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Baroness Barker
House of Lords
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28 JUL 2010

Dear Liz,

Equity and Excellence: Liberating the NHS

Following my oral statement on 12 July announcing the Government's NHS White Paper, I thought it would be helpful to write to clarify a number of points.

You raised the issue of loss-leaders among providers. As economic regulator, Monitor will in future be responsible for setting prices for NHS services which are subject to national tariffs. It will also have powers to investigate and prevent anti-competitive behaviour. Monitor will have concurrent powers with the Office of Fair Trading to enforce EC and UK competition law, which prohibits below-cost pricing in some circumstances.

During the debate around safeguards against loss-leaders compromising essential standards in the quality of care, I said that the NHS Commissioning Board would be responsible for inspection and licensing against essential standards. Of course, I should have said the Care Quality Commission, which will continue to act as a quality inspectorate across health and social care for both publicly- and privately-funded care. Providers will have a joint licence overseen by both Monitor and CQC to maintain essential levels of safety and quality, and to ensure continuity of essential services. The NHS Commissioning Board will provide national leadership on commissioning for quality improvement above essential standards.

You asked if the Government's wish to create the largest and most vibrant social enterprise sector in the world would mean that existing providers of health services would cease to be providers of those services in the future. That is certainly not our intention. We see foundation trusts as part of the social enterprise sector and want to free them from constraints so that they can innovate to improve care for patients. We have now published further details of our proposals in *Liberating the NHS: Regulating healthcare providers*, and will be consulting over the summer.

Yours ever,

Freddie

EARL HOWE

cc: Baroness Thornton
The Earl of Onslow
Lord Walton of Detchant
Lord Campbell-Savours
Baroness Northover
Baroness Morgan of Drefelin
Lord Snape
Lord Newton of Braintree
Baroness Finlay of Llandaff
Lord Warner
Baroness Wall of New Barnet