 'ITT'.

**Invoice**

A request to pay submitted by a supplier of works, goods and/or services.

**Invoice item**

A line item on an invoice.

**Invoice payment terms**

Specified terms of payment agreed between the supplier and purchaser.

**Joint venture**

Any contract or other arrangement between two or more organisations (for example, two schools) under which all parties bind themselves to contribute separate services, work or funding for a shared overall purpose.

**Liquidated and ascertained damages**

A genuine pre-estimate of the loss that the school (or other contracting body) will suffer if the contractor defaults when performing the contract. This may form the basis of deductions from payments, which will be calculated according to the specific circumstance relating to each type of contract.

### **Method statements**

Proposals are tendered as sought by clients, for dealing with aspects of the work for which clients have set no specifications, or where more detailed operational information is required.

### **Most economically advantageous tender (MEAT)**

The tender that will bring the greatest benefit to the school (or other buyer), having taken a number of factors into consideration, including quality and cost.

### **Negotiated procedure**

One of the procedures for procurement under the EU Directives, available only in limited circumstances, under which client organisations negotiate with at least three eligible applicants who meet their criteria.

### **Offer**

A supplier's offer to provide goods and/or services for a consideration in response to a buyer's enquiry.

### **Official order**

A pre-printed form, which incorporates the school's terms and conditions of purchase, used to place an order with a supplier. See also 'purchase order'.

### **Open procedure**

One of the procedures for procurement under the EU Directives, under which all eligible applicants are invited to tender in a one-stage procurement process.

### **Outcomes**

The benefits or changes that have come about as a result of the work or activity of a project or the organisation. These include short term, long term, intended, unintended, positive and negative effects.

### **Outputs**

Units or direct products of a project or organisation's activities. For example, they could be classes taught, training courses delivered or people attending workshops.

### **Parent company guarantee**

A parent company guarantee binds the guarantor (the 'parent company') to fulfil and complete a subsidiary company's obligations and liabilities in the event of failure by that subsidiary to fulfil and complete its obligations and liabilities under a contract.

### **Partnering contracts**

Contracts in which prices and specifications are not decided until after contracts are let, usually to enable contractors to contribute to design solutions and other aspects of the work (as proposed by the Government's Construction Task Force, the Egan Committee).

### **Performance bonds**

Bonds or guarantees given to clients by specialist insurers, on behalf of contractors and at their expense, binding the insurers to compensate clients (up to the amount of the bond obtained) in the event of a default.

### **Preferred supplier list**

A list of organisations 'preferred' by a public body (such as a Local Authority or Government Department) to undertake certain works, supplies or services, following a competitive tendering exercise. See also 'approved list'.

### **Pre qualification questionnaire or 'PQQ'**

See 'business questionnaire'.

### **Private Finance Initiative (PFI)**

A route for procurement where, instead of owning the assets needed for their services, public authorities arrange for private sector bodies (often in the form of consortia) to provide and own them. These bodies then make the assets available under operating leases to enable public authorities to deliver the services required.

### **Procurement**

The process of acquiring goods, works and services, covering acquisition from third parties and from in-house providers. The process spans the whole life cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset, including disposal costs.

### **Public sector buying organisation ('PSBO')**

A joint federation of Local Authorities, working together to act as a single purchasing agent for its member authorities and other public sector customers, to offer a cost effective procurement and supply service. See also 'consortium'.

### **Purchase order**

See 'official order'.

**Quality**

The level of fitness for purpose which is specified for or achieved by any service, work or product.

**Quality Assurance (QA)**

A discipline to assess quality standards, covering all activities and functions concerned with the attainment of quality.

**Qualified tender**

A tender which is 'qualified' because it does not fully meet the intended contractual requirements. Such tenders are not normally acceptable.

**Quotation**

A written or verbal price given by a contractor, supplier or service provider, after being requested either orally or in writing. A quotation may be the written confirmation of an earlier, oral offer.

**Restricted procedure**

One of the procedures for procurement under the EU Directives, under which only eligible applicants who meet the buyer's criteria are invited to tender in a two-stage procurement process.

**Risk**

The probability of an unwanted event occurring and its subsequent impact.

**Schedule of rates**

Lists of jobs, like those in bills of quantities - except that they contain no quantities. Rates may be inserted by tenderers or by clients. In the latter case, tenderers specify their overall percentages on or off these rates.

**Select list**

A list of suitable prospective contractors, suppliers or service providers that has been drawn up through a shortlisting exercise for a particular contract or procurement activity.

**Services**

Services provided to the contracting body (such as school or Local Authority) by an external service provider (an individual or a company). Those that have a value exceeding the current threshold defined by the EU rules will be subject to the European tendering requirements. Standing orders may have different values covering works, services or supplies.

**Sourcing**

The process of establishing potential suppliers of specified works, goods or services.

**Specification**

A description of requirements and standards to which the goods, works or services should conform. Also known as a statement of needs, a statement of requirement, an operational requirement, or a brief. Its purpose is to present prospective suppliers with a clear, accurate and full description of the organisation's needs, to enable them to propose a solution to meet them.

**Stage payments**

An agreed percentage or part of the contract price, which is payable when specified stages of completion/delivery have been reached.

**Stakeholder**

An individual or organisation that has an active interest or a stake in a particular organisation or issue. For example, funders, members, contractors, purchasers, trustees, beneficiaries, volunteers and paid staff are all stakeholders in a voluntary organisation.

**Standing orders**

The Local Authority's rules and procedures that govern its activities, including procurement of goods, works and services.

**Sub-contracting**

The process where a contractor assigns part of the contract to another contractor(s).

**Supplies**

Goods, either purchased or hired. Those that have a value exceeding the current threshold defined by the EU rules will be subject to the European tendering requirements. Standing orders may have different values covering works, services or supplies.

**Tender**

An official written offer to an invitation that contains a costed proposal to perform the works, services or supplies required, and is provided in response to a tendering exercise. This normally involves submission of the offer in a sealed envelope to a specified address by a specified time and date.

**Tender documents**

Documents provided to prospective tenderers when they are invited to tender, forming the basis on which tenders are submitted - including instructions to tenderers, contract conditions, specification, pricing document, form of tender and the responses from tenderers.

**Tender evaluation panel**

A group of people who analyse tenders received and make final recommendations on the award of contracts.

### **TUPE regulations**

The Transfer of Undertakings (Protection of Employment) Regulations 1981(as amended from time to time) implementing the Acquired Rights Directive on the acquired rights of workers – i.e., legislation covering the requirement for new employers, under specific circumstances, to adopt the existing rights of employees who maintain their current duties while moving to the new employer.

### **Value for money**

The provision of the right goods and services from the right source, of the right quality, at the right time, delivered to the right place and at the right price (judged on whole-life costs and not simply initial costs).

### **Variants**

Tenders that meet minimum specifications but vary in technical terms. May be allowed by a contracting authority where award criterion is that of most economically advantageous tender.

### **Whole life costs**

The systematic consideration of all relevant costs and revenues associated with the acquisition and ownership of an asset.

### **Works**

Building, construction and engineering related works. Those that have a value exceeding the current threshold defined by the EU rules will be subject to the European tendering requirements. Standing Orders may have different values covering works, services or supplies.