

Glossary

Added value is about showing how the children, young people and families who will be using the service will benefit more from your service than they would from another service. It can also about showing how the broader community will benefit from your particular way of doing things.

Approved/preferred providers are those providers who have already passed through some kind of short-listing process by demonstrating that they have the technical knowledge and experience, capability, capacity and organisational and financial standing to deliver a contract.

Best value is the term used to explain how procurers must plan, deliver and improve services in an area in order to ensure that services are delivered in a way that is efficient, effective, economical and appropriate to the needs of the end users.

Bid is usually used in connection with grant funding. The funder sets out the issues that the grants are intended to address and then bids from organisations offer a variety of ways of solving the problems and at various costs. Successful bids result in the award of a grant.

Children's trust arrangements are led by local authorities in order to commission, plan, fund and deliver children's services. Children's trusts establish what services are needed to coherently address the needs of children and young people in an area.

Coaching is a one-to-one relationship in which a more experienced colleague passes on skills, knowledge and advice through example and dialogue; coaching is different from mentoring in that it is shorter-term and focused on immediate goals.

Commissioning describes the whole process of mapping, planning, delivery and evaluation of services for a local area. The commissioning process for children's services is detailed in the government document, *Joint planning and commissioning framework for children, young people and maternity services*, which can be found at www.everychildmatters.gov.uk

Commissioning officers hold the budget for the procurement of local services and make the business case for the services to be purchased. Commissioning functions are separate from those of procurement functions.

The **Compact** is an agreement between Government and the voluntary and community sector that aims to improve their relationship for mutual advantage and community gain. The national Compact outlines a set of principles intended to help govern the relationship between public sector organisations and the VCS, with the aim of ensuring a fair and transparent deal for each party involved.

Competitive tendering refers to the process whereby an agency advertises for organisations to make an offer to deliver a particular service. The offers are considered in a competitive environment and should use an open and transparent system. All of the offers are evaluated against certain, predetermined criteria, and the provider that offers the best value is then chosen to deliver the service.

A **contract** is a legally recognised, legally enforceable promise made between parties that sets out the arrangements whereby one party provides a service (or goods) to the other in return for payment. A contract is about getting paid for outcomes that you achieve. Contracts are subject to EU and UK Law and, in some cases, contracting may have VAT implications, which means that you may have to charge VAT.

Contracting is about one agency, such as a local authority or PCT, paying another agency to deliver a service to an *exact specification* as laid out and agreed in a *contract*. **Contractor** or **provider** refers to the organisation providing the service in return for payment by entering into a binding agreement.

CVS/CVYS/VA refer to 'council for voluntary service', 'council for voluntary youth service' and 'voluntary action' centre respectively. They are local infrastructure organisations that provide voluntary and community organisations with support, services, training and development opportunities, as well as giving them voice and promoting the interests of the sector in decision making fora.

Decommissioning refers to the process of planning and managing a reduction in service activity or terminating a contract in line with commissioning objectives.

Expression of interest (EOI) is the process of a delivering organisation informing a public service procurer that it is interested in competing for contract (usually made in response to an advertised contract notice). There will often be a specific form to fill in.

Full-cost recovery is about understanding the true costs of a piece of work and then negotiating for the appropriate fee to deliver it. The full cost of a service includes overheads such as rent and utilities, management costs, workforce development and any other costs that must be met in order for the organisation to survive, grow and develop.

A **grant** is a sum of money given to an organisation to undertake an activity. Grants can be given to fund a specific project, which the organisation may be required to monitor and report on or show how the money has been spent. Grants are often initiated by an organisation.

ICT is short for 'information and communications technology'. It refers to the processes, systems

knowledge, skills, hardware (such as computers), software (such as computer programmes); that is, all the things necessary to manipulate and communicate information.

ITT is an 'invitation to tender', sometimes referred to as a 'call to tender'. This is sent to providers who have completed the 'pre-qualification questionnaire' (PQQ) and successfully passed the selection stage. The ITT starts the second stage of the award process. The ITT sets out tender requirement, content, deadline and other elements of the tender specification.

A **Local Area Agreement (LAA)** is a three-year 'contract' between a local area (represented by the local authority) and other partners through the Local Strategic Partnership (LSP), and central Government. It describes how the LSP will improve outcomes for people and communities and sets out specific targets that will be invested in as priority work. New agreements were finalised in June 2008.

Local Strategic Partnership (LSP) is a non-statutory, multi-agency body in a local authority area. It aims to bring together the public, private, community and voluntary sectors at a local area. Local partners working through the LSP will be expected to take many of the major decisions about priorities for their local area.

KPIs are 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.

PQQ stands for 'pre-qualification questionnaire' and is 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 organisation is excluded from the process and cannot proceed to the award stage.

Procurement refers to the purchase of services (or goods) by publicly funded bodies at the best possible price, in the right quantity and quality, at the right time and generally via a contract.

Procurement is one part of the commissioning process. Particularly in the context of this guide, a **procurer** is the **public service agency** that buys the service.

Public services refer to services which are funded with public money. Public services can be delivered by the state or on behalf of the state by another organisation, such as a voluntary and community organisation. When a third party delivers a service on behalf of the state, they do so under the terms set out in a contract.

Quality assurance marks, also known as **kite marks**, are certificates that say an organisation has been through some kind of external assessment and was able to prove that it is well run, effective and a good investment for a funder or procurer. **PQASSO** and **Investors in People** are examples of quality marks.

Service Level Agreement (SLA) is the part of a contract that states what services are to be delivered. Procurers may enter into service level agreements which are actually contracts although they do not set out full contractual terms, but instead detail the services to be delivered and basic information regarding the contractor.

A **social enterprise** is a business with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather creating profit for shareholders and owners.

Specification is a detailed description of services (or goods) to be purchased. An organisation must be able to deliver what is required, exactly as set out in the specification.

A **tender** is a formal offer made in writing to provide services precisely as specified in the tender documents

for a stated fee. Successful tenders result in the award of a contract to deliver the services specified. You may submit a tender to retain the right to deliver an existing service or to win a contract for a new service.

TUPE stands for 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.

A **unit cost** is determined by calculating how much it costs to run a service and then distributing that cost proportionately over the activities, or outputs, of the service or the number of clients served.

A **unit price** is how much a delivering organisation charges for each client served or output delivered.

USP stands for 'unique selling point' and is that which an organisation does that no one else does.

VAT (Value Added Tax) is a form of indirect sales tax paid on products and services at each stage of production or distribution, based on the value added at that stage and included in the cost to the customer.

VCS stands for 'voluntary and community sector' and is also known as the third sector. The phrases not-for-profit sector and civil society may also be used.

Resources

See the *Supporting Small Organisations* page of www.childrenengland.org.uk for a glossary of terms relating to the Every Child Matters agenda.

www.tenderingforcare.com has a good, comprehensive glossary of terms relating to commissioning.

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