

# **Commissioning Terms Glossary - simplified**

## **A**

### **Audit**

An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

### **Award Stage**

The second stage of the tendering process. This may be incorporated into the first stage to make a single tendering procedure. Sometimes a shortlist is formed during the selection stage during which tenderers are selected for entry either to a short list or a select list. In these cases the award stage forms a separate phase of the tendering process.

## **B**

### **Benchmarking**

A method for gauging performance in a service area or outcome by comparing it to the performance of other organisations of a similar size and nature

### **Best Value**

A framework introduced in 1999, based on a set of indicators defined by statute to help local authorities plan, measure, manage and improve their performance. Although still in force it has largely been replaced by the Comprehensive Performance Assessment (CPA).

### **Bid**

Usually used in connection with grant funding. The funder sets out the problems which the grants are intended to address. Bids from applicants offer a variety of ways of solving the problems and at various costs. Successful bids result in the award of a grant.

## **C**

### **Commissioning**

The process by which local authorities decide how to spend their money to get the best possible services for local people. Involves anticipating future needs and expectations rather reacting to present demand.

## **Commissioning Officers**

Officers who hold the budget for the purchasing of local services and make the business case for the services to be purchased. Commissioning functions must be separated from those of Procurement Officers.

## **Competitive Dialogue**

One of the four key procurement processes allowed under the EU procurement directive. Can only be used in defined circumstances – broadly for complex contracts where the final specification is yet to be decided.

## **Contract**

Legally binding agreements between (in this case) a government body and a TSO to provide services on behalf of the public body. A contract will specify the services to be provided and what the contractor is to be paid for providing them. It will also include provisions, in greater or lesser detail, setting out the legal obligations which each of the parties accepts in order to fulfil the purposes of the contract.

## **Contract Documents**

Documents incorporated in an enforceable agreement between a buyer and a seller, such as conditions of contract, specification, pricing document, form of tender and the successful tenderers' responses and relevant correspondence.

## **Cost Effectiveness**

Analysis that compares the costs of alternative ways of achieving the same or similar outcomes

## **D**

### **De-commissioning**

Is the process of planning and managing a reduction in service activity or terminating a contract in line with commissioning objectives, (including non/under performance issues).

### **Default**

A breach of a contract condition, for example, failure to deliver on time.

## **E**

### **EU Directive**

A European Union legal instruction or secondary European legislation which is binding on all Member States but which must be implemented through national legislation within a prescribed time-scale. The European single market is covered by a number of Directives, which must be implemented by each of the 27 Member State into their own legislative framework, and give detailed instructions on tendering procedures.

### **Evaluation**

The assessment of the extent to which the programme has met its objectives: that is, has been effective, economical and efficient. There are two sorts of evaluation: summative and formative. Summative evaluation makes the assessment after the programme has been in operation for some time, or is complete, while formative evaluation assesses the programme as it is being put in place and during its early operation.

## **F**

### **Framework Agreement**

Agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.

### **Funding stream**

A sum of money allocated by government for a defined purpose.

## **G**

### **Grant**

Payments to outside bodies should be made in the form of grants where a department is required, or wishes, to maintain detailed control over the expenditure and where a procurement approach is not suitable.

**I****Infrastructure**

Physical facilities, structures, systems, relationships, people, knowledge and skills that support, develop, co-ordinate, represent and promote front-line organisations to enable them to deliver their missions more effectively.

**Individual commissioning**

This is specifically related to an individual child or young person, for example a placement, education or care package.

**Invitation to tender**

A collection of documents sent to prospective providers, inviting bids for the provision of works, goods or services. Comprises, in particular, instructions to tender, terms and conditions of contract and the specification.

**J****Joint commissioning**

Is the process whereby two or more organisations act together to co-ordinate the commissioning of services, taking joint responsibility for the translation of strategy into action.

**K****KPIs**

Key Performance Indicators. KPIs are tools which help purchasers to measure the performance of suppliers against their contractual obligations. KPIs are normally detailed in the service specification document.

**L****LAA**

An agreement between central and local government to achieve local solutions to meet local needs whilst also contributing to national priorities and the achievement of standards set by central government.

**Locality commissioning**

This is based around a smaller geographical area, cluster of schools or is community focused etc.

## **Lowest Price**

One of two systems which the EU allows for tender selection. This allows for selection on the basis of price and financial appraisal only.

## **M**

### **Monitoring**

In this case, the ongoing collection of information about the programme and assessment of the implications. Such information may be needed for three purposes: effective management of the programme; wider accountability for the programme; and policy development.

## **N**

### **Negotiated Procedure**

A tendering procedure which is generally used for large capital projects where a range of solutions to deliver the requirements specified are possible. The selection stage is used to select those organisations who will proceed into the negotiated award stage.

## **O**

### **Outcome**

The term used to describe the totality of what a programme or project is set up to deliver or achieve.

### **Output**

The end result of carrying out an activity - usually a product. It is important to distinguish what has been produced (the output) from the effect that it may be designed to help achieve (the outcome)

## **P**

### **Performance Indicator**

A clearly defined measure of how well an organisation is doing in meeting its objectives and measures. Indicators can relate to Inputs, Outputs and Outcomes.

## **PQQ**

Pre-qualification Questionnaire. A document which forms the basis of the first or selection phase of the tendering process. The PQQ forms the gateway to the tendering process. Failure to submit a successful PQQ and therefore succeed at the selection stage means that the tenderer is excluded from the process and cannot proceed to the award stage.

## **Procurement**

The purchase of goods and/or services by publicly funded bodies at the best possible total price, in the right quantity and quality, at the right time generally via a contract. The functions of procurement are a) ensuring legal compliance; b) purchasing supplies or services; c) entering into contracts. Procurement must be kept separated from Commissioning.

## **Purchase order**

An official template used to place an order with a supplier.

## **Q**

### **Quotation**

A verbal or, preferably, written price given by a provider in response to a request for quotation.

## **R**

### **Re-commissioning**

Is where evidence within the cyclical commissioning process points to continuing an existing service, or redesigning an existing service due to changed evidence of need, with the same or a different provider.

### **Regional/sub regional commissioning**

This is where whole regions or a number of authorities within regions agree to commission services on the basis that there is cross boundary activity which makes sense to recognise. There may also be economic benefit to several areas commissioning services from the same providers to achieve discounted rates

### **Restricted Procedure**

A tendering process which uses the selection stage to set up a select list or framework of providers. The list may then be used for a defined period of up

to eight years to invite tenders or request quotes as specific services as required.

## **Risk**

Uncertainty of outcome (whether positive opportunity or negative threat). It is the combination of the chance of an event and its consequences.

## **S**

### **Selection Stage**

The first phase of the tendering process. The selection stage involves the completion and an assessment of the PQQ. This is based on an appraisal of business/financial acumen and most importantly, risk. Sometimes called "shortlisting" with those who pass going onto the Award Stage. The selection stage is usually managed, and PQQs scored, by Procurement and legal officers. The selection stage is sometimes outsourced to firms of solicitors. Never assume that the PQQ will be scored by Commissioning Officers.

### **Service Level Agreement (SLA)**

That part of a contract which specifies the services to be delivered. It has been practice for purchasers to enter into contracts based on Service Level Agreements which are in themselves contracts but do not set out full contractual terms, simply detailing the services to be delivered and minimal information such as contact details, addresses, etc. regarding the contractor. Sometimes used between Departments within public authorities.

### **Specification**

A detailed description of the supplies or services to be purchased. If an organisation is unable to deliver what is required exactly as set out in the specification it is not worth submitting a tender.

### **Strategic commissioning**

This is when a service is commissioned covering an entire borough or city etc.

## **T**

### **Tender**

A written offer to contract to provide goods or services precisely as specified in the tender documents at a stated price or rate. Successful tenders result in the award of a contract to deliver the goods or services specified.

## **TUPE**

The Transfer of Undertakings (Protection of Employment) Regulations 1981. The purpose of TUPE is to preserve continuity of employment and to safeguard employment rights of all employees whose employment transfers to a new employer as a result of a relevant transfer

## **V**

### **Value for money (VfM)**

The optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user's requirement. Assessed by the National Audit Office using the criteria of economy, efficiency and effectiveness.

## **W**

### **Whole life cost**

The full cost to an organisation of a solution to a requirement over the full period that the requirement will exist. Whole life costs will take into account running costs such as energy usage, maintenance requirements, staff training needs, and disposal costs such as recycling, as well as the initial purchase price. The life span of the product will also need to be considered.