City of London Corporation Committee Report

Committee(s): Projects & Procurement Sub-Committee – For decision Finance Committee – For decision	**Dated:** 19/05/2026 02/06/2026
Subject: Drug and Alcohol Inpatient Detoxification provision	**Public report:** For Decision
This proposal: • **delivers Corporate Plan 2024-29 outcomes**	Outcomes: 1, 2, 3, 4, 8
Does this proposal require extra revenue and/or capital spending?	Not applicable
If so, how much?	Not applicable
What is the source of Funding?	Protected Drug and Alcohol funding in the local authority's Public Health Grant and Pan London Substance Use Programme - Local Authority banked reserve.
Has this Funding Source been agreed with the Chamberlain's Department?	Not applicable
Report of:	Judith Finlay Executive Director of Community and Children's Services.
Report author:	Bridget O'Dwyer, Lead Commissioner, Pan London Substance Misuse Programme Community and Children's Services. Mohammad Mostafa Commercial Services

Summary

This report seeks approval to undertake an Invitation to Tender exercise and, following completion of that process, award a contract for drug and alcohol inpatient detoxification provision for London under Regulation 11 (Competitive Process) of the Health Care Services (Provider Selection Regime) Regulations 2023 (the PSR) at an estimated

total value of £7.9m over three years. It is intended that the new contract to be procured would commence in January 2027.

The City of London Corporation hosts the Pan-London Substance Use Programme on behalf of London local authority partners. The programme is funded through a combination of protected drug and alcohol funding within the local authority Public Health Grant (which includes London Consortia grant funding, which is a separate allocation within City and Hackney's Public Health Grant) and Pan-London Substance Use Programme local authority banked reserves. The City Corporation has acted as lead commissioner for these services since 2021.

The current contract delivered by Guys and St Thomas NHS Foundation Trust (GSTT) ended on 31 March 2026, and an Exit Plan was agreed with GSTT to formally close down the service. Directors of Public Health in London, the London Office for Health Improvement and Disparities (OHID), London boroughs and key partners have collectively agreed that a new model of provision should be procured for the next three years.

Recommendation(s)

This report seeks approval to undertake a competitive procurement exercise and, following completion of that process, award a contract for drug and alcohol inpatient detoxification provision for London under Regulation 11 (Competitive Process) of the PSR at an estimated total value of £7.9m over three years and the evaluation criteria on a 55 / 15 / 30% Quality / Responsible Procurement / Price ratio.

Technical response has been weighted at 55% to reflect evidence in response to ensure there is a strong clinical quality of care for clients with multiple clinical complexities and disadvantages.

Members are asked to:

- Note the report.
- Approve the use of Regulation 11 (Competitive Process) of the PSR to undertake a procurement exercise for drug and alcohol inpatient detoxification provision for London, as set out in this report.
- Endorse this committee paper for onward approval by the Finance Committee.

Main Report

Background

1. In 2020, following a sustained reduction in the availability of drug and alcohol inpatient detoxification provision across London, London partners developed a Pan-London approach to commissioning this specialist service using government grant funding.

2. In 2021, a competitive procurement exercise was undertaken for the provision of inpatient detoxification beds for London residents with complex needs. This resulted in the award of a contract to GSTT, which has delivered the service since 2021. Contracts have also been awarded to GSTT via the Direct Award process C of the PSR.

3. The City of London Corporation acts as lead commissioner for the Pan-London Substance Use Programme on behalf of participating London local authorities and partners. Members should note that a previous waiver report relating to the existing contractual arrangements was considered by the Projects and Procurement Sub-Committee in February 2025.

4. The existing contractual arrangements procured via Direct Award Process C of the PSR have now reached their end date, and London partners have agreed that a new procurement exercise is required to secure provision for the next three years.

5. Due to the London Inpatient Detoxification (IPD) Steering Group's timeline in deciding when to instruct the City of London Corporation to undertake a new ITT, there will be a gap in service delivery during the ITT exercise. To mitigate the gap in service delivery, the Association of Directors of Public Health London have released £200,000. of Local Authority reserve to fund interim beds via the new London IPD Portal, which has recently been commissioned by the City of London on behalf of the Programme.

Current Position

6. Protected drug and alcohol funding within the local authority Public Health Grant has been confirmed for a three-year period at a total value of £6.9m. When combined with local authority banked reserves held within the Pan-London Substance Use Programme, the estimated total budget available for a new three-year contract is £7.9m.

7. Due to the increasing financial gap between government grants and the current cost of alcohol inpatient detoxification provision, the Directors of Public Health in London, the London Office for Health Improvement and Disparities (OHID), London boroughs and key partners took a collective decision to go to market for drug and alcohol inpatient detoxification provision in London from April 2026, following the end of the current contract delivered by GSTT on 31 March 2026.

8. The City Corporation intends to undertake a competitive procurement exercise and award a contract for drug and alcohol inpatient detoxification provision for London

under Regulation 11 (Competitive Process) of the PSR at an estimated cost of £7.9m.

9. The market for drug and alcohol inpatient detoxification provision is limited. The City Corporation has therefore undertaken pre-market engagement to test market interest and inform the development of the service specification and delivery model. The pre-market engagement exercise received a strong provider attendance, however subsequent feedback was limited, and London has a history of reduced IPD availability. There are a number of IPD Providers who deliver outside London that have expressed interest in the ITT, and the new service specification will include consideration that IPD provision can be delivered close to London.

10. Assessing value for money is challenging because this is a specialist and relatively unique Pan-London service. Benchmarking has been undertaken against inpatient detoxification services elsewhere in the country; however, direct comparison is limited due to differences in scale, case complexity and the London-wide model designed for highly vulnerable cohorts.

Options

11. **Option 1 –** Undertake a competitive procurement exercise under Regulation 11 (Competitive Process) of the PSR and award a new three-year contract for drug and alcohol inpatient detoxification provision for London, with an estimated total contract value of £7.9m. This option provides an open and transparent route to market, enables testing of the market, supports value for money, and reflects the collective decision of London partners to procure a new model of service.
    Affordability within the £7.9m funding envelope will be ensured by a fair and transparent procurement process and evaluation of bids. Award criteria will include the life-cycle cost

    We have engaged the market earlier to ensure providers understand requirements and receive market feedback on realistic of scope of service and the realistic funding envelope.

Advantages	Disadvantages	Risks

Compliant route to market	More time is needed to carry out procurement exercise, which will breach continuity of care for people who sleep rough/at risk of sleeping rough post-inpatient detoxification/stabilisation.	Due to the late confirmation of the grant award and the subsequent City of London Corporation's procurement and in the compliance process, there will not be sufficient time to complete a competitive process. To mitigate a gap in service delivery, the London IPD steering group is currently considering options for an interim IPD bed supply by utilising Local Authority reserves, separate from the DHSC grant.
Allows competition		
Encourages differing methods of service delivery		

12. **Option 2 –** Seek to continue provision through a direct award under the PSR to the incumbent provider, GSTT, for a further three-year period, subject to the conditions for Direct Award Process C being satisfied.

    This option is not recommended because the London IPD Steering Group has instructed the City to undertake an Invitation to Tender for a new model of care. GSTT have also notified the City Corporation of the closure of its current provision as of 31.3.2026.

Advantages	Disadvantages	Risks
Assurance and continuity of service delivery in London until the end of 2028/29.	Not aligned to the London IPD Steering Group instruction: Incumbent IPD Provider contract ends 31.3.2026 London IPD Steering Group have directed the City of London Corporation to go out to tender with a new model of delivery.	The option is not aligned to the London IPD Steering Group instruction.
Limits the amount of resources needed to contract the service.		City of London Corporation would be operating outside Pan-London Substance Misuse Programme governance structure.

Recommended Option

13. The recommended option is **Option 1.** This will enable the City Corporation, as lead commissioner for the Pan-London Substance Use Programme, to fulfil its commissioning responsibilities and implement the collective decision of the Directors of Public Health in London, OHID, London boroughs and key partners to procure a new service model for the next three years. In addition, following confirmation of the contract end date, the incumbent provider, Guys and St Thomas NHS Foundation Trust (GSTT), has notified the City Corporation of the closure of its drug and alcohol inpatient detoxification provision. A competitive procurement exercise is therefore the most appropriate route to secure replacement provision.

Proposals

14. Approval is sought to commence a procurement exercise under Regulation 11 (Competitive Process) of the PSR for a new contract for drug and alcohol inpatient detoxification provision for London. This reflects the agreed direction of London partners and will enable the City Corporation, as lead commissioner, to secure a new model of service from the available market.

Procurement Timetable

Key dates in the procurement are:

1. Tender opens – June 2026
2. Tender closes – July 2026
3. Identification of Successful Provider – August 2026
4. Contract Notification – September 2026
5. Mobilisation of service – October / December 2026
6. Service Commencement – 1st January 2027

Key Data

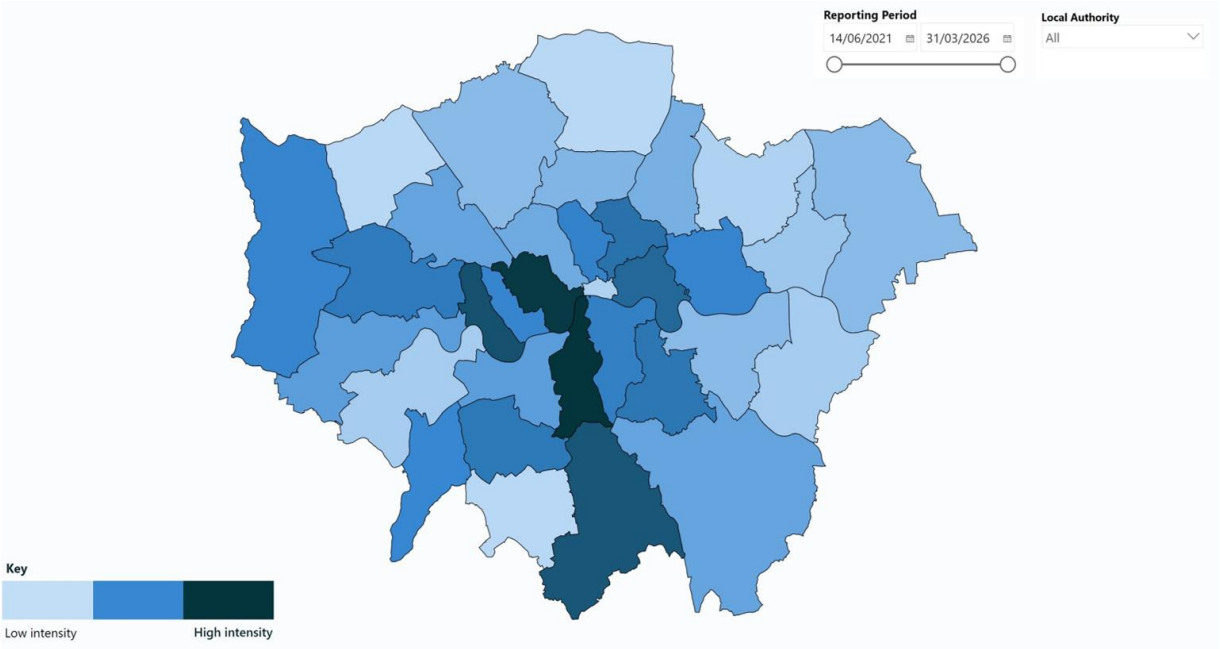
15. Since the commencement of the Pan-London Substance Use Programme on 14.6.2021 up to 31st March 2026, the inpatient detoxification unit delivered by GSTT recorded 1,319 admissions with an average length of stay of 10 days:

London Inpatient Detoxification beds: 14.6.2021 – 31.3.2026

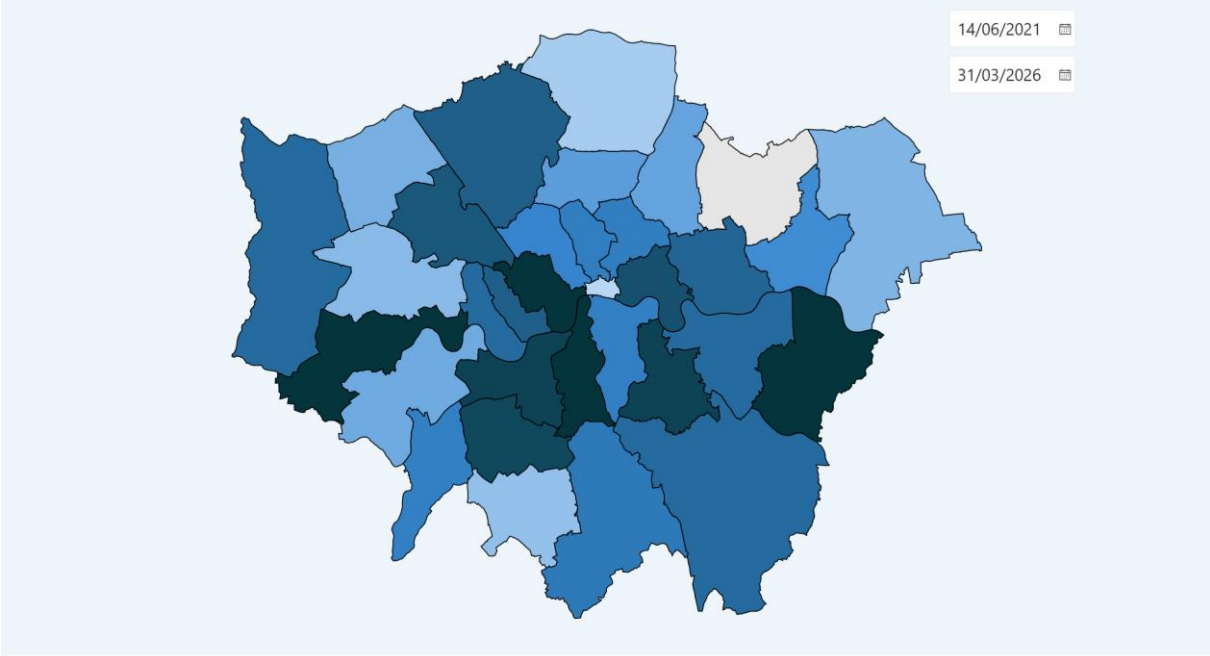
Client cohort	Admissions	Treatment Success
People who sleep rough/at risk of Sleeping Rough/multiple disadvantages.	497	84%

London residents with complex care needs/multiple disadvantages.	832	91%

Local Authority usage of London IPD (People who Sleep rough/at risk of sleeping Rough) beds - 14.6.2021 – 31.3.2026



Local Authority usage of London IPD (London residents with complex care needs) - 14.6.2021 – 31.3.2026



Overall Local Authority usage of London IPD beds: 14.6.2021 – 31.3.2026



16. The new service will be monitored through the National Drug Treatment Monitoring System NDTMS - Home, including data on substance categories, socio-demographic profile, mental health treatment needs and routes into treatment. Local monitoring arrangements will also cover clinical governance, safeguarding, service interdependencies, responsible procurement requirements, and workforce skills and competency.

Corporate & Strategic Implications

Strategic implications

17. This is a unique Pan-London service for a highly vulnerable cohort. Failure to secure approval to procure a replacement provision would present reputational risk to the City Corporation in its role as lead commissioner and could undermine delivery of the wider Pan-London Substance Use Programme.

Financial implications

18. The service is funded through a combination of protected drug and alcohol grant funding within the Public Health Grant and local authority reserves held for the Pan-London Substance Use Programme. The estimated total contract value over three years is £7.9m. Spend will be contained within the approved funding envelope. There is no additional call on City Corporation local resources beyond its role as lead commissioner, although there remains a financial management and governance responsibility to ensure expenditure is compliant with funding conditions and approved budgets. Award criteria will include the life-cycle cost of the service, and financial monitoring will be a standing agenda item at quarterly contract performance. Provider expenditure will be monitored alongside the Provider's pricing schedule submitted at the time of bid, and variation of spend or forecast will require Provider rationale and mitigation of impact on service.

Resource implications

19. The commissioning, procurement and contract management resource associated with this service is funded through the programme's grant arrangements.

Legal implications

20. The Comptroller and City Solicitor have been consulted in the preparation of this Report and have commented as follows: -.

    Section 2B of the National Health Service Act 2006 (as inserted by section 1) of the Health and Social Care Act 2012 requires that each local authority must take steps as it considers appropriate for improving the health of the people in it's area. This includes, but it is not limited to, the provision of services or facilities for the prevention, diagnosis, or treatment of illness.

21. The legal framework for the procurement will not only be governed by the PSR, but also secondary legislation, including: -
    - The Procurement Act 2023 (Consequential and Other Amendments) Regulations 2025, which amended the PSR..
    - National Health Services Procurement, Slavery and Human Trafficking) Regulations 2025 are due to be implemented into UK law on the 17th May 2026.

The recommended option 1 is supported subject to the following caveats: -

(i) A Modern Slavery Risk Assessment is being undertaken and agreed in consultation with the Responsible Procurement Manager. Guidance by NHS England will need to be taken into consideration. Commercial Services must, within their timeline for the procurement, allow time for this Assessment to be completed before publishing any Notice inviting bids under the PSR

(ii) The position is being clarified as to whether the City Corporation, or the London Borough of Hackney, will act as the Accountable Body regarding the financial aspects of the grant. Furthermore, whether any separate Memorandum of Understanding will be required to be entered into with any of the London Boroughs in respect of this contract.

(iii) The Insurance indemnity limits for the contract being agreed in consultation with the Chamberlain's Risk Management and Insurance Team. This is a contract where the blanket indemnity approval previously obtained in accordance with Regulation 13.6 of the City Corporation's Financial Regulations will apply. The contract is to be tendered upon NHS England's Public Health Services Contract 2026/27, which came into force on the 1st April 2026.

(iv) NHS England's PSR Toolkit is being adopted, and NHS England's PSR Statutory Guidance is being taken into consideration.

(v) All Notices for the procurement under the PSR being agreed in consultation with the C&CS before being published by Commercial Services.

(vi) A Data Protection Impact Assessment is being undertaken in accordance with Article 35 of the UK GDPR to mitigate any data protection risk.

(vii) In the event the successful bidder is an NHS body, NHS Trust, or equivalent, the Chamberlain will be requested to undertake a financial assessment upon the successful bidder.

(viii) The C&CS is being kept updated by Commercial Services on all stages of the procurement. A mandatory standstill period of 8 working days will apply for all contracts tendered under the Competitive Process of the PSR.

Risk implications

22. Failure to secure replacement provision for the next three years would risk interruption to a critical service for a vulnerable cohort, may place delivery of grant-funded programme objectives at risk, and would present reputational risk to the City Corporation as lead commissioner. These risks will be mitigated through a compliant procurement process, clear service specification, financial assessment of the provider and robust contract management on a quarterly basis, including performance and expenditure, which will be a standing agenda item.

Equalities implications

23. No adverse equalities impacts have been identified at this stage. An updated Equality Impact Assessment will be undertaken as part of the development of the new service model and procurement process.

Climate implications

24. The Responsible Procurement Team has been consulted, and relevant sustainability and responsible procurement considerations will be reflected in the service specification and contract documentation where appropriate.

Security implications

25. Not applicable.

Conclusion

26. This report seeks approval to undertake a procurement exercise and, following that process, award a contract for drug and alcohol inpatient detoxification provision for London under Regulation 11 (Competitive Process) of the PSR at an estimated value of £7.9m over three years. Approval will enable the City Corporation to continue commissioning a vital service for a highly vulnerable cohort across London.

Appendices

None

Background Papers

None

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