

Completed acquisition by Acadia Healthcare Company, Inc. of Priory Group No. 1 Limited

Notice under paragraph 2(4) of Schedule 10 to the Enterprise Act 2002 – consultation on modifications to proposed undertakings in lieu of reference pursuant to section 73 of the Act

ME/6587/16

Introduction

1. On 7 October 2016, the CMA issued a Notice of Consultation on the Proposed Undertakings to address the competition concerns identified in its SLC decision of 14 July 2016. The terms defined in the Notice of Consultation have the same meaning in this Notice.

The proposed modification

2. The CMA proposes to modify the Proposed Undertakings by adding the Priory *Brighton* site to the list of sites to be divested set out in the Annex to the Proposed Undertakings. The undertakings as modified are referred to as the **Modified Undertakings**. The full list of proposed sites to be divested are set out in Annex 1 to this notice. The details of the Priory *Brighton* site are set out in Annex 2 to this notice. The Priory *Brighton* site was one of the 22 sites listed for divestment in the Notice of Consultation of 7 October 2016, but was omitted from the text of the Proposed Undertakings.
3. The text of the Modified Undertakings has now been published on the case page, including details of the Priory *Brighton* divestment site.

Proposed decision and next steps

4. For the reasons set out in the Notice of Consultation of 7 October 2016, the CMA currently believes that the Modified Undertakings and the purchase of the Divestment Business by either of the Proposed Purchasers, in the circumstances of this case, is appropriate to remedy, mitigate or prevent the

competition concerns identified in the SLC Decision and form as comprehensive a solution to these concerns as is reasonable and practicable.

5. The CMA therefore gives notice that it proposes to accept the Modified Undertakings in lieu of a reference of the Merger for a phase 2 investigation. The text of the Modified Undertakings is available on the CMA case page.¹
6. Before reaching a decision as to whether to accept the Modified Undertakings, the CMA invites interested parties to make their views known to it. The CMA will have regard to any representations made in response to this consultation and may make modifications to the Modified Undertakings as a result. If the CMA considers that any representation necessitates any material change to the Modified Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.²
7. Representations should be made in writing to the CMA, addressed to:

Maxwell Harris
Mergers Group
Competition and Markets Authority
Victoria House
37 Southampton Row
London
WC1B 4AD

Email: maxwell.harris@cma.gsi.gov.uk

Deadline for comments: 31 October 2016

¹ See [Acadia - Priory case page](#)

² Under paragraph 2(4) of Schedule 10 to the Act.

Annex 1

List of the proposed Divestment Sites

Divestment Site	Current Owner	SLC Market(s) Addressed
<i>Cefn Carnau</i>	Priory	The supply of certain Secure Services in the catchment area of <i>Cefn Carnau</i> .
<i>Chadwick Lodge and Eaglestone view</i>	Priory	The supply of: a) certain Secure Services in the catchment area of <i>Chadwick Lodge and Eaglestone View</i> ; and b) certain Rehabilitation Services in the catchment areas of <i>Chadwick Lodge and Eaglestone View</i> .
<i>Farmfield</i>	Priory	The supply of certain Secure Services in the catchment area of <i>Farmfield</i> .
<i>Thornford Park</i>	Priory	The supply of certain Secure Services in the catchment area of <i>Thornford Park</i> .
<i>Rhodes Wood</i>	PiC	The supply of CAMHS ED 13-18 Services in the area between the Priory sites of <i>Roehampton</i> and <i>Chelmsford</i> and the PiC facility of <i>Rhodes Wood</i> .
<i>Potters Bar</i>	Priory	The supply of certain Acute Services in the catchment area of <i>The Dene</i> and in the catchment area of <i>Kneesworth</i> .
<i>Brighton</i>	Priory	The supply of certain Acute Services in the catchment area of <i>The Dene</i> .
<i>Recovery First</i>	Priory ³	The supply of certain Rehabilitation Services in the catchment area of <i>Cheadle</i> .

³ The *Recovery First* facility is operated by Priory in partnership with the Greater Manchester West Mental Health NHS Foundation Trust.

<i>Ty Gwyn Hall</i>	Priory	The supply of certain Rehabilitation Services in the catchment areas of <i>Aberdare, Bristol, Church Village</i> and <i>Ty Gwyn Hall</i> .
<i>The Copse</i>	PiC	The supply of certain Rehabilitation Services in the catchment areas of <i>Aberdare, Bristol</i> and <i>Church Village</i> .
<i>Aderyn</i>	PiC	The supply of certain Rehabilitation Services in the catchment areas of <i>Aberdare</i> and <i>Bristol</i> .
<i>Rosebank House</i>	PiC	The supply of certain Rehabilitation Services in the catchment areas of <i>Bristol, Hemel Hempstead</i> and <i>Ticehurst</i> .
<i>Bromley Road</i>	PiC	The supply of certain Rehabilitation Services in the catchment areas of <i>Hemel Hempstead</i> and <i>Ticehurst</i> .
<i>St Neots</i>	Priory	The supply of certain Rehabilitation Services in the catchment areas of <i>Hemel Hempstead</i> and <i>St. Neots</i> .
<i>Braeburn House</i>	Priory	The supply of certain Rehabilitation Services in the catchment area of <i>Highbank Centre</i> .
<i>Keighley</i>	Priory	The supply of certain Rehabilitation Services in the catchment areas of <i>Highbank Centre, Keighley</i> and <i>Middleton St George</i> .
<i>Brierley Court</i>	PiC	The supply of certain Rehabilitation Services in the catchment area of <i>Highbank Centre</i> .
<i>Springwood Lodge</i>	PiC	The supply of certain Rehabilitation Services in the catchment area of <i>Highbank Centre</i> .
<i>Sturt House</i>	Priory	The supply of certain Rehabilitation Services in the catchment area of <i>Sturt House</i> .
<i>Spinney</i>	PiC	The supply of certain PICU Services in the catchment area of <i>Cheadle</i> .
<i>Arbury Court</i>	PiC	The supply of certain PICU Services in the catchment area of <i>Cheadle</i> .
<i>Wellesley</i>	PiC	N/A

Annex 2

Details of Priory *Brighton*

Hospital	Priory Brighton and Hove (14-18 New Church Road, Brighton & Hove, East Sussex BN3 4FH)
Service lines and beds	Total – 17 beds Acute – 17 beds
Ownership	[REDACTED]
Staff	Hospital director: [REDACTED] CSM: [REDACTED] Medical Director: [REDACTED] SSM: [REDACTED] Total – [80-90] staff ([50-60] employed; [30-40] bank staff) Clinical – [50-60] staff Non-clinical – [30-40] staff
Financial information	2015 Turnover: £[REDACTED] EBITDAR: £[REDACTED] [REDACTED].
Key contracts	<u>CCG/Trust contracts</u> [REDACTED]. <u>Other contracts</u> Pharmacy, food and utilities services are supplied under group-wide contracts and it is anticipated that the purchaser will ultimately enter into an agreement with such services suppliers independently. The purchaser will also be given the option to avail of transitional support arrangements for supplier contracts. Any local supply contracts will remain in place.