

## Recommissioning Children's Occupational Therapy Services

To: Children and Young People Committee

Meeting Date: 14 January 2025

From: Executive Director for Children, Education and Families

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2025/011

Executive Summary: To seek agreement for Cambridgeshire County Council to enter into a Section 75 Agreement with Cambridgeshire Community Services (CCS) for the provision of Children's Occupational Therapy (OT) that will be:

- a new and updated Agreement for 2025-26 to ensure continued provision of Occupational Therapy services for the children of Cambridgeshire.
- an integrated partnership arrangement and will therefore not be procured through a tender process.

Recommendation: The committee is asked to:

- a) Agree for the Council to enter into a new Section 75 Agreement, with CCS, from 1st April 2025, for a term of 12 months, with an option to extend for a further 12 months.
- b) Agree the target budget of 667,306.80, which is a reduction of 10% on the previous costs.
- c) Delegate authority for awarding and executing a Section 75 agreement for the provision of Children's Occupational Therapy starting 1st April 2025 and extension periods to the Executive Director for Children, Education and Families, in consultation with the Chair and Vice Chair of the Children and Young People Committee.
- d) Note the relevance of other viable models that could be implemented to deliver Children's Occupational Therapy provision in the longer-term.

Voting arrangements: Co-opted members are eligible to vote on this report.

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# 1. Creating a greener, fairer and more caring Cambridgeshire

1.1 The integrated agreement for the provision of Children's Occupational Therapy is relevant to the following Council ambitions:

## 1.2 ***Ambition 3 Health inequalities are reduced***

The commissioned service is universal offering services to all children, young people and their families. The service also provides targeted and specialist access to occupational therapy provision for children residing in Cambridgeshire, or who are registered with a GP in Cambridgeshire, who are referred to the service with a developmental difficulty or medical condition which impacts on their ability to participate in everyday activities, are eligible for support.

## ***Ambition 4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs***

The service is outcomes and evidence-based which supports children and young people at the earliest opportunity to meet their health, education and social care occupational therapy needs.

## ***Ambition 7 Children and young people have opportunities to thrive***

This ambition is central to the service aims:

- Children are provided with occupational therapy provision tailored to their individual needs to increase a child/young person's independence and/or supporting their parent/carer in the management of daily living tasks by encouraging, empowering & supporting developmental progress & skill acquisition.
- Supporting the care of children and young people in their homes, including major home adaptations required to support the child/young person to live safely within the home environment.
- Supporting the transition of young people to adult services.

# 2. Background

2.1 The Children and Families Act (2014) places a statutory duty on local authorities and local health bodies to commission services to support disabled children and young people and those with special educational needs, who need therapy support. This includes consideration for children without an Educational Health and Care Plan (EHCP).

2.2 The current provision (Appendix A) of Children's Occupational Therapy (OT) Services is delivered through a Section 75 Agreement (NHS Act 2006) between Cambridgeshire County Council (CCC) and Cambridgeshire Community Services (CCS). The current arrangement has been in place since April 2021, with two variations to the agreement and is due to expire March 2025.

2.3 At the beginning of 2024 the Children's Commissioning Team undertook an options appraisal which included a review of the current Section 75 Agreement provision, to appraise and gather evidence to inform options for future delivery (Appendix B). The outcome recommended implementing an updated and renewed Section 75 Agreement with CCS, to include strategic and contractual improvements, as well as considering other viable models in the longer term.

- 2.4 Under the current Section 75 Agreement, the Council funds £741,452 per annum towards salaries for registered and non-registered OT staff who respond to, and case-manage social care and clinical OT referrals, support the delivery of training packages for schools, provide 112.5 hours of capped tribunal support and manage the provision of an advice line and accessible website.
- 2.5 As of April 2024, there were 1085 open OT cases managed by CCS. Of these cases, 780 children had an Education, Health, and Care Plan (EHCP). Referrals for OT come in through two main pathways, either as a complex case or as a short episode of care (known as occupational performance). Housing is viewed as a separate pathway as complex or occupational performance needs can both be present in housing cases. Open case trends show there are more occupational performance cases in comparison to complex cases.
- 2.6 In April 2024 there were 781 occupational performance cases, compared to 191 open complex cases. The referral rate for children with complex OT needs has been consistent over the last 2 years, ranging from 12 to just 2 open cases monthly. In comparison, occupational performance cases range from just over 100 open cases to 40 open cases a month, showing peaks and troughs in referrals and closing episodes of care. CCS suggest the variance in occupational performance could be a result of the use of the advice line and access to online resources.

### 3. Main Issues

- 3.1 The current Section 75 Agreement has been extended with two contractual variations. A new contractual agreement is therefore required, which also prompted an opportunity to carry out a review, which included an appraisal of other commissioning options to ensure the right model of provision is adopted going forward.
- 3.2 The review highlighted that change is required to ensure demand and value for money is achieved and that provision continues to provide the right support for children and their families. As a result of the review, strategic and contractual improvements will be implemented immediately through a new Section 75 Agreement with CCS. These changes will be:
- Enhanced contract management to improve the level and frequency of information shared. There will be a specific focus on outcome focused deliverables and KPIs to support performance monitoring.
  - A new service specification with enhanced clarity on deliverables and outcomes.
  - Implementation of a work plan to support and justify the budget, to be monitored as part of commissioning arrangements.
  - Noting that the OT tribunal process requires improvement in how it is resourced. The current OT tribunal process is costly for the Council as not all cases are supported by CCS through the commissioned Section 75 Arrangement due to a cap in hours. Consequently, cases can be overruled due to lack of evidence.
- 3.3 The review carried out market engagement to understand the provider market available to deliver OT. Findings highlighted limitations with the current Section 75 pricing approach which contributes towards salaries to deliver the integrated model. The recognised approach in the provider market is to budget against demand. To continue to invest towards salaries without factoring in demand will limit the Council's understanding of value for

money, particularly as it prevents comparison with other models that could also be employed to deliver OT within a competitive market.

- 3.4 The outcome of benchmarking and conversations with other local authorities suggests a range of OT models are adopted to deliver OT through varied contractual arrangements such as integrated models, frameworks, agreements and block contracts. Whilst there was no direct comparison to the Cambridgeshire CCS model, it was noted that a common approach was for OT to be delivered wholly by a local health provider or as a hybrid approach where both health and the local authority delivers and responds to OT delivery needs.
- 3.5 The key findings of the review and options appraisal are summarised in Appendix B, which identified two viable options to deliver OT provision in Cambridgeshire; either where a health provider delivers an OT model (the current set up), or through a hybrid approach between health, the local authority and the external market. The recommendations acknowledged the need to fully understand the current model and its budget investment towards performance and demand, alongside the recommendation to further explore whether other models could be put in place to better meet demand in the longer term.

**3.6 Budget investment**

Drawing on the OT review where many OT cases are delivered by the equivalent of NHS Band 5, the budget investment for OT provision for 2025-26 is a 10% reduction on the current costs of £741,452, to better reflect the delivery of the external market. The investment in the service is currently under discussion with CCS to ensure provision continues to deliver against current and projected demand. In support of ensuring that impact is not affected, service outcomes and performance indicators will underpin the model of delivery, and these are shown in Appendix C.

**4. Alternative Options Considered**

- 4.1 Four options were considered in formulating the recommendations contained with this report:

<b>Option A – Do nothing</b>		
	<b>Benefits</b>	<b>Risks</b>
Strategic	None	This is not an option due to statutory duties to ensure therapy provision is in place
Financial		
Resources		
Delivery and Performance		

**Option B – Continue to invest in Section 75 with CCS**

	<b>Benefits</b>	<b>Risks</b>
Strategic	A robust well managed Section 75 can meet all statutory duties	Demand risks if performance and delivery is not shared by health
Financial	A work plan can support understanding value against demand	If the contract is based on salaries as opposed to outcomes there are challenges in understanding value
Resources	A contractually managed agreement can ensure the best use of resources	If relationships are not integrated or collaborative, there can be uncertainty on whether resources are being used in the best way
Delivery and Performance	Systems must be in place to ensure EHCP demand is met	If the agreement is not monitored, demand and value are not known

**Option C - Bring elements of local authority OT duties in house: Local Authority to deliver Social Care/Education OT and Health to deliver paediatric/clinical OT**

	<b>Benefits</b>	<b>Risks</b>
Strategic	An approved hybrid model can meet all statutory responsibilities	Risks if shared governance is not in place
Financial	If the model is well managed, it is suggested to be more cost efficient at managing demand	Where the model is outsourced prices can be influenced by external market
Resources	In house management of cases can positively support provision of complex cases	Can be resource intensive for local authorities
Delivery and Performance	Provides clarity in roles and responsibilities between the LA and health service	Risk to duplication in cases / resources if LA and Health delivery models do not collaborate

**Option D - Outsource OT provision with external market**

	<b>Benefits</b>	<b>Risks</b>
Strategic	Can provide long term stability where block contracts are in place	Evidence suggests it is not common to fully outsource a model outside of Health
Financial	Block contracts can provide predictable costs.	Outsourcing all provision can be costly for complex cases
Resources	Through a robust tender, the right provision could be provided externally	The external market cannot easily cover all elements of OT provision
Delivery and Performance	Through a robust tender, the right provision could be provided externally	Private market responds more readily to social care OT and less so to clinical, and opt for short term episodes of care over complex cases

## 5. Conclusion and reasons for recommendations

- 5.1 The OT review and options appraisal has informed the immediate recommendation to continue to invest in the integrated model with CCS under a new Section 75 Agreement (Option B), with key developments to enhance performance monitoring and contract management, on a budget envelope of £667,306.80. Continuing to invest in an integrated model with CCS will ensure OT provision continues without affecting current service delivery, whilst the model and its impact is fully understood through improved contract monitoring. Continuing with a Section 75 was one of two viable options for commissioning Children's OT provision. Employing a model with the external market is another viable option, and its potential would require an investment in time, resource, conversations and engagement with NHS partners and the parent and school community to ensure the needs of children and their families would continue to be met, particularly through any transition period.

## 6. Significant Implications

### 6.1 Finance Implications

There are some financial implications, as referenced in paragraph 3.2. The current investment funds salaries, and not demand, which can pose challenges when understanding value for money. The reduced budget for 2025-26 is under discussion with CCS, using demand data to determine a work plan, as well as drawing upon pricing structures obtained from market engagement, which subsequently supported informing the OT options appraisal recommendations.

### 6.2 Legal Implications

The Children's Commissioning Team is working with Pathfinder Legal to draw up the new Section 75 Agreement and no legal implications have been identified yet.

### 6.3 Risk Implications

There are no significant implications.

### 6.4 Equality and Diversity Implications

No implications based on initial discussion with CCS – EQIA reference: CCC662308246. The provision is being finalised with CCS and an updated EQIA will be completed if the core offer is impacted.

### 6.5 Climate Change and Environment Implications (Key decisions only)

There are no significant implications.

## 7. Source Documents

7.1 None

## Appendix A: Current Model of Delivery

### **1. Service Principles and requirements**

- 1.1. The Children's Occupational Therapy (OT) Service works with children and young people (CYP) referred to the service with a developmental difficulty or medical condition which impacts on their ability to participate in everyday activities. Children and Young People (CYP) will receive an integrated health and social care service. As an integrated Occupational Therapy (OT) service a child and their family can expect to receive their care from the same OT service.
- 1.2. The service is outcomes and evidence-based which supports children and young people at the earliest opportunity in order to meet their health, education and social care occupational therapy needs by:
  - Using a variety of assessments appropriate to understanding the impairment, activity, participation, environmental and well-being needs of the child or young person. Where required and appropriate, the child will be assessed within a relevant environmental context.
  - Supporting the integration and inclusion of children, young people & their families within the environments they move between (including the provision of specialist equipment)
  - Increasing a child/young person's independence and/or supporting their parent/carer in the management of daily living tasks by encouraging, empowering & supporting developmental progress & skill acquisition
  - Supporting the care of children and young people in their homes, including major home adaptations required to support the child/young person to live safely within the home environment.
  - Partnering with staff in early years and schools, in order to support therapeutic interventions and outcomes at an individual level and to provide a universal offer and targeted level of intervention through building awareness, capacity, confidence and competence in the wider workforce. This will be through a range of methods including training/e learning and class-based working.
  - Supporting the transition of young people to adult services
  - Supporting children/young people with SEND (special educational needs and disability)
  - Providing assistance FOR CYP open to the service, to fully engage as required with assessment of child/young person within the Tribunal process.

### **2. Service Model**

The service follows the tiered model set out by The Royal College of Occupational Therapists (RCOT). The service is designed so that children and young people with additional learning and support needs can access occupational therapy skills and expertise when they need it:

- Universal (services provided to all children, young people and their families)
- Targeted (services for children who are at risk of, or already experiencing difficulties)



- Specialist (children with complex needs requiring an individual approach)

Case Study: [Helping Children to be Ready to Learn](#)

## **Appendix B: Occupational Therapy (OT) Review 2024**

### **Key findings**

1. Cambridgeshire Community Services (CCS) are delivering a model of provision for children's OT that meets statutory responsibilities. However, a historical lack of stringent oversight on performance and delivery means it is not possible to know with complete confidence that the current model is delivering the needs of the Local Authority. Reflections on the current model suggests the tribunal process is not meeting demand, particularly where the agreement caps support from CCS.
2. There are a variety of models adopted across the country to deliver OT for children. Local authorities adopt a model of provision that works for them, that is either delivered by a health provider/market provider, or as a hybrid approach between the Local Authority, Health and the external market.
3. Evidence gathered suggests it could be more challenging for the Local Authority to deliver OT provision without Health involvement. Clinical OT is not as commonly delivered by Local Authorities or the external market, as paediatric OT is seen to be better suited to local Health Trusts to deliver, although there are some providers that deliver the full provision. Where Local Authorities lead, it is on social care and education OT provision, and where needed can tender contracts with external providers.
4. Market engagement suggest private providers are best suited to deliver short episodes of care, over managing complex cases.
5. Based on the CCS model of NHS Band 6 and Band 7 staff delivering most of the cases, comparing delivery with NHS Band 5 suggests savings could be made, particularly for short episodes of care cases.
6. If CCC explores having an in-house provision, there are other local authorities with established models where further learning could be obtained. Of note, the local authority staffing structure for other local authorities corresponds directly with the NHS salary bands ranging from Band 5 to Band 7, and must be HCPC registered, degree or diploma. Often roles and responsibilities documents ensure the two parties deliver provision in an effective and resourceful way.

### **Recommendations**

- The options appraisal carried out identified two viable options to deliver OT provision in Cambridgeshire; either where a health provider delivers an OT model, or a hybrid approach is adopted between Health, the Local Authority and the external market.
- There is a level of risk by continuing under the current arrangements with no change, due to the contractual concerns identified. The review of the current model and options appraisal provides rationale for change to the current set up in the short term but also justifies reviewing the scope and potential of other models in the longer term:
  - A. Continue delivering OT provision through a Section 75 Arrangement until March 2026. The current agreement expires in March 2025, and it is recommended that a new Section 75 should be designed and in place from April 2025-26 with a CCC influenced service specification, KPIs and a co-produced work plan underpinning performance and delivery.
  - B. Further exploration is required to determine if the OT model should be delivered differently. Conversations with CCS and further engagement with the school and parent community on the opportunities for such a change in Cambridgeshire would form the foundations for this. Whilst this option is being explored, improved performance and activity oversight with the current and new Section 75 Agreement (2025-26) will demonstrate Cambridgeshire's demand, delivery of outcomes, affordability and value against the current model, which can then be compared with a hybrid model of delivery.

## Appendix C: Draft Service Outcomes and Indicators 2025/26

**Outcome 1: CYP have timely access to an occupational therapy assessment and treatment plan to enable them to develop skills, safely access and make best use of their environment at home, in education and their community, and to enable CYP to engage with all aspects of their education, home and community settings.**

**Indicator 1a:** CYP referred to the service are triaged within 5 working days of referral received.

**Indicator 1b:** 90% of referrals to initial assessment are seen within 18 weeks.

**Indicator 1c:** 90% of simple home adaptations requiring a disabled facilities grant (DFG) are referred to the relevant Housing Agency within 2 months from assessment and 90% of complex home adaptations within 6 months.

**Outcome 2: CYP will be provided with strategies/therapy plan, signposted to tools and resources they need to build independence and to achieve their personal goals and aspirations.**

**Indicator 2a:** 80% of CYP achieve the outcomes specified in their individual therapy programmes on discharge or annual review, and where this has not been achieved, evidence that therapy goals and outcomes have been adjusted accordingly. This can be evidenced through the use of case studies.

**Indicator 2b:** 90% of requests for specialist equipment for home (not through Disabled Facilities Grant) are submitted within 3 weeks of assessment.

**Indicator 2c:** 90% of requests for specialist equipment for education settings are submitted within 3 weeks of assessment.

**Outcome 3: CYP are provided with a high-quality service.**

**Indicator 3:** 75% satisfaction rate amongst children, young people and parents with the quality of service provided, to be measured through a monthly survey.

**Outcome 4: Delivering the identified need(s) of the CYP.**

**Indicator 4:** 80% delivery against provision identified by CCS OT service in Section F of the EHCP.

**Outcome 5:** Parents and education professionals have access to high quality training and support materials.

**Indicator 5:** 70% satisfaction rate (rating good or above) amongst professionals who have attended provider-delivered training. The provider must collect quantifiable feedback to demonstrate that those who attend training feel more able to support CYP with occupational therapy needs. Evidence will also include feedback from Therapists and through an annual professional's survey, showing how this feedback is actioned and embedded.