

CJC glossary of terms

used in planning and
delivering public services

The Commissioning Joint Committee Glossary of Terms (updated December 2015)

ABC – activity-based costing.

ability – in the public contracts regulations, technical and professional ability is one of the tender selection criteria. A list of possible topics covering technical and professional ability is set out in the regulations.

above the line – in accounting, it is generally used to refer to the income and/or expenditure of an organisation which is shown above the net income 'line' on the income statement. It excludes any amounts shown below net income, such as 'other gains and losses'.

absolute exemption – the statutory exemption of some types of information from disclosure under the Freedom of Information Acts, independently of any consideration of whether or not disclosure is desirable.

absolute poverty – defined by the UN (1995) as a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services. See also overall poverty and relative poverty.

academy – state funded school in England set up by agreement between the DfE and a private sponsor, which is independent of the local authority. See also 'community school', 'federation of schools', 'foundation school', 'trust school', 'voluntary aided school' and 'voluntary controlled school'.

accelerated procedure – a procedure included in UK public contracts regulations which allows authorities to shorten procurement processes in certain circumstances of urgency.

acceptable quality level – the rate of incidence of recorded defects, above which quality would be unacceptable.

acceptance – can refer to one of the essential elements of an enforceable contract in English law.

acceptance letter – letter that creates a binding contractual relationship between a contracting authority and a successful tenderer prior to entering into a formal contract.

accommodated children – those who are looked after by local authorities but are not subject to care orders. The parents retain parental responsibility.

accountability – the responsibility of ministers, elected members, governors and employees of a public sector organisation for their decisions and actions, and their submission to proper external scrutiny for this purpose. See also open government and transparency.

accountable body – one of the partners in a non-corporate partnership, which holds funds provided for the purposes of the partnership, and is accountable to the funder. See also lead authority and lead partner.

accruals accounting – where transactions and other economic events are reported in the period of activity to which they relate rather than when cash is received or paid.

acquisition – obtaining control of an enterprise (eg The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities).

activity-based costing – a method for analysis costs associated with an organisations activities. The activities of the organisation are identified along with all costs associated with that activity including an appropriate share of the overheads of the organisation.

added value – the value added by the provider to a product or service. This can also be described as the difference between the price at which the product or service is sold and the costs of the inputs used to produce that good or service.

administrative transfers (of staff or services) – transfers of staff or services between different public bodies and quangos.

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adoption – the transfer by court order of all parental rights and responsibilities for a child to non-biological parents.

adult social care authorities – a non-statutory term sometimes used in England and Wales for authorities with powers and duties to provide any type of adult social care.

advocates – depending on the context: in care, people who support or represent the rights, needs, opinions and choices of people in need; and protect them from harm and exploitation; or more generally, persons who represent others.

AER – the annual equivalent of the rate quoted on investments or saving.

affordable housing – Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.

aftercare – the follow-up care of former residents of care homes, prisons, hospitals or similar.

age heaping – the (misleading) clumping of respondents' ages or other data on a restricted number of values, usually those ending in 0 and 5.

agency agreements aka delegation agreement an agreements between two public sector organisations known as principal and agent, whereby the principal, eg a county council, agrees to delegate specified functions or activities to the agent on specified conditions, and the agent, eg a district council, agrees to carry them out on those terms.

agent – a person or body to whom functions or activities are delegated.

aggregate external finance – the total level of support provided by government to local authorities.

aggregation – adding together the value of separate contracts which are all component parts of a specific service or supply.

aligned budgets – the grouping together of separate budgets to improve the joint planning and deployment of resources by local partners. Decisions are taken collectively about the aligned budget but the individual accounts are still technically held within separate agency budgets to allow them to identify and account for their own contribution.

ALMO – arm's length management organisation.

alternative dispute resolution – refers to several methods of dealing with disputes without going to court. This includes, for example, use of a third party such as an arbitrator or an ombudsman to help two other parties reach a solution.

alternative investment market – London Stock Exchange's international market for smaller growing companies. The market offers small, young and growing companies with an opportunity to raise capital.

amortisation – in accounting, refers to certain types of depreciation. See also depreciation.

annuity – a series of equal payments at equal intervals for a particular period.

anti-competitive practice – any practice that reduces, restricts, prevents, or distorts competition. Examples include: impact of regulations, monopolies, price fixing, price ceilings, and dumping.

anti-collusion certificates – certificates which many contracting authorities require tenderers to sign stating that they have not discussed their tenders with any other tenderer.

apportionment – in accounting, refers to the charging of indirect costs (such as shared back office costs) to cost centres. See also ABC, charges, allocations, debits, recharges, hard charging and soft charging.

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appraisal – assessment of the capacity of a contractor, service provider or supplier to meet certain criteria.

appropriation – in accounting it can mean an amount authorised for a specified purpose, or the allocation of a net surplus.

approved list – a list of potential contractors, service providers, or suppliers who have satisfied pre-set criteria. See also preferred supplier list.

APR – the annual equivalent % rate on interest payable.

arbitration – where an impartial person makes a decision on a dispute. It can be an alternative to a court of law but it is usually voluntary in which case both sides must agree to abide by the arbitrator's decision.

area committees – committees covering particular neighbourhoods or areas within a larger local authority area and whose remit includes engaging with communities, responding to local concerns and considering any issues arising in an area.

area forums – these can take the form of meetings held across geographical areas within a larger local authority area. They provide an opportunity for local people and communities to discuss issues and agree actions with residents, councillors, city council teams and other partners.

arithmetic mean – the average of a set of numerical data, represented by the total of all their values, divided by their number. See also geometric average, median and mode.

arm's length management organisation (ALMO) – an organisation set up by a local authority to manage and improve all or part of its housing stock. Key characteristics include: local authority retains ownership of the housing stock and remains the legal landlord, tenants remain secure tenants of the authority and there is no change in their rights. ALMOs are normally companies which are 100% controlled by the local authority. Note that ALMOs are not 'arm's length companies' as defined in section 68 of the Local Government and Housing Act 1989 because of their likely composition and financial relationship with the authority.

articles of association – the governing document of a company, stating the rights and duties of directors and shareholders.

ASPBs – Assembly-Sponsored Public Bodies (in Wales).

assessed needs – care needs, as assessed following prescribed statutory processes.

assets – things controlled by the entity and that will probably provide future economic benefits.

asset lock – arrangements in the governing document of an organisation which are designed to place restrictions on the ownership and disposal of the assets of the organisation.

asset management plans – plans to ensure that the land and buildings asset base of an organisation are optimally structured in furthering the purposes of the organisation concerned.

assigned revenues – revenues collected by one arm of government on behalf of another.

assured tenancy – a form of tenancy offered by housing associations which normally allows the tenant to live in your property for the rest of their life.

audit – formal review of activities by people or agencies not otherwise responsible for those activities. Originally used for the periodic review of financial transactions but now increasingly used also for the independent review, usually ad hoc, of any activities.

audit threshold – the point above which organisations are required to have an independent annual audit. The threshold varies depending on the type of organisation and its legal form. For example, different audit thresholds apply to companies that are charities as opposed to companies that are not

charities.

authorised share capital – maximum amount of a certain type of share that a particular enterprise may issue. This is not necessarily the amount that has been issued to date. A maximum may be specified in the governing documents (eg memorandum and articles of association, or rules).

award criteria – the factors, besides price, which clients have given notice (in advertisements or tender documents) will be taken into account in awarding contracts.

audit trail – records and systems enabling third parties to see why a given decision was made.

average earnings index – the index of average pay rates in the UK. See also retail price index and wage rates index.

award – a decision to accept a tender. See also letter of acceptance and letter of Intent.

balance sheet – a snapshot of the assets, liabilities and equity (or funds) of an organisation at a point in time.

balanced scorecard – strategic planning and management tool that combines financial and non-financial information in order to better align the organisation's business activities to the goals and strategy of the organisation.

banking of allowances – where allowances given for one year can be saved for use in a later year.

Barnet formula – formula devised by Joel Barnet, when Chief Secretary to the Treasury in the Wilson government, for apportioning tax revenues between England and other parts of the UK ie existing proportions to stand, but further increases or reductions to be pro rata to population.

barriers to entry – the obstacles which may exclude service providers from a given market, including artificial barriers (such as non-registration) or natural barriers (such as economies of scale).

base budget – a budget assuming the continuation of current policies and assumptions. Sometimes described as the minimum required to maintain a programme, department or organisation.

baseline assessment – an assessment or statement of existing performance and resources.

base rate – the interest rate set by the Bank of England for lending to other banks, used as the benchmark for interest rates generally.

beacon council scheme – the Beacon Council Scheme was introduced in 1999 with the aim of identifying centres of excellence from which others could learn.

below the line – in accounting it generally refers to costs below the 'net profit after tax' line in the accounts.

benchmarking – comparing an organisation, service or programme to a population of other similar organisations, services or programmes. It can assist with identifying areas for improvement.

benchmarking clubs – groups of adjacent or similar organisations which agree to share benchmarking data. Members undertake to contribute data, in return for data from other members.

benchmarking of estimates – deriving estimates of any sort by comparison with known good performers.

benchmarks – external yardsticks, with which performance may be compared. See also BDP.

beneficiary – a person or body benefitting from something.

best demonstrated practice – a hypothetical benchmark for the performance or cost of any activity, built up by aggregating the best performances or lowest costs recorded for each element of that activity (for example the transport costs of A + the materials costs of B + the labour costs of C). See also benchmarks.

best negotiating position – the equivalent in the negotiated procedure of an initial tender, from which negotiations start. See also BAFO, ballpark tenders and ITN.

best value – the duty under the Local Government Act 1999 and the Local Government in Scotland Act 2003 to secure continuous improvement in the economy, efficiency and effectiveness with which they exercise their functions.

best value authorities – those authorities which are subject to the statutory duty of Best Value.

best value parish councils – parish councils whose budgeted income during certain years exceeds statutory thresholds and which therefore have best value powers and duties.

best value task force – the body appointed by COSLA and the Scottish Office which drew up an agreed voluntary framework for Best Value in Scotland.

betterment – the increase in the value of an asset over the life of a lease. In some cases lessors may be required to make a related payment to lessees on completion.

bid – depending on the context; may refer to tender or an offer at an auction.

bid shielding – placing a low bid in an e-auction in collusion with another bidder who places a bid high enough to discourage other bidders but who withdraws it at the last moment.

big society – initially forming part of the coalition governments programme and continued by the current UK government. It has three strands: opening up public services, social action and community empowerment. Associated initiatives include public service reform, empowering local communities and supporting the work of neighbourhood groups, charities and social enterprises.

bills of quantities – lists of quantities, provided by clients, against which tenderers insert their rates. The lump sum for each contract is then ascertained by multiplying the quantities by the rates. See schedules of rates.

bi-lateral agreements – agreements involving only two parties.

block contracts – contracts (often based on schedules of rates) which commit contracting authorities to order a given minimum value of work.

blue book – UK national accounts. Annual national accounts statistics; an key data source for macro-economic policies and studies.

bonds – depending on the context, either performance bonds; or a variety of loans to an entity, where there is a contract between the borrower and the lender (aka loan stock).

bonus models – simple mathematical models first developed by the district audit service to compare the overall tightness or looseness of different bonus schemes for maintenance work of the same building trades.

BOO – build own operate.

BOOT – build own operate transfer.

borrowing allowances – using in an earlier year, allowances given for use in a later year.

Boston Consulting Group Matrix – designed to help organisations analyse their portfolio of services and products into four classifications:

- star – high share of a fast growing market
- question mark (problem) – low market share in a high growth market
- cash cow – high share of a low growth market
- dog – low market share in a low growth market.

BQF – the British Quality Foundation.

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BRE – the Building Research Establishment.

break clause – a clause in a contract enabling either party, or both, to terminate a contract at a specified time, usually without any penalty.

BREAM – the BRE Environment Assessment Method.

British Standards Institution – a national standards body responsible for defining and publishing standards for many types of products and services in the UK. See also ISO.

brokers – agents employed by users to find them suitable service providers; or intermediaries tasked with bringing willing buyers and sellers together.

BSI – British Standards Institution.

building-based services – services (usually care services) delivered in or from buildings; as distinct from those delivered outdoors, as with outreach services; or at home.

business case – sets out the case for initiating a particular task or project. It is used as an aid to considering whether to commit further resources to a task or project. A business case can identify whether a project is feasible before expending significant funding and can assess the costs and benefits of various options.

Business in the Community – an initiative to encourage private sector involvement in supporting their own local communities.

business plan – A detailed plan setting out the objectives of an organisation and expected performance over a number of years. The plan will include financial projections.

B2B – business to business.

B2B2C – business-to-business-to-consumer.

B2G – business to government.

budget alignment – sometimes used in the context of aligning budgets with strategy; but also used in other contexts.

budget based tendering – tendering for contracts for which maximum available budgets are pre-stated.

budget-holders – officers or committees with responsibility and control over a particular budget. This may be a programme, service or organisational budget.

budget pooling – the sharing of the budgets of two or more independent programmes, services or bodies for common purposes and outcomes.

building emission rate – the carbon dioxide equivalent in kg of the heat emitted annually per square metre of floor area.

building energy rating – rating of the overall energy efficiency of a building.

bulk purchasing – buying in quantity with a view to securing a better price and then distributing to different in-house users, or re-sale to external users.

bulk transfer – in the context of employees transferring between employers it refers to the sum payable by one pension fund to another, as ascertained by actuaries.

bundling – packaging in a single contract, a number of different works or services which are normally procured separately.

burden-sharing agreements – agreements whereby parties who do not accept some collective liability make payments to those who do.

business case – Sets out the case for initiating a particular task or project. It is used as an aid to considering whether to commit further resources to a task or project. A business case can identify whether a project is feasible before expending significant funding and can assess the costs and benefits of various options.

business excellence model – the nine essential elements of TQM, as drawn up by the EFQM.

business growth fund – set up in 2011 to assist financing of small and medium sized enterprises. It is backed a number of UK banking groups.

business improvement districts – areas for which district councils have arranged with businesses in the area to provide additional services for which these businesses pay.

business plan – A detailed plan setting out the objectives of an organisation and expected performance over a number of years. The plan will include financial projections.

business process re-engineering – examining and amending the different tasks, systems and processes used to perform an activity with a view to improving efficiency and effectiveness.

buying work – sometimes refers to organisations tendering at below their marginal costs, to stay in business or retain a workforce.

cabinet system – when applied to local government, the principle that the main business of a local authority should be considered by a committee appointed for the purpose, and comprising members of the majority party. Followed by central government in the UK since the 17th century, and now provided for by the Local Government Act 2000.

call for competition – in Public Contracts Regulations 2105, means a call for competition made in a manner required or permitted by regulation 26(8) to (9) or, where relevant, one of the notices referred to in regulation 75(1) or a contest notice.

call-off contracts – contracts (sometimes referred to as framework contracts) which are similar to framework agreements except that clients accept some commitment without immediately placing orders. See also framework agreements, framework arrangements, framework contracts and standing offers.

call options – options (as distinct from obligations) to buy stocks or commodities on stated dates and at stated prices. See also CFDs, covered warrants, put options, and spread bets.

candidate – in the public contracts regulations it refers to an economic operator that has sought an invitation or has been invited to take part in a restricted procedure, a competitive procedure with negotiation, a negotiated procedure without prior publication, a competitive dialogue or an innovation partnership.

capital allowances – depending on the context, either allowances for capital expenditure in Schedule D and corporation tax assessments; or deductions allowed from contributions to the capital receipts pool, to cover the capital cost of affordable housing projects and housing regeneration projects.

capital employed – the value of the assets (including working capital) needed to maintain any organisation as a going concern in its present form.

capital finance requirement – in relation to housing it refers to borrowing or credit arrangements used to finance capital expenditure on housing assets.

capital gearing ratio – in a business, the ratio of borrowed funds to owners' equity.

capital receipts – receipts from the sale or long lease of capital assets.

capitalised value – the present value of a stream of future income and/or expenditure.

captive market – purchasers or users who have limited or no choice but to take some service, or

make purchases, from a single source.

care in the community – sometimes used to refer to care other than in residential establishments.

care manager – person responsible for coordinating a care package for an end user.

care order – a court order placing a child under 18 in the care of a local authority, and giving it partial parental responsibility for that child.

care pathways – the sequence of the encounters between the NHS and a patient.

care trust – a joint body set up (either by agreement between a social services and a health authority, or by order of English or Welsh ministers) to administer integrated health and social service funds and functions.

cartel – a covert agreement, between firms apparently in competition, to share markets or profits.

cashability – the extent to which a change in an outcome or output will result in a reduction in expenditure or an increase in income. The potential amount of money saved and made available as a result of changes made. In some cases this may be a monetary benefit directly received by the particular service provider and in other cases the cashable benefits may occur elsewhere, in other services.

cashable savings – real cash savings (as opposed to notional/theoretical savings) from improvements in efficiency, effectiveness and/or outcomes.

cash flow – the amount of cash flowing into and out of an organisation over a particular period.

catchment area – depending on the context either the geographical area from which a school takes its pupils; or the area draining into a specified river or sewerage system.

central purchasing body – a contracting authority which provides centralised purchasing activities and which may also provide ancillary purchasing activities.

CERT – the Carbon Emissions Reduction Target for all gas and electricity distributors and suppliers.

certified contracts – contracts which have been certified under the Local Government Contracts Act 1997, which precludes either party from arguing in any proceedings that the contracts are ultra vires.

charge backs – in local government, the practice of making charges or recharges to the budget holders who use in-house support services.

charitable incorporated organisation – an incorporated form of charity that is not a company or a community benefit society and that only has to register with the charity regulator.

charitable purpose – To be a charity, an organisation must have purposes (or 'aims') that are exclusively charitable; it cannot have some purposes that are charitable and others that are not. Charitable purposes are set out in legislation for England & Wales, Scotland and Northern Ireland.

charitable trusts – A trust can be formed where individuals or a corporate body administer resources donated by others for the benefit of a third party (the beneficiary or beneficiaries). They are unincorporated organisations, although it is possible for trustees of a charitable trust to seek a certificate of incorporation.

charities – charities are organisations set up with exclusively charitable purposes for the benefit of the community. They can trade for profit, but there are parameters set on the types of trading activity they can undertake and they must use the profits generated in furtherance of the purposes of the charity. To qualify as a charity, an organisation has to meet strict conditions about its charitable purposes and must demonstrate that those purposes are for public benefit.

Charities SORP – charity Statement of Recommended [accounting] Practice. For 2015 there are two SORPs: FRS102 SORP and FRSSSE SORP (FRSSSE SORP is for smaller charities and expected to only apply for one year). The full title of FRS102 SORP is: Accounting and Reporting by Charities:

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Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

charity trustees – have responsibility for directing the affairs of a charity and ensuring it is solvent, well run, and delivering charitable outcomes for the benefit of the public in line with its purpose and aims. They have a duty of prudence and care. Charity trustees must not derive personal benefit in their role as trustees and they should act in the charity's interests without regard to their own private interests.

Chinese walls – organisational and information-flow barriers within any organisation for the purpose of precluding, and being seen to preclude, insider-dealing or other abuse of inside-knowledge.

CIC – community interest company.

CIO – charitable incorporated organisation.

civil penalty – a financial penalty payable for failing to comply with the law (often for delay in compliance) which is enforceable in the civil courts, and which does not create a criminal record.

civil society – the wide array of non-governmental and not-for-profit organisations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Civil society sits outside of the public and private sectors. Examples include: community groups, non-governmental organisations (NGOs), trades unions, charities, faith-based organisations, professional associations, and foundations. Sometimes described as the third sector.

clawback – the compulsory retrospective recovery of payments subsequently considered to be excessive or surplus.

clearing price – the price in any auction of objects of equal value, which is just great enough to enable them all to be sold.

client-contractor split – the term used in local government for separation of the roles of client and contractor when work is done in house. It may extend only to decision making (eg InTO managers not to evaluate tenders) or it may be structural (eg no InTO staff to have any clients' or clients' agent's duties).

clients – depending on the context the parties (normally authorities themselves) who are legally bound by contracts; the end-users of the services provided; the committees or officers whose accounts are charged with the cost; or clients' agents.

clinical commissioning groups – statutory bodies set up in England to replace primary care trusts.

cohort – the members of any statistical population who all share some distinguishing common experience eg all employees who retire in a given year.

collusive tendering (aka tender rigging) – a covert agreement between tenderers as to who will submit the lowest tender, and what this will be.

co-location – can refer to putting related services of different bodies in the same building, as for example is often done for information centres, where co-location is physical.

combined authorities – a legal structure that may be set up by local authorities in England, following a governance review. Combined authorities may be set up by two or more local authorities. They may take on transport and economic development functions, and any other functions that their constituent authorities agree to share.

commercial rate of interest – the rate of interest payable for borrowing for a given period, comprising a real rate of interest; plus whatever rate the parties expect to be needed to cover inflation.

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commercial partnership – a partnership of two or more people (or corporate bodies) to carry out a business in common with a view to profit.

Commissioner – an organisation, department or individual responsible for specifying and letting a contract.

commissioning – depending on the context, either the process of deciding what work or services are needed; whether they should be sought by delegation, the use or setting up of some new body, or by competition; and, if by competition, what sort of contract to use in care; the collective term for all the process involved in meeting an assessed need, from deciding which service is needed to meet it, and specifying this service, procuring it and monitoring it.

commissioning costs – all the direct costs of commissioning given contracts, other than payments made under those contracts.

Committee of the Regions – an EU forum for local and regional authorities.

committee of the whole house – term used for the house of commons when (unusually) it takes the committee stage of a bill, rather than a standing committee meeting outside the chamber.

committee stage – stage at which parliamentary bills are considered in detail, usually by a standing committee meeting outside the chamber. See also first reading, second reading, third reading and report stage.

committee system – principle that all local authority business should normally pass through specialist committees which include members of all parties. See also the cabinet system.

common good – power exercised by most Scottish councils, similar to wellbeing powers, but available only for spending from funds granted by the Scottish crown.

common ownership – Where some of the assets of an enterprise are held indivisibly rather than in the names of the individual members.

Communities First, Wales – an initiative of the WAG to plan and develop services to tackle social disadvantage and poverty locally.

community benefit society – a business run primarily for the benefit of people who are not members of the society and that must be in the interests of the community at large. The rules of the society do not allow distribution of profits or assets to the members; profits should be ploughed back into the business. On dissolution, the assets of the society must pass to some other body with similar objects, not to the members.

community budgets – Community Budgets allow providers of local services to contribute to a shared fund, so they can co-ordinate their work more effectively and efficiently.

community care services – closely defined services for people over 18, the chief of which are residential accommodation or home care for those who need it because of their age, illness, disability or any other circumstances; and prevention, care and aftercare.

community councils – bottom tier elected local councils.

Community Eco-Management and Audit Scheme – a voluntary scheme developed by the European Commission to promote a continuous improvement of the environmental performance of European organisations, together with providing the public and interested parties with information.

Community Foundations – community foundations work with individuals, families and companies to design bespoke grant making strategies that target particular issues or focus on particular geographical areas. There are 48 accredited community foundations in the UK.

community interest company – a limited company that has passed the community interest test. The CIC Regulator must be satisfied that the activities of the company will be carried on for the benefit of the community.

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Community Legal Service – the service set up in England & Wales by the Access to Justice Act, 1999, to replace legal aid, and maximise public access to legal advice.

community partnerships – can refer to partnerships designed to encourage community engagement in local community strategies.

community schools – are run by the local authority, which employs school staff, owns the land and buildings, and sets the entrance criteria, such as the catchment area.

community support officer – uniformed civilian personnel who hold some police powers, under the control of chief constables.

community treatment orders – orders to re-admit into hospital psychiatric patients previously released.

Compact – an understanding between government and the third sector on how they should work together.

company limited by guarantee – see private company limited by guarantee.

company limited by shares – see private company limited by shares, and public limited company.

comparator areas – geographical areas that have similar characteristics to the service or programme area but are not implementing the new programme. So for example, an area with similar demographics may be appropriate for comparison to the area where the new service or programme is being implemented.

competitive benchmarking – the comparison of performance and processes with that of competitors.

competitive dialogue procedure – one of the procedures for procurement under the public contract regulations. This procedure is used for more complex procurements. After a selection process, the buyer then negotiates with suppliers and invites chosen companies to put in a bid. Suppliers put in their tenders and the contract is awarded.

competitive market testing – sometimes used to refer to the testing of in-house costs by competition.

component accounting – under component accounting housing units are classified into the various components that make up the unit. So, for example, windows, doors, heating systems, roofs, bathrooms and kitchens, and the building unit structure are all split out and classified as components. Replacement expenditure arising on these components is capitalised in the balance sheet, rather than being classed as expenditure in the income and expenditure account.

comprehensive spending review – the Chancellor's annual forecast, usually announced late autumn, of budgeted income and expenditure in the following financial year.

compulsory purchase order – an order made by a public body under statutory powers to acquire land or buildings.

concession contract – contract which gives contractors specified rights to exploit the commercial value of clients' assets (for example to sell refreshments in clients' buildings); or some or all of the income received for the services or works provided by contractors (for example road tolls).

concordat – an agreement (usually not legally binding) between two or more bodies about how they will henceforth exercise specified discretions, or about how their own members will exercise such discretions.

consensus conferences – standing panels recruited by advertisement and briefed about a given subject or service, so that they can meet periodically to try to reach agreement about topical questions arising in the course of the service.

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consideration – anything of value (often a sum of money) which a client gives to the supplier of services, supplies or works.

Consolidated Fund – central government's general bank account at the Bank of England. Payments from this account must be authorised in advance by the House of Commons. The Government presents its 'requests' to use this money in the form of Consolidated Fund Bills.

consortium – an association of firms or individuals joining together as a group for a shared purpose. Sometimes formed when tendering for a contract with a view to forming a more formal group in the event of winning.

consumer price index – measures changes in the price level of a market basket of consumer goods and services purchased by households.

contestability – openness to competition. A contestable market is where there is easy entry into and exit from the market by buyers and sellers.

contingent valuations – survey based technique for the valuation of non-market resources.

contingency sum – depending on the context, either a fixed sum included in pricing documents (to be included therefore in all tenders) to cover unforeseeable extra work. Its inclusion in tenders is to make them a more realistic basis for financial estimates, and also to give tenderers notice that extra work of the value indicated may have to be done; or a sum included in budgets or financial estimates to cover unforeseeable extra cost.

continuous improvement – the view that improvement of performance of services and activities should continue indefinitely, and that further improvement is always possible.

contract – an agreement between two parties, made after offer and acceptance and binding on both, whereby each undertakes to do something which has been specified in the contract and which is of benefit to the other.

contract award notice – the formal published notice on the results of a procurement procedure.

contract notice – prescribed form of notice published in OJEU, which must normally be used as the call for competition under EU rules.

contracting out – procurement from contractors of any work or services previously done by employees within the organisation.

contracting authority – public sector organisation that is subject to EU rules in respect of the award of contracts.

contract notice – advertisements in OJEU for applications to be allowed to tender for or negotiate contracts to which the public contract regulations apply.

control group – a group against which to compare the results or outcomes for a group of people receiving a particular service or intervention. The control group does not receive the particular service or intervention and provides a way of assessing the extent to which the service or intervention made a difference for those who did receive it. This approach provides a reasonably robust way of assessing deadweight.

co-operative society – a society registered under the Co-operative and Community Benefit Societies and Credit Unions Acts, and which is run primarily for the mutual benefit of its members.

co-owned business – a jointly owned organisation where the employees hold a significant stake in the entity. The size of the employee stake varies and may represent a minority share of ownership rights.

CoR – Committee of the Regions. The European Union's assembly of regional and local representatives.

core work – the elements of the work of any organisation which it does not believe it should contract

out, for example because it involves the making of key decisions about the services provided, or gives access to information which might give a private service-provider a conflict of interest.

corporate body – an entity with a separate legal identity.

corporate governance – is about what the board of a company does and how it sets the values of the company. It should be distinguished from the day to day operational management of the company by full-time executives.

corporate social responsibility – a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

cost absorption – all associated costs, both direct and indirect, are included (absorbed) into the costing of a particular service or product. So, for example, overheads and support costs, should be apportioned across to each service or product.

cost and volume contract – links price to activity, and combines some of the features of block and spot contracts. Typically, commissioners guarantee to purchase a minimum level of service in a block arrangement or at a fixed price and additional services may be purchased ["called off"] on a case-by-case basis, using spot contracts. Cost and volume contracts may also set out the maximum level of service covered within the scope of the arrangement.

cost-benefit analysis – analytical tool for assessing and the benefits and costs of a particular proposal.

cost centre – a subdivisions of a service or activity to which costs are charged for accounting purposes.

cost drift – the tendency for unit costs to rise in real terms over time, unless positive action is taken to restrain them.

cost drivers – the factors which dictate the consumption of the resources allocated to any cost pool, as ascertained in activity based costing.

cost neutral – the cost of doing something is not higher or lower than the revenue it generates.

cost plus – where an amount is added to the total cost to arrive at a price. This could be, for example, a percentage on top of cost.

cost variation clause – a clause providing for the prices tendered to be adjusted in line with variations in cost levels, usually in accordance with a specified price index.

counterfactual – what would have occurred had the particular service or programme not taken place. It helps in clarifying the extent of change attributable to an additional intervention.

covenants – in general, agreements between two parties to confer a benefit on a third party.

CRC – the Carbon Reduction Commitment.

credit union – a mutual member owned bank run primarily for the benefit of its members.

critical mass – can refer to the minimum staff, resources or turnover needed for any unit to operate effectively in the long term.

critical path analysis – a chart setting out all stages in an operation, stating the time needed for each, and showing which have to be finished before others can be started, so that practitioners can estimate the overall time for the project; or identify any stages which, if delayed, will delay the project as a whole.

cross-cutting – describing a review or costing of a subject area comprising several discrete services, usually where these were previously reviewed independently of one another.

cross-sectional analysis – the study of the same variables on the same dates for a large population

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(for example different authorities).

current assets – cash and other assets likely to be converted to cash or consumed within one year.

current liabilities – amounts on the balance sheet that are expected to be paid by the organisation within one year.

customer – the user and the purchaser of the service or product (sometimes these are two different people or organisations).

cycle of service – flowchart describing a service as seen by its user, not provider.

cyclical maintenance – planned maintenance carried out on a predetermined cycle.

daily rates – rates per chargeable day.

damages (when used in the context of contracts) – claims made by contractors to compensate them for torts committed by clients.

data – for the purposes of the Data Protection Acts, any information recorded for the purpose of processing it.

day care – non-residential care.

dayworks – the method of payment for contracts for which tenderers quote rates per attendance-hour.

deadweight – a change in outcomes that would have happened anyway, ie the likely results if the specific service or programme had not existed. This is often evidenced by looking at relevant changes occurring in places where the particular programme or intervention is not being used (eg through use of a control group).

debentures – borrowings secured against a specific asset.

debit – an accounting entry that either increases an asset account or an expenditure account.

debriefing – in commissioning and procurement, explaining to applicants or tenderers why they were unsuccessful.

DEC – display energy certificate.

decentralisation – the transfer of powers and responsibilities from the centre to the local and closer to citizens and service users.

decision notices – notices by the Information Commissioner requiring public authorities to disclose specified information.

default – when referring to a contract, a breach by either party a contract condition.

default procedures – whatever procedures contracts require clients to follow before they terminate contracts on the grounds of default.

de-layering – can refer to removing intermediate tiers of management.

delegation agreement aka agency agreement – an agreement between principals and agents, whereby principals agree to delegate specified functions or activities to agents on specified conditions, and agents agree to carry them out on those terms.

de minimis – in standards, rules and legislation, refers to amounts considered too small for a particular requirement to apply to.

demographics – statistical data relating to populations and groups, eg age, gender, race, education, level of income, health, and so on. Several variables for a given population are combined to form a particular demographic profile.

depreciation – the allocation of the cost of asset over its useful economic life.

derivatives – financial instruments not conferring immediate title to stocks and traded commodities. They include futures, call options, put options, covered warrants, spread bets and CFDs.

derogation – partial revocation of a law or regulatory requirement.

descriptive document – document given to applicants when the competitive dialogue procedure is used, stating what client authorities want to get out of the contract as subsequently specified and competed for.

design & build contract – a contract for which the same service provider carries out or commissions both the design, in accordance with the client's brief, and also its construction.

design, build, finance and manage – can refer to a contract in which the service provider is responsible for all four aspects of the provision and management of a service (such as a prison).

design, build, finance and operate – can refer to a contract in which the service provider is responsible for all four aspects of the provision and operation of an asset (such as a bridge).

design, build, finance, operate and maintain – can refer to a contract in which the service provider is responsible for all five aspects of the provision and operation of an asset (such as a school).

design charettes – workshops in which the designers of projected buildings can consult their intended occupants and users.

design contests – in public contract procurement regulations refers to those procedures which enable a contracting authority to acquire, mainly in the fields of town and country planning, architecture and engineering or data processing, a plan or design selected by a jury after being put out to competition with or without the award of prizes.

diagnostic benchmarking (aka process benchmarking and process mapping) – any benchmarking for the purpose of analysing and comparing processes, procedures and other unquantifiable factors.

differential charging – applying different charges to different types of client or service user.

dilapidations – the increase in outstanding repairs over the life of a lease or contract, whose cost lessees or contractors are often required to reimburse on completion.

direct intervention – a decision by the DCLG or the National Assembly for Wales to take over some or all of the powers or duties of an authority in England or Wales.

direction – the power of ministers, in circumstances specified in statutes) to make directions (one of the commonest types of statutory instrument).

directive – a legal act provided for in the EU Treaty. It is binding in its entirety and obliges Member States to transpose it into national law within a set deadline.

direct payments – payments by care agencies to service users, from which to buy their own care.

discounting – in accounting, reducing the value of a future amount to take account of the length of time before receiving or paying the amount (relates to the time value of money).

discretionary services – services which authorities have the power (but not a duty) to provide and which in specified circumstance they may have the option to charge for.

diseconomies of scale – the higher costs incurred by larger organisations specifically because of their size, for example because of greater bureaucracy and travelling.

displacement – The shifting of actions from a desired target to a substitute target; or, the extent to which increases in outcomes in one area are offset by reductions in outcomes elsewhere.

distorting competition – action prohibited in a wide range of circumstances by public contract regulations, but so far as is known not defined. Generally taken to mean action by clients, or their agents or staff, for the purpose of stopping the most competitive tender winning. To be distinguished from preventing or restricting competition.

dividend – A financial return to the owners of the entity. In an investor-owned business, a dividend is typically an appropriation rather than an expense, but in member-owned mutuals some dividends, such as a patronage dividend, are treated as an expense.

donations – unconditional gifts.

drop-off – a noticeable decrease in participation in a particular service or programme over time. In some cases the benefits derived from a particular programme or intervention may diminish where they are dependent on the beneficiary continuing to behave in a certain way. In other cases this will not apply.

dynamic purchasing system – is operated as a completely electronic process. It is a system provided for by the public contract regulations whereby any economic operator may apply to join the system and submit and revise indicative (provisional) tenders and (if selected) submit substantive tenders whenever these are sought.

ECOFIN Council – the economic and finance ministers of the EU Member States.

economies of scale – can refer to the savings in unit costs from greater volumes of output, or the savings in operating costs often claimed for larger organisations.

effectiveness – The extent to which an organisation, service or activity is successful in producing a desired result or outcome.

efficiency – the ratio of quality or effectiveness to cost, for given services or work.

elected mayor – a directly elected executive head of a local authority, with statutory powers and duties.

electronic auctions – on-line auctions where selected bidders submit offers electronically against the purchaser's specification.

emissions trading – the buying and selling, on the open market, of allowances (usually in terms of tonnes emitted annually) for the maximum weight of specified substances whose emission into air or water of specified substances has been limited.

employee-owned business – a business that is substantially or wholly owned by the people who work for it.

energy performance certificate – a document which the builder of every new building has to give its owner, containing its energy rating.

equity – in accounting, the owners' interest in an enterprise which is equal to total assets less total liabilities.

equivalent annual cost – whatever annuity would, if payable in perpetuity, have the same present value as the future expenditure under consideration. See also discounted cash flow, discounted cost, internal rate of return, net present value and present value.

escalation clause – a contract clause requiring prices to be increased in line with inflation, usually on the basis of some recognised index (such as RPI) but sometimes reduced by a value-incentive (commonly 2%).

ESCo – energy service company.

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ESOP – Employee Share-ownership Plan.

estate management board – a body which manages a social housing estate owned by a social landlord.

ethical framework – arrangements in England & Wales for local authorities made by the Local Government Act 2000 including codes of conduct for elected members and staff, and standards committees.

ethical standards officers – officers required to be appointed as part of the ethical framework.

European Regional Development Fund – an EC fund available in Objective 1 and 2 areas to promote development and encourage the diversification of industry in areas lagging behind.

European Structural and Investment Funds – funds provided by the EU for funding regional Objectives 1, 2 and 3. It includes money from the European Social Fund (ESF), European Regional Development Fund (ERDF) and European Agricultural Fund for Rural Development (EAFRD).

evaluation – a process of assessing and judging the nature, extent and value of services, strategies and policies.

exception reporting – identifying and reporting on events or results that are outside of what is considered to be an expected range of events or results. A method for addressing performance issues.

exempt charities – applies in England and Wales only. Exempt charities are exempt from registration and regulation by the charity commission for England and Wales.

excluded pupils – disruptive or violent pupils temporarily or permanently excluded from schools by head teachers under the Education Act under the 2002 Education Act.

exclusive negotiations – negotiations (under the negotiated procedure) with a single tenderer.

exclusive rights – rights which, if enjoyed by contractors, demonstrate that they have an enforceable contract (and not just a framework agreement) if for example clients undertake to order, later, all jobs of specified types which are needed during a specified period.

executive functions – the local authority functions specified by English & Welsh ministers to be exercised by their executives.

exempt business activities – in relation to VAT, refers to goods and services where VAT is not charged.

external intervention – a decision by English or Welsh ministers requiring some other agency to exercise some or all of the powers or duties of an authority in England or Wales.

factoring – selling the debts of a business to a third party (usually a bank or factoring agency) for a fee or percentage of the debt's value.

fair employment – the principle of the Northern Ireland (Fair Employment) Act 1989 which precludes employers from discriminating between people of different community backgrounds.

fair trade – a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. Also described as being about better prices, decent working conditions and fair terms of trade for farmers and workers.

fast-track notification – the statutory requirement in England & Wales for auditors or inspectors to notify the secretary of state of failures in Best Value.

Financial Conduct Authority – financial regulator, regulating the conduct of more than 70,000 businesses.

financial proxy – a monetary value given arbitrarily to the importance or value of an outcome.

Financial Reporting Standards – UK accounting standards developed by the Financial Reporting Council, and international accounting standards developed by the IFRS Foundation International Accounting Standards Board.

Financial Services Action Plan – EU's policy objectives and specific measures for improving the single market in financial services.

financial statements – financial reporting documents required to be prepared by an organisation, at least annually, and in accordance with applicable rules and standards.

financing lease – a lease where the lessee obtains ownership at the end of its term. In accounting a finance lease refers to one which transfers substantially all the risks and rewards of ownership, and gives rise to asset and liability recognition by the lessee and a receivable by the lessor.

firm price – a price tendered or quoted which is not subject to any provision for variation.

five forces – developed by Michael Porter; a framework that helps to identify factors external to the organisation that act as inhibiting forces or identifying opportunities and gaps in the market that can enhance the possibility for operational and financial viability of the enterprise. The five forces are: barriers to entry into the industry, the bargaining power of buyers, the bargaining power of suppliers, the threat of substitutes, and the level of competition.

fixed assets – assets that continue to be used in the organisation. Examples include land, buildings and equipment.

fixed costs – costs of an organisation that cannot be altered in the short term.

fixed price – a price tendered or quoted which is subject to price variation, usually in accordance with a specified price index.

floating charge – a loan (available only to companies) secured on the value of its assets as a whole.

flotation – offering shares of a company to the general public (on the stock market) for the first time.

FOI – freedom of information.

formula rents – the rent levels (depending mostly on housing type and location) that government for all social housing. See also guideline rents and rent restructuring.

foundation schools – state funded schools with an elected governing body, which has a degree of freedom and authority over the running of the school.

foundation trusts – are not-for-profit, public benefit corporations. They are part of the NHS and provide over half of all NHS hospital, mental health and ambulance services. They have greater freedom to decide, with their governors and members, their own strategy and the way services are run.

foyers – in housing it can refer to places which provide accommodation for young people and which also assist with education, training and finding work.

framework agreement – Where a public sector organisation has identified particular goods or services it needs, but is uncertain about precisely what will be needed or when, then they may set up a group of approved suppliers that they can use when necessary. Potential suppliers are invited to put themselves forward for the framework and the public sector organisation will choose those most able to do the work. Once a framework is set up, individual contracts can be made throughout the period of the agreement.

friendly society – there is no statutory definition of a 'friendly society'. In general a friendly society is one where the membership contribute to a fund to be used for the welfare of the members and/or for their assistance when in need or distress. However, there are a wide range of societies involved in a range of differing activities and with differing objectives including social purposes.

front-end loading – adjusting the rates in a tender so as to advance the mean date of payment without increasing the total payable, by increasing rates for early work and reducing those for later work.

FCA – Financial Conduct Authority.

FRS – Financial Reporting Standards.

function – in law it can refer to a statutory power or duty of local authorities, usually to provide a service, such as education, as distinct from an *activity*, such as a payroll service.

function costing – analysis of costs associated with different parts of an organisation and its activities.

functional benchmarking – the benchmarking of any function with other organisations which have the same function.

functional requirements – contractual requirements as to how the services, supplies or works procured should perform.

futures contract – agreements to buy or sell currency, security or commodities on stated dates and at stated prices.

GAAP – Generally Accepted Accounting Practice, or Generally Accepted Accounting Principles.

gaming – manipulation of performance measurement information and unintended practices designed to meet targets that have been set. Sometimes described as ‘creative compliance’. Various types of gaming have been identified and categorised, including definitional, numerical and behavioural.

gateways – successive stages which may be set up in procurement at which progress to date is assessed by practitioners independent of the procurement itself, to decide whether the project is ready to go on to the next stage.

GATT agreement – General Agreement on Tariffs and Trades 1994, which established the World Trade Organisation.

GDP – gross domestic product.

GDP deflator – a factor by which the value of GDP is reduced to express it in terms of the prices of a particular earlier base year.

gearing – can refer to the ratio of long term debt to all long term funding. Can also refer to the ratio of debt to equity. There are various different ratios that can be used to analyse an organisation’s capital gearing.

general fund – statutory account kept by local authorities for all of their principal revenue income and expenditure except for housing.

general health indicators – sometimes used to refer to performance indicators reflecting the general health or competence of an organisation.

Generally Accepted Accounting Practice – body of accounting standards and related guidance developed by the Financial Reporting Council along with other accounting requirements and guidance such as that found, for example, in company and charity law and regulations.

general power of competence – statutory power for specified English local authorities to do ‘anything that individuals generally may do’, other than things which are precluded by restrictions set out in applicable legislation and regulations. It was provided for in the Localism Act 2011.

gilt-edged stock – Exchequer or Treasury stock, mostly for fixed rates of interest and repayable after fixed periods, although some are irredeemable.

going concern – the assumption that a business will continue for the foreseeable future, with no

intention to cease activities.

golden share – a share which gives its holder a controlling interest over certain decisions. For example, where approval is sought for the sale of shares which would give majority control of a company to other parties.

governance – systems and processes involved in directing and controlling an organisation, including who it is accountable to and how.

governing body – a group of people appointed to formulate policy and direct the affairs of an organisation in partnership with the managers, sometimes on a voluntary or part-time basis. May be referred to in various ways, including board, management committee or trustees.

governing document/s – formal document/s which sets out the organisation's objects, powers, membership criteria and how it is to be administered (eg meetings, voting, governing body, reporting, amendments procedures, etc).

grant – gift freely given by a donor (a person or institution). A grant may be for the general purposes of the organisation or person receiving it, or for a specific purpose. It may be unconditional or be subject to conditions which, if not satisfied by the recipient, may lead to the grant amount or part of it being reclaimed by the grant-maker.

greenhouse gases – gases which when present in the atmosphere allow the heat of the sun to radiate down to earth, but limit the radiation or convection of heat out again, thus causing global warming. They include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

green papers – government consultation documents.

gross domestic product – a measure of economic activity which captures the value of goods and services that a country or region produces during a specified period. GDP can be expressed in nominal or real terms. Nominal GDP reflects the value of all the goods and services based on their price at the time they were produced. Real GDP uses constant consumer and producer price indices to remove the effects of rising price levels (inflation).

group VAT registration – the registration of a parent body with one or more of its subsidiary bodies, whereby they are treated as a single body for the purposes of VAT.

G2B – government to business. See also B2B and B2G.

half hourly market – tariffs for gas and electricity for which supplies have to be made through meters read half hourly.

headline inflation – a measure of the total inflation within an economy, which includes all types of inflation including the more volatile elements such as food and energy prices.

heads of terms – summary of key contract conditions not itself forming part of the contract documents.

highways agreements – agreements, between highways authorities and third parties who would benefit from proposed highway works, for these parties to contribute towards the cost.

historical cost – original cost of an asset. This may be purchase price or cost of production.

HMO – house in multiple occupation, where at least three tenants live, forming more than one household and sharing toilet, bathroom or kitchen facilities with other tenants.

HMRC – HM Revenue & Customs.

HMT – HM Treasury.

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holding trustee – aka custodian trustee; trustees whose sole function is to hold title to property. Holding or custodian trustees usually have no power to make management decisions and must act on the lawful instruction of the managing trustees.

holistic – seeing the behaviour of any part in terms of interactions throughout the whole.

homelessness – where a person has no home anywhere in the world that is available for them to occupy.

Homes and Communities Agency – government's housing, land and regeneration agency, and the regulator of social housing providers in England.

housing association – aka registered social landlords or private registered providers of social housing. In general these are independent not-for-profit organisations that traditionally provided social housing. They increasingly also provide a range of other services.

IASB – the International Accounting Standards Board.

IFRS – an international financial reporting standard issued by the IASB.

impact – effect of an action or an activity on one or more people. Often used interchangeably with outcome and result.

impact assessment – formal evidence-based procedures to assess the effects and consequences of particular policies, services, programmes and interventions. The assessment can include both positive and negative impacts (intended and unintended).

impact statement – an estimate of the physical and other non-financial consequences of a project on the other parties who may be directly or indirectly affected.

income-sharing contracts – contracts for revenue-producing work for which tenderers quote a lump sum plus a % share of the income.

incorporation – the process by which an association becomes a legal entity in its own right.

incremental budget – a budget compiled by building on the previous period's budget and/or previous actual results.

incremental development – the subdivision of large projects into successive stages.

incremental strategic partnerships – large contracts which start with initial instalments of work, with the intention of extending contracts in successive stages, sometimes over periods of years.

incumbency advantages – legitimate advantages of incumbent contractors when re-competing, for example not having to gear up.

indicator – a measure which indicates the state or position reached in relation to a particular target. A way of measuring change.

indemnity – an undertaking by one party to meet specified costs if they are incurred by another.

ineffectiveness declaration – a declaration made by a court that a wrongly awarded contract is ineffective.

initial public offering – the offer to the general public for the first time of shares in a company.

input – resources put into providing a service or activity such as staff, premises, money, or information. It can include service user need.

insourcing – managing and carrying out work or services in house.

institutionalised public-private partnership – the EC term for an agreement between a public body and a private sector body to create a third body to provide a service.

institutionalised vertical cooperation – EC term for cooperation between two bodies ensured by the control of one body by the other.

integrated services – two or more services which are functions of different bodies, when provided seamlessly by one of them, or by a joint body.

integrator model commissioning – the arrangement in which large contractors are paid (usually on a PbR basis) to secure challenging social outcomes, by employing subcontractors with special expertise and local standing in the fields in question.

intellectual property – certain intangible assets over which a person or organisation has registered legal rights. Examples include: copyrights, patents, and licenses.

interactive contracts – contracts require or facilitate some form of client-contract interaction, for example pacts, the periodic renegotiation of specifications and prices to keep up with technical change and new service needs, open-book accounting, stakeholder boards, and the sharing of contractors' profits from third party business won off the back of the contracts under consideration.

interest and dividend caps – the capping, at rates set in regulations or governing documents, of interest and dividend rates payable. Examples include a mandatory dividend cap applied to Community Interest Companies and an interest or dividend cap adopted by some co-operatives (often written in to their governing document).

interface – the area where two different bodies or information systems meet, and across which both have to communicate effectively.

intermediate care – short term health or social care provided, not normally for people who no longer need to be in hospital but require additional support to help them recover.

internal rate of return – annual percentage profit on an investment, taking into account the time value of money (money received later is worth less than the same amount received earlier).

International Standards Organisation – an international standards body responsible for defining and publishing standards for many types of products and services world-wide.

interns – workers taken on for short periods on little or no pay, to do work which will provide them with additional skills and experience.

IRR – internal rate of return.

ISO – International Standards Organisation.

ISO 9000 – the international standard for quality assurance.

issued share capital – amount of shares issued to shareholders. The amount is the nominal/par value of the shares rather than their actual worth.

joint boards – can refer to joint bodies set up, by order, to discharge specified functions of specified local authorities.

joint committees – can refer to joint bodies set up, by agreement, to discharge functions and carry out activities jointly on behalf of local authorities or their executives.

joint procurement – procurement by an agent or consortium to which it has been delegated by two or more independent bodies.

joint venture – an enterprise to which two or more partners contribute, and in which they share the risks and rewards. This could be in the form of a company jointly owned by two or more other organisations, or it can be a relatively short term undertaking which is time limited and/or limited to certain projects and activities.

joint working – arrangements between different bodies to share work and/or information of

relevance to each.

KPI – key performance indicators.

key performance indicators – quantitative measures of an organisations performance.

lag – where recipients of a particular programme do not all start to participate at the same time, the results or outcomes will reflect this in terms of a time lag. So measurable results may extend over a longer period than initially anticipated.

labour arbitrage – the proposition that labour competes in a world-wide market and that jobs will move to where associated costs are lower. This is said to apply to manufacturing that can be located anywhere but is less applicable to, say, building work, health and social care, which is required in specific locations.

laissez faire – means 'leave to do'. A policy of leaving all decisions to the markets.

lead authority – an authority to which one or more other authorities delegate selected functions.

leakage – a programme may result in changes in outcomes that benefit others outside the service area or result in individuals moving out of the programme area. Even if there is leakage outside the service area, there will probably still be benefit to the UK as a whole, unless benefits fall to foreign individuals or companies. Analysts should consider whether this will be material and adjust the impact accordingly.

lean management – a collection of activities based on the teachings of Taichii Ohno, who developed the Toyota Production System (TPS). His challenge was to develop a manufacturing system with minimal capital investment. His ideas suggested that rather than produce to stock and sell, they should produce 'just in time' to the customer order. This concept, together with other elements of the system, have become familiar; for example, muda (the elimination of waste), jidoka (the importance of quality) and kanban (the system of just in-time stock control).

legacy assets – assets no longer ideal for their intended purpose.

leisure and cultural trusts – non-profit distributing organisations, many of which are charitable, that manage cultural and leisure facilities.

LEP – local enterprise partnership.

lessors – parties who grant the use of assets for a particular period, to lessees under a lease.

letter of acceptance – an (enforceable) written statement by a client to a tenderer that the tender has been accepted.

letter of decline – a written notification, usually final, that the writer has not accepted a tender or some other proposition from the recipient.

letter of intent – an (unenforceable) written statement by a client to a tenderer stating their intention to accept the tender.

leverage – in finance it can refer to an organisation using its assets to guarantee loans. In other contexts and in general it can refer to using some of an organisation's resources to access resources from elsewhere.

liabilities – obligations arising from past events to transfer resources to another party. These can be current or non-current liabilities.

LIBOR – London inter-bank overnight lending rate.

licensee – depending on the context, either an occupier without the full legal rights of a tenant, or a party who is entitled to use a facility owned by another.

life cycle costing – an evaluation method which takes account of all relevant costs over the life cycle of the asset, ie construction or purchase, operation, maintenance and end of life. Life cycle costing can include a cash flow prediction and/or an option appraisal. It also makes use of net present value (NPV) when assessing costs.

limited liability partnership (LLP) – a corporate business vehicle that gives the benefits of limited liability but allows its members the flexibility of organising their internal structure as a traditional partnership. The LLP is a separate legal entity and, while the LLP itself will be liable for the full extent of its assets, the liability of the members will be limited.

limited partnership – a commercial partnership with some partners whose liabilities are limited but with at least one partner who bears unlimited liability for partnership debts. See also partnerships and limited liability partnerships.

liquidation – aka winding up; the legal process of closing down a company and including sale of its assets and distribution of proceeds to creditors and shareholders.

liquidity – refers to the extent of cash and near cash assets held by an organisation. Poor liquidity would be where insufficient cash is held to meet all debts as they arise and fall due.

listed company – Company limited by shares, whose shares may be traded on a stock exchange.

loan stock – aka bonds; describes a variety of loans to an entity, where there is a contract between the borrower and the lender. Loan stock usually has a fixed life, a fixed interest return and a fixed redemption value.

localism – the principle that decisions should be made at the lowest level practicable.

local authority company – a company in which a local authority has shares, rights to appoint some or all of the directors, or other legal interests. It may be a company or a mutual society.

local asset-backed vehicle – can refer to a joint venture in which one partner, often a local authority, makes its contribution towards the capital of the venture in the form of land or other assets, rather than in cash.

local compacts – a mutually agreed approach to partnership working between voluntary and community sector organisations and local public sector bodies.

local development plans – long term plans published by planning authorities indicating which land uses which are approved for which parts of their areas.

Local Government Ombudsman – a commissioner appointed by the government to investigate and report on allegations of injustice or maladministration by local authorities.

local housing companies – local authority companies formed to secure registration as registered social landlords and to take over the ownership and management of some or all the housing stock of the local authorities forming them.

local labour agreement – agreement between public bodies and contractors, usually setting targets for the recruitment of local labour, without making it a contract condition.

local service agreement – can refer to agreements between local public bodies and other parties in their areas.

local service boards – non statutory joint forums set up by Welsh councils to ascertain the views of a wide variety of stakeholders, agree priority joint actions and incorporate them into local service agreements.

local thematic partnership – a partnership set up to help to deliver some specific service.

longitudinal analysis – study of the same variables over a succession of dates, over a long period of time.

looked after children – children who are under local authority care. The child may be living with foster parents, at home with their parents under the supervision of social services, in a residential children's home, or another residential setting.

lots – subdivisions of the work covered by a larger contract where the client is willing to entertain separate tenders for one or more separate lots.

lowballing – can refer to tendering low to win work for the purpose of winning downstream work at higher prices after securing the strategic dependency of the client.

lump sum contracts – contracts for which an all-in price is quoted for a package of work.

macro-economics – the analysis of aggregate quantities of the economy as a whole; often the national or international economy.

maintained school – any school maintained and by a local authority.

managed exit – the sale of a business when a target return is available.

management accounting – accounting and reporting prepared specifically to serve the needs of the managers within an organisation, as distinct from financial reporting to external stakeholders.

management agreement – a contract for housing management which also includes the delegation of some management functions to a contractor.

management buy-out – the purchase of a business by managers of that business.

management fee contracts – can refer to contracts for which tenderers quote a lump sum addition to their costs, which would be reimbursed.

marginal cost – the extra cost incurred from producing one more unit of a product or service.

market – Potential purchasers and competitors (buyers and sellers).

market capitalisation – the total market value of all the shares in a business at a given point in time.

market engagement – engagement with suppliers prior to the commencement of procurement, including market soundings and market warming.

market sounding – talking to the market before a final decision to advertise a contract.

market testing – testing the value for money of an incumbent provider by tendering the service and enabling the incumbent to compete against other bidders (may be done either by the client to test the value for money of an in-house provider or by a supplier to test the value for money of a sub-contractor).

market warming – engagement with suppliers prior to the commencement of procurement to inform them about a project and encourage them to bid.

method of delivery – the inputs by which a service output or outcome is achieved.

match funding – a requirement by a fund provider that any contributions is matched by other funders, or by the applicant.

materiality – in accounting, information is material—and therefore has relevance—if its omission or misstatement, individually or collectively, could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

mean – the arithmetic average of a set of numbers, represented by the total of all their values, divided by the number in the set.

means-test – a test to ascertain whether the income or property of applicants falls below limits above which they would not qualify for a benefit.

MEAT – most economically advantageous tender.

median – the mid point of a set of data where there is an equal probability of a value falling above or below the median point.

mediation – the resolution or attempted resolution of disputes by the calling in of a neutral mediator, by agreement between the parties. It is binding if the parties agree in advance that it should be.

memorandum of association – a legal statement signed by all initial shareholders agreeing to form the company.

Merlin Standard – principles drafted by DWP for partnership working within supply chains.

method study – can refer to the study of working operations for the purpose of easing or simplifying them.

method statements – can refer to tenderers' proposals, as sought by clients, for dealing with aspects of the work for which clients have set no specifications.

metric – a quantitative standard measure.

metric benchmarking – any benchmarking by reference to numerical indicators.

micro-economics – focuses on economic decision making at the level of the individual or firm.

mini competitions – can refer to competitions (usually not separately advertised) between contractors who have already been put on approved lists, or with whom framework agreement has been made, or who have been selected to take part in dynamic purchasing systems.

mission statement – a summary, often in a single sentence or phrase, of what is stated to be the main purpose of an organisation. Clarifies an organisation's purpose, why it exists and why it does what it does.

mode – the most frequently occurring value in a body of data.

modular development – the vertical subdivision of large projects into free-standing components.

monetise – assign a financial value to a non-financial indicator, quantity, or outcome.

Monitor – sector regulator for health services in England.

monopoly – a market where there is only one supplier/seller.

monopsony – a market where there is only one buyer.

more from less – the expectation that quantity or quality, or both, can be raised, and their cost reduced.

most economically advantageous tender – when reaching a contract award decision, a contracting authority is able to take account of criteria that reflect qualitative, technical and sustainable aspects of the tender submission as well as price.

multi-activity contracts – can refer to contracts between one client and one contractor, for more than one disparate work or service.

multi-area agreements – can refer to agreements between ad-hoc groups of authorities and selected partners as to their area strategies.

The Commissioning Joint Committee Glossary of Terms (updated December 2015)

multi-contractor framework agreements – can refer to agreements to which a number of contractors are 'admitted' and between which mini-competitions are held to decide which should receive any given order.

mutual – an organisation that is owned by, and run for, the benefit of its members and/or wider community, where members are actively and directly involved in the enterprise.

mystery shopping – covert recording of a service while in operation, to test and assess aspects of the service.

national calculation method – formally approved by ministers for calculating the energy rating of buildings.

national curriculum – statutory framework for teaching and assessment of 10 subjects, compulsory in all maintained schools.

national tariff – a standard health care price list for England, prescribed by monitor.

needs assessment – the statutory assessment of the care needed by a service user.

NEET – not in education, employment or training.

neighbourhood panel – can refer to an open meeting to which all citizens in a given locality are invited to discuss, with elected members and officers, their views about questions of local importance.

neighbourhood services – described by the Open Public Services White Paper of 2011 as services provided locally and on a collective, rather than an individual, basis – such as leisure and recreation facilities.

negotiated procedure – one of the procedures for procurement under the public contract regulations, available only in limited circumstances. Contracting authorities enter into contract negotiations with one or more eligible applicants who meet their selection criteria.

net domestic product – the aggregate value (or cost) of the goods and services produced in any period by a country, after subtracting an estimate of capital consumption.

net present value – describes the difference between the present value of a stream of costs and a stream of benefits. The discounted value of a stream of either future costs or benefits.

NGOs – non-government organisations.

nominated subcontractors – can refer to subcontractors who are nominated by clients, but have contracts with main contractors.

nominated suppliers – can refer to suppliers who are nominated by clients, but have contracts with main contractors.

non-compete undertaking – one of the terms of a contract for the sale of the whole or part of an undertaking, whereby the seller agrees not to compete for its current business.

non-conforming tender – can refer to a tender which would fail in one or more respects to satisfy advertised requirements or contract conditions – aka non-compliant tender.

non-contract costs – all the costs to a client as a result of awarding a contract, other than payments to the contractor; often restricted, so as to simplify comparisons, to costs which will differ from tender to tender.

non-corporate bodies – bodies which cannot bring or defend legal proceedings in their own names; aka unincorporated bodies.

non-executive director – a director who holds no other paid office with the company.

non-executive functions – all local authority functions which are not specified by English & Welsh

ministers to be exercised by their executives.

non-profit organisations – entities created for a social purpose and which reinvest profits in furtherance of their social purpose rather than distributing profits to owners/shareholders.

nursing home – a residential home with its own qualified nursing staff.

NVQ – National Vocational Qualification.

objectives – targets designed to help the organisation manage its progress towards its stated goal or goals. Their emphasis is on providing measurable indicators for assessing and reporting on progress and informing planning and decision making.

objects – the stated objects of an entity including associations, companies, mutual societies, trusts and charities.

obligation of confidentiality – the obligation resting on one party to a contract not to divulge to third parties private or personal information about anybody which is provided by the other party to the contract.

offer – can refer to one of the essentials of an enforceable contract in English law.

Ofsted – Office for Standards in Education.

Official Journal of the EU – a free publication issued every few days containing a wide variety of trade information including PINs and notices for procurement by contracting authorities and utilities. See also tenders electronic daily.

OJEU – the Official Journal of the European Union.

oligopoly – a market where there are a small number of suppliers/providers.

oligopsony – a market where there is a small number of buyers.

ombudsmen – Commissioners appointed by the government to investigate and report on allegations of injustice or maladministration.

open book accounting – the structured management and sharing of financial information between contracting organisations, including data that could be commercially sensitive and might otherwise have been kept secret. It is a transparent process for verifying the actual cost incurred in delivery, often used to administer cost reimbursable or target contracts. It can support a collaborative customer–supplier relationship.

open government – the principle that government records, and the reasons for all political decisions, should be open to the public.

open procedure – one of the procedures for procurement under the public contract regulations, under which all eligible applicants are invited to tender.

operating lease – a lease in which the lessor retains ownership of the asset at the end of the lease term.

operating profit – profit after deducting all operating expenses but before deducting interest, tax and extraordinary items.

opportunity cost – the benefit forgone by carrying out an activity. It relates to the use of finite, scarce resources. The opportunity cost of one activity is the consequent inability to undertake an alternative option.

optimism bias – systematic tendency for project planners and appraisers to be overly optimistic.

optimum – ideal, as distinct from the highest or lowest.

option appraisal – a decision making tool for use in defining objectives, identifying the different ways in which they can be achieved and examining all the important factors before taking a decision on implementing a project. An effective option appraisal will address: all relevant factors, whether to go ahead with a project, and the best way to carry out a project.

opportunity cost – a benefit foregone as a result of opting for and carrying out a particular activity. It relates to the use of finite, scarce resources. The opportunity cost of one activity is the consequent inability to undertake an alternative option. The alternative options are usually listed in terms of the best available alternative uses of the resources.

ordinary shares – the main type of ownership capital of investor-owned companies. They typically entitle the holder to: a share of dividends, a right to a share of the residual assets of the company, and voting rights.

OSCR – Office of the Scottish Charities Regulator.

outcome – a result or effect of an action or output. It often represents a change for an individual, group or community to which a particular service or programme has contributed. An outcome may be measurable in terms of quantity and/or quality.

outcome measure – used to assess the degree to which a desired outcome has been achieved. This is often a measure of change occurring as a result of particular actions or services delivered. The measures may also address quality and effectiveness.

output – Something produced by the organisation. An output could be, for example, a product or a unit of a particular service or programme.

outsourcing – where an organisation: purchases services from a third party (the 'supplier'), and the organisation had previously performed the services itself, and services are provided for a specified period under a contract between the two parties, and the supplier is responsible for managing the services on behalf of the client organisation.

outturn – actual costs or prices as distinct from estimated costs or prices, unadjusted for inflation, in cash terms.

overheads – expenses/costs that cannot be directly linked to units of production or a specific service delivered. As such they are a shared overhead cost, shared across different products and services.

packaging – can refer to deciding what types, mix and quantity of work or services, and over what period and geographical area, should be included in a single contract.

PAC – Public Accounts Committee.

participating interest – shares of an undertaking held primarily for the purpose of influencing it.

partnership – an arrangement where persons or organisations pool resources and share risks and benefits/profits.

partnership and procurement protocol – an agreement between two public sector bodies regulating a public-public partnership between them.

partnership sourcing – developing a the long term co-operative, mutually beneficial relationship between customer and supplier.

partnership vehicle – a body which partners may set up to form either an advisory partnership or an executive partnership; it may be a joint committee, company, mutual society, charity or association.

PASC – Public Administration Select Committee.

pathway plan – a plan required for every looked after child by the age of 16, specifying the support which that child will receive to help them eventually lead independent lives.

payback method – used for appraising investment in proposed projects. It involves analysis of cash flows over the time of the project and calculating the length of time it will take for the original capital investment to be recovered. This method is popular and is a relatively simple net cash flow analysis, which doesn't take account of the time value of money.

payment by results – an approach to commissioning and paying for services that puts the emphasis on outcomes. It shifts the basis of payment away from block contracts and towards payment based on whether and how well specified outcomes are achieved. The outcomes can be social, economic or financial or a combination of these. Outcomes maybe linked to individuals or to specified groups or communities. Some or all payments to the organisations delivering related services are only made as and when certain specified outcomes or results are achieved.

PbR – payment by results.

peer review – review and assessment of an organisation, service, report, piece of research, etc, by practitioners of equal status.

pendulum arbitration – a system of arbitration in which the parties agree in advance that the arbitrator should accept either the claim or the offer in full, and should not compromise between them. This is to give both parties an incentive to modify their standpoints and thereby make them more credible, rather than to try to influence any compromise by exaggerating them.

performance – how successful a particular activity is.

performance benchmarking – benchmarking aimed at assessing performance objectively, identifying areas for improvement and identifying organisations with processes resulting in superior performance. They include benchmarking against standards, results or processes.

performance bonds – bonds 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 cover obtained) in the event of default.

performance indicators – any numerical data or ratios collected and used for the purpose of making initial comparisons of performance.

performance management system – a system providing for integrated corporate, team and personal objectives.

personal budget – a budget allocated by a public body to an individual to meet all or part of their support needs.

personal care – services designed to help with the routine physical tasks and mental processes of the person cared for, and personal support including counselling.

personal data – for the purposes of the Data Protection Acts, data about a living person who can be identified from that data.

personalisation – a collective term for personal assessments, personal budgets and direct payments.

PEST framework – analysis of political, economic, social and technological factors effecting an organisation and its activities.

PFI – private finance initiative.

pilot authorities – English and Welsh authorities which volunteered to carry out pilot studies of ways of securing Best Value in chosen fields.

planning risk – the danger that planning consent might be delayed, or that project costs might be increased by conditions imposed.

pluralism – in the context of commissioning, a readiness to use service providers in all sectors of the economy (public, private and voluntary) for whatever job each does best.

points systems – tender evaluation models in which variables are expressed as points rather than prices.

police and crime commissioners – the elected officers who will take the place of police authorities in England & Wales.

pooled budgets – budget sharing mechanisms designed to provide seamless and improved services. Examples of types of budget sharing include: aligned budget arrangements, lead body arrangements, joint commissioning, and joint ventures.

post-tender negotiations – negotiations between buyer and tenderers, to refine and improve bids and ensure prices, delivery and contract terms are competitive.

poverty trap – the position of anybody whose work pay increases by less than the resulting a loss of benefit.

PQQ – pre-qualification questionnaire.

preference shares – usually have preference over ordinary shares for dividends and return of capital in the event of wind up.

preferred bidder – a participant (usually one of several) under the competitive dialogue procedure who is selected to submit a firm tender.

preferred tenderer – a tenderer with whom exclusive negotiations (under the negotiated procedure) are currently being conducted.

preliminaries – depending on the context, either the fixed sums included by clients in bills of quantities, usually at the beginning preliminary announcements of results by listed companies.

premiums – additional sums payable to lenders for premature repayment, where interest rates have fallen and lenders will be able to re-lend only at lower rates.

pre-qualification – can refer to the passing, before tenderer selection for any specific contract, of some or all of the tests which clients would otherwise have applied subsequently.

pre-qualification questionnaire – a questionnaire which needs to be satisfactorily completed before an applicant is selected to tender or negotiate.

pre-qualified tenderers – depending on the context, either applicants to tender for a specific contract who, before applying, had already passed some or all of the tenderer selection tests. See also approved list, select list and standing list; or such applicants as have so far been selected at some intermediate stage in selecting tenderers.

present value – refers to expected future net cash inflows discounted to take account of the time value of money.

preventive care – social or health care for people living independently, to reduce the need for residential care.

price base – the rates of pay and price levels (usually expressed as for a given date) on which tenders or estimates are based.

price variation clause – a clause providing for the prices tendered to be adjusted in line with variations in cost levels, usually in accordance with a specified price index.

pricing models – simple mathematical models, containing estimates of the main quantities of work which may be ordered, which are used as a basing for comparing the overall cost levels of different tenders based on un-pre-quantified schedules of rates.

primary care – services provided by family doctors, dentists, pharmacists, optometrists and ophthalmic medical practitioners, district nurses and health visitors.

prior information notices – early notices in OJEU of intention to let contracts for which the public contract regulations will require notices.

Private company limited by guarantee – A limited company with no share capital where members are guarantors instead of shareholders. Members guarantee to pay a nominal sum in the event of the company being wound up while they are a member or within one year of their ceasing to be a member.

Private company limited by shares – A limited company with share capital, but which is not allowed to sell its shares or loan stock on an open market.

private finance arrangements – contracts or projects to provide assets for public sector use but using private sector sources of capital.

private finance initiative – in a typical PFI, a private sector party is constituted as a Special Purpose Vehicle (SPV), which manages and finances the design, build and operation of a new facility. Capital finance is provided by the owners of the SPV, together with banks or bond-holders. The return on equity and debt capital is sourced from the periodic “unitary charge”, which is paid by the public authority from the point at which the contracted facility is available for use.

processes – the methods used to deliver given work or services.

process benchmarking – benchmarking for the purpose of analysing and comparing systems processes, and procedures.

process re-engineering – the analysis of processes with a view to eliminating duplicate and non-value-added activities, and introducing simpler, faster and more robust processes.

process mapping – the flowcharting of processes, usually as a basis for process benchmarking.

process profiling – graphing the likely extent and timing of the **benefits** from any given change against the likely extent and timing of increased **costs**.

process scope – the exact beginning and end points of any process for the purpose of analysis.

procurement – the complete process involved in identifying the business need to make a purchase, including market research, specification, purchasing, and subsequent contract management.

professional ability – one of the tenderer selection criteria provided for by the public contract regulations.

professional indemnity insurance – insurance cover taken out by professional firms and individuals against damages claims by clients, for example for professional negligence.

profit (or surplus) – excess of income (or revenue) over expenses for the period.

profit margin – difference between sales and costs. This can be either: the difference between sales and production costs (gross margin), or the difference between sales and all costs (net margin).

profit sharing – depending on the context, either the sharing between all members of an organisation of its trading profits; or the basis of contracts for revenue-producing work, for which contractors' costs would be reimbursed; and for which tenderers quote a % share of the profit.

programme – a planned series of service activities and interventions designed with a particular set of long-term goals and outcomes in mind (for example, the work programme).

project information memorandum – a document sent by a client authority to the participants in a competitive dialogue containing information over and above what it has put in its descriptive documents.

The Commissioning Joint Committee Glossary of Terms (updated December 2015)

project owner – the senior officer or member who is accountable for the successful completion of a project.

project scoping – considering and deciding the scope of a proposed project.

project team partnering contracts – contracts which are let before specifications are agreed, to enable contractors to contribute to designs and methods of construction.

property rights – rights of an owner over property, generally including rights to use the property and to exclude others from it. Property includes not only land and buildings but also investments, cash and other assets. Economic property rights can include: the right to use an asset, the right to earn income from an asset and contract over the terms with other individuals, the right to transfer ownership rights permanently to another party.

prorogation – the formal name given to the period between the end of a session of Parliament and the State Opening of Parliament that begins the next session.

protocol – a set of agreed or established, but not enforceable, procedures for managing any body or relationship.

provider – an organisation that is a supplier of services. This organisation can be in the public sector, the private sector or the third sector.

proxy measure – a measure that has a known close relationship with another factor that cannot be measured directly.

prudential borrowing – borrowing by local authorities without government financial support, but in accordance with the CIPFA prudential code for capital finance in local authorities.

PSBR – public sector borrowing requirement.

public benefit – to be a charity an organisation must be set up with purposes which are exclusively charitable for the public benefit. Public benefit takes into account the balance between the benefit gained by the public, any disbenefit incurred by the public, and any private benefit.

public liability cover – insurance cover against damages claims brought by members of the public.

Public limited company (PLC) – a company limited by shares that is certified to issue shares to the public.

public private partnership – can refer to a contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.

public sector borrowing requirement – aka the budget deficit. Government's budget deficit (excess of spending over revenue) in a particular fiscal year, which is made up by government borrowing.

public sector comparator – used by a government to make decisions by testing whether a private investment proposal offers value for money in comparison with the most efficient form of public procurement.

purchaser-provider split – a term sometimes used in central government for separation of the roles of client and contractor when work is done in house.

put option – contract providing the holder with the right to sell something at a set price on a particular date.

qualitative – measured by quality.

quality assurance – the monitoring (including self-monitoring) of processes for the purposes of ensuring output of specified quality.

quality circle – a group of people within an organisation who meet to discuss their work and related processes, systems with a view to improving them.

quality control – processes aimed at ensuring that products and services deliver that which was intended and are of good quality.

quality criteria – all the criteria, other than price, which clients give notice will be used to evaluate tenders.

QUANGOs – quasi-autonomous non-government organisations.

quantitative -measured by quantity.

quotation, or **quote** – a tender, sometimes given verbally or at short notice, or not in competition.

receipts and payments account – a summary of cash amounts received and paid by an entity. A cash basis of accounting (money in, money out) rather than an accruals basis.

recharges – in accounting, refers to allocating costs incurred by one department to other departments. This is done to allocate an appropriate share of support services and other overheads to the various departments which they support and so ensure the full cost of a department is accounted for.

redeemable share – the share owner can have the share redeemed by the entity that issued the share. Member shares in mutuals are usually redeemable by the mutual when the member leaves the mutual.

registered provider – all registered providers of social housing i.e. both private registered providers and local authorities. Registration is mandatory for local authorities and organisations that receive financial assistance from the Homes and Communities Agency or from the Greater London Authority to provide low cost rental accommodation and the organisation intends to be the landlord of those homes when they are let.

registered social landlord – housing organisations registered with the Housing Corporation. These include charities that are housing associations, co-operative and community benefit societies, and not-for-profit companies. Under the Housing and Regeneration Act 2008 the term 'registered provider' has replaced 'RSL' in England, although the term still applies in Wales and Scotland.

register of contractors – a list (either published or maintained by organisations for internal use) of contractors who do given types of work, and containing standard information about them.

register of contracts – a list (either published or maintained by organisations representing clients in different sectors) of contracts which they have placed for given types of work, containing standard information about them.

relational contracts – contracts which rely on long-term trust rather than solely the enforcement of their terms.

relevant discharge terms – the terms in certified contracts (ie which have been certified under the Local Government Contracts Act 1997) which provide for the parties' rights and liabilities including damages in the event of judicial review, and which may still be enforced even if a contract is held to be ultra vires.

reliability, assurance, tangibles, empathy and responsiveness – five dimensions of service quality. A common framework for measuring users' perceptions of a service numerically.

remedies directive – an EU directive providing remedies for dissatisfied applicants and tenderers against their rejection otherwise than in accordance with the directives.

renewables obligation – places an obligation on UK electricity suppliers to source an increasing proportion of the electricity they supply from renewable sources.

replacement value – the cost in current prices of replacing an asset.

required rate of return – a desired rate of return set as a threshold for positive capital investment decisions.

reserve tenderer – a tenderer who is not currently the preferred tenderer but whose tender has not, or not yet, been declined. See also exclusive negotiations, preferred tenderer and simultaneous negotiations.

reserved contracts – contracts which the EU directives allow contracting bodies to reserve for specified organisations.

residual value – in accounting, the estimated future value of an asset at the end of its useful economic life.

resources – can include financial, people, time, equipment and other manufactured resources, knowledge and experience, and natural resources.

respite accommodation – short term accommodation provided for people who are normally cared for by carers, to give carers breaks.

respondents – can refer to parties who respond to notices in OJEC, and to contract advertisements.

responsive maintenance – maintenance carried out as and when defects arise.

restricted procedure – one of the procedures for procurement under the public contract regulations, and involving a two stage process. In the first stage, interested suppliers are asked to fill out a questionnaire and a short-list is drawn up. In the second stage, the shortlisted suppliers are invited to respond to an invitation to tender. The tenders are then evaluated and the contract awarded.

restrictive covenant – a clause in a contract binding one of the parties to abstain from engaging in some specified activity (usually some activity which is otherwise made possible by the contract).

result – see outcome.

retail prices index – an index of inflation based on a basket of household costs, now maintained by the Office for National Statistics.

retainer – a periodic payment, usually to a consultant, either to provide advice or some other service whenever required. The retainer may be paid solely for being available, so that further fees are payable for any service in fact required; or it may also cover all services required, or all up to a specified level.

reward payment – money paid to a provider (or in the case of social impact bonds, a third party funder) that is directly related to the level of success in achieving the specified performance. This reward payment may make up all or a percentage of payments associated with the agreed contract.

rights issue – a preferential offering of more shares to existing shareholders.

risk – uncertainty regarding the actual results or outcomes of an action. Probabilities can be assigned to a range of possible outcomes.

risk allocation – decisions between the partners in an agreement as to which should accept the consequences of any specified event occurring.

risk assessment – estimating the chance of any given risk occurring, and of its cost if it does so.

risk transfer – risks which are required to be transferred to contractors.

ROCs – renewables obligation certificates.

The Commissioning Joint Committee Glossary of Terms (updated December 2015)

roll out – implement or promulgate, usually progressively.

rolling budget – a budget which is updated at shorter intervals than the period which it covers, for example a three year budget which is updated annually.

rolling programme – a programme which is updated at shorter intervals than the period which it covers, for example a three year programme which is updated annually.

Rossi index – an all items retail price index excluding mortgage interest payments, council tax, housing depreciation and rents.

royal charter – the formal grant by the crown of some permanent power or right.

RPI – the retail prices index.

sale and lease back – sale of a property to others who then lease it back to the previous owner.

saturation method – a method of allocating work between contractors in which all work is given to one until a given limit is reached; further work is then given to another until a similar limit is reached; and so on.

schedules 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 which case tenderers specify their overall percentages on or off these rates.

SCIO – Scottish Charitable Incorporated Organisation.

scoping – examining and evaluating a problem, market, need or demand for a service.

secondary care – healthcare traditionally provided in hospital.

secondary objectives – can refer to objectives (usually of a contract) which lie outside all available lawful primary objectives; and which it is therefore unlawful to consider in deciding whether or not to commission the contract in question, but might still be welcome spin-offs.

secondment – the assignment of an employee to work for another organisation.

section 95 officer – a statutory officer which the Local Government (Scotland) Act 1973 requires each Scottish council to appoint to be responsible for the proper administration of their financial affairs.

section 151 officer – a statutory officer which the Local Government Act 1972 requires each principal authority in England & Wales to appoint to responsible for the proper administration of their financial affairs.

secondary legislation – orders, regulations and other instruments made under powers granted by Acts of Parliament.

segmental reporting – published accounts covering operating segments of the organisation reporting.

select committees – committees set up by either house, usually for a whole parliament, to look at particular subjects, and with power to take evidence and issue reports.

senior debt – loans whose terms give them the highest priority in liquidation. See also subordinate debt.

sensitivity analysis – tests the impact of potential changes on the organisation's financial performance. It will be based on significant risks and opportunities identified. Each potential difference is applied to the figures to see what impact it has on the financial performance of an organisation and to identify the degree of variation that the organisation is able to cope with, ie how robust the organisation is when faced with change.

The Commissioning Joint Committee Glossary of Terms (updated December 2015)

service agreements – contracts between owners with tenants or leaseholders, providing for owners to provide specified services at the charges agreed.

service charges – charges made by owners to leaseholders or tenants for services as distinct from rent.

service failure – a statutory finding, by ministers or inspectors, for a specified service of a specified local authority.

service level – the quantity or nature of the service which is specified or achieved. See also quality.

service level agreement – the part of a contract which defines exactly what services a service provider will provide and the required level or standard for those services.

service provider – an organisation that is a supplier of services. This organisation can be in the public sector, the private sector or the third sector (eg voluntary, non-profit and social enterprise sectors).

service re-engineering – the fundamental review of a service to ascertain anew what is required from it, what it might in addition usefully deliver, and what has to be done by who to provide it.

service reviews – periodic formal reviews of selected services (aka functional reviews) comprising challenge, compare, consult and compete.

service sharing – an arrangement by two or more bodies to carry out a given function or activity jointly, either through one lead body or an agent.

service-specific performance indicators – indicators which refer only to performance in a single service, or part of a service.

service standards – standards set by specifications as to how a service should be carried out.

share capital – the total number of shares of a company or society multiplied by their nominal/par value.

shared ownership – innovative types of tenure, usually involving equity sharing.

simplified planning zone – an area in which a local planning authority grants planning permission for specified types of development. Conforming schemes can go ahead without a separate planning application being made, thus providing speed and certainty for all parties.

single assessment – assessment of the health and social care needed by any service user in England.

single contract company – a subsidiary company formed to execute a contract by the firm which won it – sometimes referred to as a dedicated company, dedicated service delivery vehicle, special delivery vehicle, dedicated company, or special service delivery vehicle.

single contractor agreements – framework agreements made by a client body with a single contractor.

single market – a market without barriers to trade created by the Treaty of Rome and comprising member states of the European Union and the signatories of the Government Procurement Agreement.

sleeping partners – term for partners in unlimited partnerships who subscribe capital but do not participate in business decisions.

social economy – while there is no one universal definition in general it refers to independent organisations that are not part of the public sector and that have social purposes and that do not distribute profits to investor/owners.

social enterprise – an organisation with primarily social objectives whose surpluses are principally reinvested for that purpose in the organisation or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

social exclusion – when individuals or communities suffer a combination of linked problems such as poverty, unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown.

social impact bonds – not in fact bonds, but outcome-based contracts between public bodies and investors to deliver specified outcomes.

social return on investment – the value of the social impact created by any given project. Social benefits are usually, but not necessarily, monetised.

social value – improvement in economic, social and environmental well-being.

soft loans – loans with terms generally more favourable than those available on the open market.

soft market testing – forecasting likely price levels, or whether service providers will be available, by any method other than seeking tenders, usually by asking known contacts or consulting trade journals.

special educational needs – learning difficulties for which a child needs special educational help.

special purpose vehicle – a corporate body formed for a single purpose, usually to execute a specific contract. Also referred to as a dedicated company, dedicated service delivery vehicle, special delivery vehicle, single contract company or special service delivery vehicle.

special service delivery vehicle – special purpose vehicle.

spot contracts – small contracts for a single job or order, sometimes placed at short notice and not allowing enough time to build up a bigger package.

staff mutuels – a loose term for outsourced public service/s in which staff have an interest in the new organisation set up to deliver the service/s.

stakeholder pensions – a type of flexible pension arrangement introduced in 2001 designed for individuals without access to employer sponsored pension arrangements. Individuals may take out stakeholder pensions individually or through their employer. Stakeholder pensions must satisfy a number of minimum conditions.

stakeholder – anybody with a legitimate interest in an organisation, service or activity.

standard costing – system of record keeping and control, where jobs and processes have standard costs determined in advance and compared to actual cost.

standing orders – rules drawn up by authorities setting out how their business will be conducted eg the responsibilities delegated to different committees and officers. See also financial regulations.

standstill period – the period for which the public contract regulations require contracting bodies to wait, after making provision awards and before making final awards, to enable the parties affected to consider application to the courts.

state aid – the use of any type of public funds in such a way as to distort competition between EU member states (which is precluded by the Treaty on the Functioning of the EU).

statement of requirements – a simplified non-contractual specification.

statutory partnership – a partnership which is set up under statutory powers for specific purposes, with any powers conferred, and subject to any constraints imposed, by the statute.

step improvement – a major improvement, usually as a result of a conscious change of methods or other inputs, as distinct from steady improvement over time.

step-in rights – the rights of a finance-provider to assume direct control of a project if the contractor fails to meet any objective specified in the contractor's contract with the client.

strategic dependency – the dependency of a client on a service provider who has essential assets, client-knowledge, know-how or trade-links not available to any likely competitor.

subcontractors – contractors to whom main contractors subcontract some part of the work, often specialist work, or work during peaks of demand.

subletting – depending on the context, either the award of the whole of the work in a contract by the contractor who originally won it, to another; or leasing by a lessee of the whole of an interest in property, or the whole of it for part of the term, to another party (the sub-lessee).

subordinate debt – loans whose terms give them no special priority in liquidation.

subsidiarity – the principle that decisions about any question should not be taken by people at a higher level than those with a direct interest in that question.

subsidiary – an entity controlled by another entity.

subsidiary powers – statutory powers to carry out specified activities, or all activities needed in order to discharge statutory functions.

supplies – depending on the context, either supplies as defined by the public contract regulations, as distinct from services and works; or the services, supplies and works sold or recharged by any registered VAT taxpayer to any other body or person.

supply chain – the consecutive links between materials sources, suppliers, manufacturers, sellers and buyers.

supply chain management – arranging for the exchange of updated information between members at all levels of a supply chain as to likely levels of supply and demand.

supported businesses – businesses which provide supported workshops for disabled people.

sustainable development – development in such a way as to minimise the consumption of non-renewable materials or resources.

SWOT – strengths, weaknesses, opportunities and threats.

target-cost – a pricing mechanism in which a cost target is agreed or stipulated – the parties then share savings and cost over-runs in stated proportions, eg 50:50.

target-led tenders – tender based on the unit costs dictated by bonus targets.

task-and-finish contract – a contract for a single project to be completed by a specified date.

tax avoidance – management in such a way as to minimise tax liability by all legitimate means, eg by maximising use of all allowances and concessions available.

tax evasion – minimising tax liability by illegitimate means.

technical and commercial requirements – the requirements given from time to time to participants when the competitive dialogue procedure is used, stating the (evolving) requirements of client authorities, but always within the broader terms of the descriptive documents.

technical capacity – one of the tenderer selection criteria provided for by the public contract regulations.

technical dialogue – discussions with potential candidates to decide the best scope for a contract, always before issuing a contract notice.

Teckal exemption – the ruling by ECJ in the Teckal Srl case in 1998 that contracts between a contracting authority and a wholly owned company are not subject to the EU procurement directives.

tenant consultation – the statutory right of local authority tenants to be consulted about specified matters, such as the specifications to be used in housing management contracts.

tenants management organisation – a corporate body set up to manage some or all of the housing stock of a local authority, following a favourable vote by their tenants.

tenanted market value – the market value of property with sitting tenants.

tender – an offer by a contractor, usually in response to an invitation, to enter into a given contract.

tenderer selection criteria – the factors (strictly limited when the public contract regulations apply) which clients take into account in selecting tenderers.

tender evaluation models – simple mathematical models for comparing different tenders, in which each is given an assessment in 'points' against each of the advertised quality criteria. Their price differentials too may be expressed in points, so that a points aggregate can be ascertained for each tenderer. Alternatively the total quality points may be used to 'discount' the different tenders before comparing them one with another. See also bonus models, cost models, mathematical models, pricing models and points systems.

term contract – a contract to provide specified services, supplies or works for a specified period, or indefinitely, as distinct from a contract to do a discrete job.

the third sector – a term for charities, voluntary & community organisations, and social enterprises.

time preference rate – the expected or desired real rate of interest.

top-up competition – competition to cover peaks of work, when troughs are covered by staff or other contractors.

total costs – can refer to the principle that all service and product unit costs should include apportionments of all overheads and support service costs.

total quality management – the dedication of an organisation at all levels to high quality inputs, processes and outputs.

trade – exchange of goods between individuals, organisations, or nations.

transactional costs – ongoing costs that are associated with the contracted service but are incidental to the main delivery of the contract. They include the cost of managing the relationship with providers and monitoring data or reporting performance.

transfer value – can refer to the sum payable by one pension fund to another, as ascertained from tables, if an employee transfers between employers with no change of benefits.

transitional care – temporary care, usually while other care packages are arranged.

transparency – can refer to public exposure of information including how and why given decisions were made.

TUPE – Transfer of Undertakings (Protection of Employment).

turnkey contract – a contract in which a single contractor is responsible for providing all services including design and financing.

turnover – in accounting, usually refers to total sales.

two-stage competition – competition in which some only of the criteria are considered first, enabling a smaller number of tenders to go on to a second stage in which remaining criteria are considered.

two-tier workforce – a single workforce whose members have significantly different contracts of employment.

ultra vires – wholly outside or beyond legal powers ie not merely unlawful. Acts which are within legal powers but not fully in accordance with them are unlawful but not ultra vires. See also certified contracts.

unincorporated association – an association of any persons or bodies which is not a corporate body.

value added – the contribution which any work or process makes to the value of the ensuing product or service.

value analysis – a rigorous framework for the review of any administrative or manufacturing process, aimed at increasing its value.

value for money – economy, efficiency and effectiveness.

values statement –helps clarify and drive the culture of the organisation and its shared values.

vision statement – A vision statement communicates what the organisation wants to or should be as it seeks to fulfil its mission (see 'mission statement').

VAT input tax – VAT incurred on purchases of goods and services that are to be used for the purposes of the organisation/business.

VAT output tax – VAT charged on goods and services sold by the organisation/business.

wellbeing – a term used to describe economic, social and environmental wellbeing, which all wellbeing authorities have statutory power to promote.

whole life costing – a tool for considering all of the costs, and in some cases the income, associated with the acquisition of an asset including those occurring over the expected useful life of the asset. It is primarily used when assessing the costs and/or benefits of alternative asset purchase choices.

whole place community budgeting – the sharing by different agencies of their resources for two or more different services, and their *re-allocating* between services to better effect. Whole Place Community Budgets ultimately entail a different way of working, rather than a specific set of programmes or projects

winding up – legal procedures for termination of a company.

working capital – the term is used in various ways. It can refer to the capital required by a business to function effectively on a day-to-day basis. It can also represent the difference between current assets and current liabilities.

works – the term used by the public contract regulations for one, several or all building or civil engineering projects or contracts.

works concession contract – works contract under which the consideration given by the contracting authority is or includes the right to exploit the work or works to be carried out.

yield – the return on an investment, expressed as an annual real rate.

zero based budgeting – an approach that ignores the previous period's actual expenditure and instead starts from zero. Each project and service compile the budget as if it was being considered for the first time. This approach questions past assumptions and evaluates the value for money of each existing and new project and service.