

Glossary of Tender Terms

A

ABC - Authorities Buying Consortium

The largest non-profit making purchasing agency in Scotland, serving the buying needs of the public sector, charities and voluntary organisations.

Accelerated, Restricted or Negotiated Procedure

For high-value public sector contracts – the length of time of the tender or procurement response process may be shortened to accommodate special circumstances and/or emergencies.

Added Value Services

Often referring to additional services 'over and above' the basic contract specification. Added Value Services may be driven as a direct result of the basic contract specifications and may be either free or chargeable.

Aggregation

Adding together the value of separate contracts for the same supply contract, works or service

Appraisal

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

Approved List

A list of approved suppliers, contractors or service providers who have been pre-selected (usually through a tendering process) and from whom goods and services must be procured. See also **Preferred Supplier List**

Award

The issue of an order or contract to a supplier as a result of a competitive tendering/bidding process.

B

BAFO – Best and Final Offer

The detailed and fully priced offer submitted by a respondent for a contract, which represents their lowest price.

Benchmarking

A process of continuously measuring and comparing an organisation's processes against comparable organisations to gain information to help performance improvement e.g. 'best-in-class' achievement.

Best Practice / Good Practice

Proven and documented working practices that provide optimum operational performance within a specific business environment e.g. 'best in field'.

BQS - Better Quality Services

The guidance for central government departments on the creation of public/private partnerships through market testing and contracting out.

buying.solutions

The Government's leading procurement services organisation for the UK; it is a non-profit Executive Agency of the Office of Government Commerce in the Treasury.

BV - Best Value

The Government's alternative to the old Compulsory Competitive Tendering (CCT) system. The principles make clear that the duty of best value applies to all local authority services. The framework to put it into effect should promote local accountability and continuous improvement in service performance.

C

Call Off Contract

A contract made following a formal tendering process with one or more contractors, suppliers or service providers for a defined range of works, goods or services covering terms and conditions (including price) which users 'call off' to meet their requirements.

See also **Framework Agreement**

CPV - Common Procurement Vocabulary (Codes)

Codes used throughout the European Union to generically describe products or services. The use of CPV codes by public sector purchasers to define their requirements in a Contract Notice is mandatory. CPV codes can also be used in Non-OJEU Contract Notices as a means of classifying expenditure.

Competitive Contract Addendum

Notification showing changes, amendments or cancellation of a published Competitive Contract Notice.

Competitive Dialogue

A variation of the negotiated process, now available under new European Union Rules, that allows different options to be discussed before a particular solution is selected. It can be used in complex contracts where technical solutions are difficult to define or where the buyer needs the best solution to be developed.

Consortium

An unincorporated group of firms or individuals which has been formed with a view to pooling their strengths and resources to win contracts that they would not be able to in their own right.

Contract Notice or Competitive Contract Notice

OJEU public sector contract opportunity advertised via TED, OJEU, Supply2.gov etc (see other definitions).

These are classified by one of four 'Nature of the Contract' categories: Works, Services, Goods or Research (scientific).

Contract Documents

Documents incorporated in the enforceable agreement between a public sector body and a contractor, including contract conditions, specification, pricing document, form of tender and the successful tenderers responses (including method statements), and other relevant documents expressed to be contract documents (such as correspondence, etc.)

Contract Notice Award or Competitive Contract Notice Award

Published details of the company(s) which have been awarded a public sector contract subject to Competitive Contract Notice (see above).

Contract Notice Opportunities

These are formal calls for competition for public sector contracts and are classified by procedure type: Open Procedure / Restricted procedure / Negotiated Procedure (see relevant term).

Core competencies

What an organisation does well – its key business – as opposed to other products or services that it can or could offer.

Corporate Governance

An organisation's system of rules, procedures etc used to manage and fulfil its legal, financial and ethical obligations.

Corporate Social Responsibility - CSR

The Government sees CSR as the business contribution to our sustainable development goals. Essentially, it is about how business takes account of its economic, social and environmental impacts in the way it operates – maximising the benefits and minimising the downsides.

Cost Plus

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

D

Daily Rates

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

Dayworks

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

DBFM (design, build, finance and manage)

A contract (as used for the PFI) in which the service provider is responsible for all four aspects of the provision and management of a service.

DBFO (design, build, finance and operate)

A contract (as used for the PFI) in which the service provider is responsible for all four aspects of the provision and operation of an asset.

Debriefs

Giving positive, constructive feedback to competing suppliers on their performance at certain stages of the procurement process. It affords an opportunity for a supplier to improve performance in the future. In public sector procurement, a debrief is a legal obligation from the public body. There is no such obligation in private sector procurement.

Default

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

Deliverables

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

E

e-Procurement/e-Tendering

The term used to describe the use of electronic methods in every stage of the purchasing process from identification of requirement through to payment, and potentially to contract management. The purchasing process can include e-Sourcing, e-Procurement and e-Payment (including e-Invoicing).

Electronic Tendering Online – ELTON

A system to issue tenders electronically and allow companies to submit bids and proposals via email.

Estimate

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

EU thresholds

Financial levels or limits relating to the estimated value of a contract over its entire life-time. Where the value of a contract is expected to exceed the relevant threshold, the contracting authority must advertise the contract in the Official Journal of the European Union (OJEU), as established by EU procurement law.

Evaluation

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

Expression of Interest

See **Initial Expression of Interest**.

External Customers

The external customers of the organisation e.g. your customer's customers.

F

Firm Price

A price which is not subject to variation

Framework Agreement

A formal agreement with selected (or short-listed) suppliers. The purpose is to establish the terms of contract – in particular with regard to price and quantity. In other words, a framework agreement is a general term for agreements with a number of suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement.

G

Goods

The physical products provided by a supplier, e.g. stationery, computer consumables, construction materials, IT equipment, storage equipment.

Governance

The framework of authority and control within an organisation.

I

IEO - Initial Expression of Interest

High value public sector contracts are advertised via OJEU and usually start with asking parties interested in bidding to write and express their interest in bidding. This is different to a Periodic Indicative Notice (or Prior Information Notice). See also **PIN**.

museum-storage.co.uk

Innovation

Genuinely new ideas for products, services, processes, systems and social interactions – typically giving benefits to the contract.

Intellectual Capital

The value of an organisation that is not shown in its traditional financial accounts – the intangible assets of an organisation and is the difference between market and book value e.g. know-how, people, structure etc.

ISO - International Standards Organisation

An international standard-setting body composed of representatives from various national standards bodies producing world-wide industrial and commercial standards.

ITT - Invitation to Tender

The paper or electronic documentation issued to organisations invited to tender for a contract. Typically it includes a background, rules of tender, contract specification, questions or information required and a draft contract.

J

Joint Ventures – JV

A formal or informal partnership created to achieve a specific aim – typically to win a tender or PFI, PPP etc.

K

KPIs - Key Performance Indicators

Key Performance Indicators. Important (set of) measures by which the client will assess bids (and performance in fulfilling the contract).

See **SLA**.

L

Liquidated and ascertained damages

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

Letter of Acceptance

A letter that creates an immediate binding contractual relationship between the Council and the successful tenderer prior to entering into a formal contract.

Letter of Intent

A letter informing a successful tenderer that it is the Council's intention to enter into a contract with them in the future but creates no liability in regard to that future contract.

M

Market Testing

The process of comparing the efficiency of in-house (or incumbent) services against tenders from outside companies

MIS - Management Information System

The mechanism for measuring and reporting information relevant to the management of service delivery; typically information that assists both the supplier and customer.

Materials, Buildings and Equipment

Physical items in all their forms including stocks of raw materials and finished products, material in progress and fixed assets.

Master Vendor

The primary supplier who will manage the project using a range of sub-contractors or sub-suppliers and who is accountable to the end client for the overall performance of the contract.

Method Statement

The document used in a tender process which sets out questions for the suppliers to answer which helps the purchaser or procurement officer to understand how the goods or services will be delivered.

Mission Statement

A short statement that describes the purpose of an organisation, why it exists and its aims. Also see **Vision**.

MEAT - Most Economically Advantageous Tender –

The optimum combination of whole life costs and benefits assessed against pre-determined evaluation award criteria which will normally be detailed in the Invitation to Tender (ITT) or equivalent documentation.

MSP – Managed Service Provider

N

NSV - National Supplier Vocabulary (Codes) –

CPV numbers have been specially developed by the European Union for public procurement. Their main purpose is to provide a standardised vocabulary to help procurement personnel properly classify their contract notices (in the Official Journal of the European Union – OJEU) and to aid suppliers find the notices which are of interest to them.

NDA – Non-Disclosure Agreement

A non-disclosure agreement (NDA), also known as a confidentiality agreement, confidential disclosure agreement (CDA), proprietary information agreement (PIA), or secrecy agreement, is a legal contract between at least two parties that outlines confidential materials or knowledge the parties wish to share with one another for certain purposes, but wish to restrict access to. It is a contract through which the parties agree not to disclose information covered by the agreement. An NDA creates a confidential relationship between the parties to protect any type of confidential and proprietary information or a trade secret. As such, an NDA protects non-public business information. NDAs are commonly signed when two companies or individuals are considering doing business and need to understand the processes used in each other's business for the purpose of evaluating the potential business relationship. NDAs can be "mutual", meaning both parties are restricted in their use of the materials provided, or they can restrict the use of material by a single party. In rare cases, the contract may state that the existence of the NDA itself cannot be disclosed.

Negotiated Procedure

For high-value public sector contracts (see OJEU) – only chosen suppliers are invited to negotiate for a contract(s). This has limited use only e.g. extreme urgency, failure of open/restricted procedures or repeat of similar contract.

O

Official Order

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

OJEU - Official Journal of the European Union (formerly OJEC)

The publication in which all high-value public sector contracts in the EU must be advertised. (Also see TED)

Open Procedure

For high-value public sector contracts (see OJEU) – suppliers can apply without prior selection ie going through a Pre-Qualification Questionnaire (see PQQ). The EU Directives lay down the type of criteria which can be used to eliminate unqualified or unsuitable suppliers.

P

Parent Company Guarantee

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

Partnering Contracts

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

Performance Bonds

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

PFI - Private Finance Initiative.

A form of partnership between the private and public sector which is normally used for high risk/high value contracts, principally to raise money for higher value projects.

PPP - Public Private Partnership.

Very similar to a PFI arrangement, but the aim is centred more on service delivery than finance.

Preferred Suppliers List

A list of organisations preferred by public sector bodies to undertake certain works, supplies or services, following a competitive tendering exercise.

Procurement

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

Partnerships

A working relationship between two or more parties either creating added value for the customer or as a means to win contracts that individually they may not be successful with. Partners can include suppliers, distributors, joint ventures, and alliances. Note: Suppliers may not always be recognised as formal partners. (Also see [Joint Ventures](#).)

Periodic Indicative Notice, Prior Information Notice – PIN

An advance warning of a public sector contract to be tendered at some time in the future. The issue of a PIN does not guarantee that a contract will be placed. This is different to an Initial Expression of Interest (See also [IEO](#)).

PIN – Prior Indicative Notice

Used in OJEU to indicate a buyer's intention of going to tender on a proposed contract in the near future. Use of a PIN allows a buyer to use a shorter timeframe for the actual tender notice.

PQQ - Pre-qualification Questionnaire

A set of questions designed to help buyers select the most suitable bidders to be invited to tender.

PSA – Preferred Supplier Agreement

An arrangement between a corporation and supplier in which, in return for discounts or other advantages, the corporation requires its employees to source goods and services directly from that supplier only.

PSL – Preferred Supplier List

A list of suppliers maintained by an organisation from whom they will procure goods and services and which excludes all suppliers that are not on that list. Placing on the list will normally be as a result of completing a tender process.

PPP - Public Private Partnership –

Similar to PFI (above).

Public Sector, The

Specifically, the term 'public sector' refers to all bodies that are governed under public law.

Q

Quality

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

Quality Assurance (QA)

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

Quotation

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

R

RFI - Request for Information

An alternative term for PQQ.

See **Pre-qualification Questionnaire**.

RFP - Request for Proposal

A formal request for a proposal – can range from a simple proposal to a complex tender.

RFQ - Request for Quotation

Similar to RFP (above).

RFT

Request for Tender.

Restricted Procedure

For high-value public sector contracts (see OJEU) – suppliers are selected by an open first-round invitation eg a PQQ (see Pre-qualification Questionnaire). Any prospective supplier can apply to be included in the restricted list for the contract. Those suppliers who then meet the required criteria or ‘qualify’ will then be invited to tender. NB This is the most common type of tender for high-value contracts.

S

Schedule of Rates

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

Services

Intangible products, eg accounting, consulting, design, IT, staff recruitment.

SLA - Service Level Agreement -

A mechanism for helping a service provider and its customers achieve a shared understanding about services and service delivery. An SLA is a tool that helps manage the expectations, clarify responsibilities, and provide an objective basis for assessing service delivery.

See also **Key Performance Indicators**.

Shortlist

A list of suitable prospective suppliers that has been drawn up through a preliminary evaluation exercise for a particular contract or procurement activity

SMEs - Small and Medium-sized Enterprises

Official term – SME's are firms that employ less than 250 people and have a turn over of less than €50m.

Specification

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

Stage Payments

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

Standstill Period

Once the buyer has announced who it intends to award the contract to, a “standstill period will follow. This is when suppliers can ask for feedback on the award decision and also challenge the decision if they wish to.

Storyboard

A technique for outlining the contents of each section of a tender response, bid or proposal. There are several organisations, such as Sant, Concurrence and Pragmatech, who provide software specifically for the purpose of producing tender responses quickly and effectively.

Sub-contracting

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

Supplier Engagement

In simple terms, working with suppliers to achieve mutual goals – as opposed to ‘them and us’.

Supply Chain

The flow of resources into and out of the enterprise's collective operations eg an IT supply chain is the flow of resources into and out of its IT operations. The chain can be said to start with the suppliers of your suppliers and ends with the customers of your customer.

Sustainable Development

A widely-used and accepted international definition is: 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs' e.g. the environmental and social impact of today's actions that may affect the ability of future generations.

Sustainable Procurement

The application of sustainable development principles to procurement (see above).

T

Tender / Tendering

A formalised process of bidding for work, services or contracts. See ITT.

Tender documents

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

Tender evaluation

Detailed assessment and comparison of offers from contractors, suppliers or service providers. Normally focuses on examining how the tender proposals will deliver the service (quality) and the cost of the service (price).

Tenders Electronic Daily – TED

The official website for EC tender information <http://ted.europa.eu> and publishes the Official Journal of the European Union (see OJEU).

Tier 1 Supplier

An organisation at the top of the supply chain providing goods or services directly to the end client – also known as the Main Contractor.

V

Values

Represent the beliefs within an organisation and are demonstrated through the day-to-day behaviours of its employees.

Value for Money

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

Vision

A statement describing how an organisation wishes to be in the future. (Also see **Mission Statement**.)

W

Whole Life Costs

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

Works or Programme of Works

Definition of the tasks and elements to be supplied under (usually) a construction or building services contract.