

Guy's & St Thomas' NHS  
Foundation Trust  
Westminster Bridge Road  
London SE1 7EH

10<sup>th</sup> February 2010

Councillor Lorraine Zuleta  
Chair  
Southwark Health and Adult Care  
Overview & Scrutiny Committee  
c/o Members Room  
Southwark Town Hall  
Peckham Road  
London  
SE5 8UB

Dear Councillor Zuleta

As you will know, the impact of the national economic environment and the public sector spending settlement as set out in the NHS Operating Framework 2010/11 means that the financial outlook for the NHS is extremely challenging. The changes outlined in the operating framework mean that acute hospitals will see no real growth and considerable pressure to reduce costs. The NHS in London as a whole is estimated to be facing a funding shortfall of between £3.8bn - £5.1bn between 2010/11 and 2016/17. Around half of this is expected to be delivered through reductions in the tariff paid to acute and mental health trusts with the balance planned to be delivered through efficiency in primary care and community care sectors and through the shift of services away from acute hospitals. The sector PCTs have estimated that the potential sector deficit by 2013/14 within the local boroughs of Lambeth and Southwark will be between £73m – £153m unless action is taken to redesign and reconfigure services and reduce costs across the system.

Guy's and St Thomas' are facing savings targets of around 10% per annum over the coming year. This is significantly larger than any cost reductions that have previously been achieved.

To address this, Guy's and St Thomas' (GST) and King's College Hospital (KCH) are working closely together to improve productivity and transform services, eliminating unnecessary processes and taking out costs. Our priority will be to continue to provide high quality and efficient clinical services for patients.

We are in the early stages in our planning to deliver the required savings; we have identified a number of areas to focus on in 2010/11 which are closely linked with work to develop King's Health Partners, AHSC. These include:

## **Productivity improvement and cost reduction**

Guy's & St Thomas' plan to deliver a programme which has three major workstreams centred on patient pathways in outpatients, emergency care and elective care and a fourth workstream on technology to support the smooth and efficient running of patient services. The expectation is that these workstreams will collectively reduce operating costs. This reduction will be achieved by improving patient pathways, developing our ability to fundamentally change the way services are provided, and by reducing unnecessary duplication and bureaucracy.

## **Joint GST/KCH programme**

We have started to explore opportunities for joint savings between GST and KCH across all clinical and corporate functions which will begin to identify opportunities for potential savings across the two hospitals e.g. back office departments; duplicated support functions. We expect outline proposals to be available by mid March.

## **Bed reductions**

We therefore believe that it will be possible to reduce our bed stock by improved efficiency, reducing length of stay, increasing day case activity, improving discharge planning and home care whilst still continuing to see the same number of people. It is likely that bed reductions will be in the order of 39 beds at St Thomas' and 20 beds at Guy's. At GST the bed reduction programme will be phased and to support this different ways of working will be implemented including increased use of the patient hotel at St Thomas' and opening a discharge lounge on the Guy's site.

We are currently firming up proposals and reviewing options, in consultation with staff but it is anticipated that beds closures will need to be implemented from April 2010.

## **Ensuring the future of key specialist services**

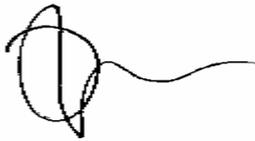
A number of our specialist services are under strategic review by commissioners either on a national or local (London or sector) basis as referenced in the Sector and Lambeth, Southwark and Lewisham acute strategies. These include cancer services, a number of specialist children's services and cardiovascular services (cardiology, cardiac surgery and vascular surgery). GST and KCH are working together to ensure that the outcome enables KHP to achieve its vision for these services and provides the best possible outcome for the patients of Lambeth and Southwark. In some cases this is likely to require consolidation of specialist in patient services.

GST and KCH will continue to work closely together to provide the best possible acute health services to the local populations of Lambeth and Southwark. We will also be actively engaging our Foundation Trust Governors and Lambeth and Southwark LINKs in our plans.

It would be helpful if you could give an indication of how best to continue the dialogue with the Overview and Scrutiny Committees to keep you informed of our emerging thinking and any necessary changes. We would be very willing to attend future committee meetings to present our emerging plans and take questions accordingly.

This letter is also being sent to Councillor O'Malley in Lambeth.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Ron Kerr', with a long, wavy tail extending to the right.

Ron Kerr

Chief Executive  
Guy's & St Thomas'  
NHS Foundation Trust

Cc:

Chair, GSTT, Patricia Moberly  
CEO, Southwark PCT, Susanna White  
Chair, Southwark PCT, Mee Ling Ng  
CEO, Lambeth PCT, Kevin Barton  
Chair, Lambeth PCT, Caroline Hewitt  
COO, LSL Alliance, Sarah Cottingham & Susanna Masters  
Chair, Southwark LINKs, Barry Silverman  
Interim Director for Adult Services, Southwark, Edwina Morris  
Exec. Member for Health & Adult Care, Southwark Council, Cllr David Noakes  
Simon Hughes, MP  
Kate Hoey, MP  
CEO, KCH, Tim Smart  
Chair, KCH, Michael Parker