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The points you have raised in relation to the procurement of a service to manage boats moored to the Environment Agency's land, contract reference 'EAMoorings2020' ('**Procurement**') cause us concern and when considered in combination I acknowledge that the Procurement and its management has not been carried out to our highest standards.

I have focused on those parts of your complaint that relate to the Procurement. Where the complaint relates to the management of the moorings in general the comments have not been addressed in this response, however, we will continue to engage with you and other stakeholders through the appropriate groups.

Value of the Procurement

It is important to address the value of the Procurement first as this dictates the procedure that the Environment Agency were required to follow. In designing the Procurement its value was determined only by the internal budget available for the services sought or approximately £25,000 per year. This budget, over the life of the contract, was significantly below the threshold required to engage any formal procurement process required by the Public Contract Regulations 2015 ('**PCR**'). Accordingly, as the perceived value of the Procurement was well below the PCR threshold of £189,330 it was not thought to be subject to all of the formal requirements set out in the PCR. This incorrect perception that the Procurement was valued at about £25,000 per year was held until the Procurement was reviewed

following your complaint. Note, that the regulations relating to the procurement of concession contracts (the Concessions Contracts Regulations 2016) are not applicable to the Procurement.

If the Procurement was re-run I expect the overall value to be determined inclusive of all charges or options, including a management fee and the value of a profit share in mooring charges. It is possible therefore that the value of any new procurement will exceed the PCR threshold, this will be assessed at the appropriate time.

Assessment of cost

The procedure to evaluate cost in the Procurement required the assessment of the price to include any proposed profit share arrangement. The cost assessment of the profit share arrangement was not evaluated correctly for either bidders' submissions. I am satisfied that this was a mistake and that the motivation of the evaluators was to try to compare the bids fairly; nevertheless it was a mistake and in my opinion has undermined the procurement.

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As a result of the errors in the assessment of the overall value of the Procurement and the assessment of cost and therefore following the procedure set out in the RFQ, I have recommended that the Procurement is abandoned. Accordingly, we have informed DE that we will determine the contract with them. We have not yet decided when we will conduct a new procurement exercise. I sincerely apologise for the way the Procurement was carried out.

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Yours sincerely

Alice Mayne
Deputy Director, Navigation and Commercial
Environment Agency