

GUY'S AND ST THOMAS' NHS FOUNDATION TRUST

SPS POSTAL SERVICES SOLUTION RELEASES £1M FOR FRONT LINE SERVICES

When Guy's and St Thomas' NHS Foundation Trust initiated a Cost Improvement Programme targeting a 10% reduction in corporate and overhead costs, they approached SPS to deliver £100k of savings within mail services. SPS launched a project to re-engineer the outbound mail process and realised almost £200k of savings within the first nine months and a total of £577k by the end of the next fiscal year.

Just over three years later the service has delivered £1 million worth of savings, ten times the original target.

The Challenge

Guy's and St Thomas' has over two million patient contacts each year and generates a large volume of outbound mail to support patient communication. Appointment letters and specialist mail including samples and vaccines amounting to 76,000 items a week are sent out, representing a significant cost to the Trust.

Many communications are time critical, necessitating priority delivery methods that incur high costs. Priority items were being despatched using the Royal Mail's Business Mail service, whilst other mail was being franked on-site for second class despatch.

The Solution

SPS analysed the outgoing mail and identified a three tiered approach to creating savings that would not compromise the service to patients and other service users.

1. Broadening the range of tariffs available through new mail preparation activities that enable access to Downstream Access (DSA) postage discounts
2. Careful classification of outbound mail would segregate standard and priority mail more effectively to ensure premium delivery channels were only used when necessary.
3. User education campaign to improve mail production standards that enable access to reduced mail tariffs



23%

plus savings using DSA



Guy's and St Thomas'
NHS Foundation Trust

About Guy's and St Thomas' NHS Foundation Trust

Guy's and St Thomas' NHS Foundation Trust is an NHS foundation trust. It runs Guy's Hospital in London Bridge, St Thomas' Hospital in Waterloo, Evelina London Children's Hospital and community services in Lambeth and Southwark.

Guy's Hospital was first established as an NHS Trust including University Hospital Lewisham, but in 1993 Lewisham became independent and Guy's and St Thomas' joined together.



Learn more about our solutions:

Standard Mail

SPS calculated that instead of franking mail in-house, a time consuming process, the in-house mailroom team could spend the time sorting mail into OCR readable and non-readable categories for collection by downstream access mail providers. By approaching DSA companies to negotiate the best available rates based on the volumes of pre-sorted mail that the Trust would be sending SPS achieved average savings of over 23%.

User Education

From the outset of the new sortation service, 45% of mail qualified for the OCR rate, attracting the highest available discount of 30%. Of the remaining mail 30% qualified for the Mechanical Sort rate (securing a 19% discount) and 25% for the Hand Sort rate (saving 16% on standard second class franked mail).

To increase the quantity of mail qualifying for the highest discounts the SPS team have been working with the Trust's Admin Teams to educate service users on how to prepare their mail. Posters and flyers have been issued to every department and detailed management information by department highlights which areas are not achieving the anticipated savings, enabling a targeted approach to behaviour change.

As the effects of the education campaign has taken hold, the proportion of OCR mail and savings has increased. The reduction in cost has not affected the delivery timelines, in fact, post arrives on average one day earlier.

Priority Mail

Following the success of standard mail project, analysis of the priority, next-day delivery service was conducted. This demonstrated that the Business Mail service being used was not the most cost efficient option for the Trust. The added costs of administration and the reliance on reclaiming VAT meant that switching to franked first class mail would realise an effective saving of almost £100k.

The Benefits

Four years into the contract savings have reached £1.25 million, an annual figure that would fund 17 Band 3 nurses.



Next Steps

Now, three years on, mail from the Trust is sent via SPS' London Mail Centre where the automated sortation and addition of CBC's (Customer Barcodes) enables most letter mail to qualify for further discounts.

Focusing on communication costs has driven discussions about other ways to save money and enhance performance and productivity. This had led to the use of SPS' hybrid mail and print solution within the Children's Hospital.

This enables users to print documents from their desktops as they normally would, but production actually occurs at SPS' central production facility where print costs are 50–60% lower than on local printers. Mail is enveloped and despatched at the SPS site and the maximum postal discounts are applied based on the selected delivery options.



Downstream Access Options Explained

Downstream Access (DSA) providers are postal "wholesalers" who are able to claim advantageous rates from the Royal Mail by pre-processing mail before it enters the Royal Mail system.

The DSA suppliers offer discounted rates for postage based on the work they need to do to before handing the mail over to the Royal Mail and this is mainly dependent on the level of sorting required.

Mail is classed as OCR mail, where the font and postcode can be read by machine, Mechanical Sort that offers some degree of automation and Hand Sort where the envelopes are handwritten or have non-standard layouts or fonts, requiring more effort to process.