

GUY'S AND ST THOMAS' NHS FOUNDATION TRUST

How SPS' postal services solution released £1,000,000 for front line services

Challenge

76,000

Items sent out every week
Costly outbound communications with 3m patient contacts annually

Solution

Efficient Service

Operational and resource efficiency gains through automated off-site services.

Benefits

£1M

Savings over the past three years
Cost savings diverted to critical resources

SPS has been running the post room operations at Guy's Hospital and St Thomas' Hospital since 2015. When, in 2016 the 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 first fiscal year. In the first three years the service delivered £1,000,000 worth of savings, ten times the original target.

Challenge

Guy's and St Thomas' has over three 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.

Efficiency was suffering and the mailroom was cluttered, but the Trust wanted to maintain the freedom of its staff and continue its personal package policy. How could it find a balance between the two?

Solution

SPS analysed the outgoing mail and identified that very quick savings could be delivered that would not compromise the service to patients and other service users:

- Rather than franking 2nd Class envelopes in the hospitals' two post rooms, SPS took the un-franked envelopes to one of its offsite mailing centres and automatically pre-sorted them via its high speed sortation machines into Royal Mail delivery areas. The correct postage indicia was applied and the letters were handed to the Royal Mail pre-sorted for "final mile" delivery within their normal 2nd Class SLAs. This pre-sortation enabled Downstream Access (DSA) postage discounts of approximately 23%, with the savings passed on to the Trust.
- Careful classification of outbound mail segregated standard and priority mail more effectively to ensure 1st Class was only used when really necessary.
- User education campaign to improve mail production standards that enabled access to reduced mail tariffs.

Additional savings

By not having to frank thousands of letters in the hospitals' post rooms, (a very time consuming and labour-intensive process), the in-house post room teams could be redeployed for other tasks. Furthermore, the size of the franking machine fleet was reduced, thus reducing lease and consumable costs.

User Education

In order to benefit from the highest postal discounts, the Downstream Access process requires machine-readable addresses to be printed on the letters.

To increase the quantity of mail qualifying for the highest discounts, SPS worked with the Trust's admin teams to educate service users on how to prepare their letters correctly. Posters, flyers and internal memos were issued to every hospital department with correct addressing guidelines. Detailed management information by department highlighted which departments were not achieving the anticipated savings, enabling a targeted approach to behavioural change.

As the effects of the education campaign started to take hold, the proportion of machine-readable mail and savings increased. The reduction in cost did not affect the delivery timelines, in fact, post arrived on average one day earlier.

Priority Mail

Following the success of standard mail project, an analysis of the priority, next-day delivery service was conducted. This demonstrated that the Business Mail service being used at the time was not the most cost-effective option for the Trust. The added costs of administration and the reliance on reclaiming VAT meant that switching to normal franked 1st Class mail would realise an effective saving of almost £100k.

The Benefits

After the first three years, annual savings had reached almost £1,000,000, which at the time would fund 18 'Band 5' nurses.

Hybrid Mail

The postage savings that were achieved so quickly and easily led to discussions about other ways to save money and enhance performance and productivity. This led to the use of SPS' hybrid mail and offsite print solutions within certain departments of the Trust.

This enabled users to print documents from their desktops or via bulk data files from hospital IT systems, with printing and posting actually occurring at SPS' offsite production facilities where print costs were 50–60% lower than on local printers. Mail is enveloped and despatched at the SPS facilities and the maximum postal discounts are applied based on the selected delivery options.

Other Services

Apart from running the post rooms and postage/Hybrid Mail services, SPS also manages the Trust's courier and printing requirements, delivering large savings and introducing efficiencies.

Downstream Access Options Explained

Downstream Access (DSA) enables advantageous rates from the Royal Mail as we pre-process the mail for them before it enters the Royal Mail delivery 'stream', further down in their delivery streams, hence the name.

DSA offers discounted rates for postage which are mainly dependent on the level of sorting required.

Broadly speaking, mail is classed as 'machine-readable', enabling addresses to be read by the machine (for maximum discounts) and 'non machine-readable' where the envelopes have handwritten or non readable addresses so require additional manual effort to process. Discounts are still available for the non machine-readable mail, but they will not be as cheap to post as the 'machine-readable' letters.