Birmingham City Council

24 September 2025

# Market Position Statement 2025 – Extra Care

## Introduction

Birmingham City Council has a duty to develop vibrant and sustainable care markets that deliver outcomes for citizens aligned to their individual needs and goals, and the Council's strategic approach and priorities.

This Market Position Statement (MPS) is for Extra Care Sheltered Housing providers which currently deliver or are considering delivering services in Birmingham. This document aims to:

1. Set out our assessment of the local market including current and future demand and supply, quality, financial, workforce and service delivery model factors.
2. Identify gaps in provision and what needs to be developed in the future.
3. Provide suppliers with an evidence base, commissioning intentions and key messages in order that they can more effectively plan business development.
4. Support the Council's further shaping of the Extra Care market so that it is vibrant, sustainable, of high quality, and offers choice to citizens.

It is intended that future versions of this MPS will incorporate the commissioning intentions of Birmingham and Solihull Integrated Care Board to deliver a system-wide position.

## Market Assessment

### *Demand*

#### Population demand

- The number of people over 65 years of age in Birmingham is expected to increase by 27,000 or 17.65% between 2023 and 2033 (Source: JSNA Older Adults 2024).

#### Service demand

- Demand for Extra Care Sheltered Housing Scheme placements has gradually increased over the last decade as more supply has been developed and the service offer has become more attractive to people. Over the last 5 years demand has slowly increased for Council funded placements. In 2019/20 the Council commissioned long term placements for 459 people, by 2024/25 this had increased to 487 – an increase of 6% over the period. Council funded citizens make up around 25% of demand, whereas the majority comes from self-funding citizens.

#### Influencing factors

- Over the last decade there has been a change in expectations around the type and style of services wanted by older people with care and support needs and a shift towards wanting to remain in their own individual accommodation but with flexible care and support on site, alongside a range of social and leisure opportunities. This is reflected in increased demand for Extra Care Sheltered Housing and a decline in demand for older adult care residential care home placements.
- The shift in demand is also reflective of the Council's strategy which centres around a 'home first' policy designed to promote and maintain people's independence in their own homes for

as long as possible and to prevent and delay the need for more intensive and restrictive care and support.
- We expect demand for Extra Care Sheltered Housing placements to continue to increase in the future.

### ***Supply***

#### Current market

- There are 23 Extra Care Sheltered Housing Schemes in Birmingham offering 2,106 flats. The Council commissions placements in 21 of these schemes. The schemes range in size from just 31 flats in smaller schemes up to 260 flats in the largest. The providers of the schemes range from small local charities to large national operators.
- The service and facility offer is different in each of the schemes ranging from simple communal facilities and activities in some, to fully developed 'high streets' in others offering gyms, restaurants, bars, hairdressers and a range of activities. There is a diverse offer to suit a range of needs and budgets.

#### Commissioning and contracting arrangements

- The Council uses both block contract and spot purchase arrangements to contract with suppliers, but the intention in the future is to move away from block contracts and bring all provision under a single flexible contracting arrangement with consistent terms. This will also allow for a single coordinated process for tendering care packages to the market, as is used by the Council for care homes, home support and supported living.

#### Capacity assessment

- Supply is currently well matched to demand, however we anticipate the need for further schemes to be developed in the city as demand increases further over the next few years. Schemes are likely to be required in parts of the north and south of the city where most of the older adult population lives.

### ***Quality***

- Care and Support in Birmingham's 23 schemes is provided by 14 CQC Registered Locations. Of these 1 (7%) is rated Outstanding; 11 (79%) are rated Good and 2 (14%) are rated requires Improvement.
- The overall quality of provision in Extra Care Schemes is of a high standard. The Council's ambition in the future is to contract only with Good or Outstanding rated care provision.

### ***Finance***

- The Council is a relatively small purchaser of Extra Care placements, and the majority of service users are self-funding with their own incomes and assets.
- The Council conducts regular cost of care exercises with the local market to understand provider costs and how these change over time. The Council has increased the fees it pays for care and support in Extra Care scheme in line with data it has gathered through these exercises and by using an established methodology to calculate fee increases employed in the home support, supported living and care home markets.
- In the last 12 months 1 care and support provider exited from 2 schemes in the City citing financial viability as a factor in their decision. The care and support provider was replaced with alternative provision from within Birmingham's well developed home support/domiciliary care market.

- Recent increases in the National Living Wage and Employer National Insurance contributions have significantly impacted provider costs, while the Council's financial position and the budget pressures on all local authorities are well documented.
- The government's Employment Rights Bill is expected to be enacted into law this year. The bill contains several provisions which will impact social care providers, including changes to statutory sick pay and the Fair Pay Agreement for social care. The financial impact of these changes will need to be understood and modelled.

### *Workforce*

#### Employment data

- According to Skills for Care the vacancy rate in community care services (non-care homes) in Birmingham was 9.5% in 2023/24 (last year that data is available). It was 12.7% in 2022/23. The turnover rate in 2023/24 was 32.1%, down from 36.4% in 2022/23. For employees delivering direct care 79% were female and 21% male. In terms of ethnicity 23% were White, 50% Black / African / Caribbean, 24% Asian and 3% mixed or other ethnicities. While this reflects to an extent the demographics of the local population, male and white carers are under-represented in the workforce.
- The care workforce employed is predominantly local to Birmingham. This reflects the Council's Social Value requirement and is likely to result in a workforce that has the skills to meet the needs of the local population in relation to language and culture.

#### Pay and labour market analysis

- Data from Skills for Care and the Council's cost of care exercises shows that care workers in Extra Care Schemes are paid only a few percentage points above the National Living Wage. Unless this can be addressed providers will continue to face competition in the labour market from sectors like supermarkets which are able to pay higher wages.
- While the labour market has eased slightly since Brexit and the COVID pandemic, providers face recruitment challenges.
- Gaps in the labour market have been filled to an extent by international workers employed under the Skilled Worker Visa scheme. However, only 3 of the 14 CQC Registered locations delivering care and support in Extra Care Schemes are operated by companies with a Skilled Worker Visa scheme licence, and Skilled Worker Visa holders do not make up a significant proportion of their workforces.
- Immigration remains highly politicised, and government policy continues to evolve, however the use of international workers is not a significant risk to this part of the market.
- There are opportunities for the domestic workforce. Birmingham, like most large cities has a relatively large population of working age adults, and there is above average unemployment particularly among young people.

### *Strategy and Policy*

- Council policy has a strong focus on early intervention and prevention, aimed at delaying and reducing the need for long term care and support services, and promoting independence. The Council operates a strategy of 'home first', reflecting citizens' preferred choice of living arrangements and where independence is likely to be maintained for longer.
- Alongside this the Council's focus is shifting towards the use of technology enabled care to enable citizens to be as independent as possible.

- The Council's intention is that Extra Care Sheltered Housing is part of a pathway of services following on from community based low level prevention provision and home support, and which forms part of a strategy to delay and prevent admissions into care homes.

## Gaps analysis

### *Market Capacity*

- The available evidence indicates that there is a sufficient, diverse range of supply in the Extra Care market to meet current demand. We do not experience difficulty commissioning Extra Care placements.
- Aligned to the Council's strategy and the recent historic growth in Extra Care provision we anticipate the need for further development of a range of high-quality Extra Care Schemes over the next 5 years. There are opportunities to further delay, prevent and divert people from using residential care homes if there are attractive alternatives available.

### *Quality*

- Quality of care provision is good across provision with 86% of the Registered care providers rated Good or Outstanding.

### *Finance*

- Financial resilience and sustainability of the market appear good although increases in costs and ongoing pressure on local authority budgets will continue to have an impact.

### *Workforce*

- There are workforce risks in the market linked to care worker pay, and competition from other sectors, but also opportunities to tap into an underdeveloped and available workforce of young people in the city.

### *Strategy, policy and service delivery model*

- There is underuse of Extra Care schemes by Council funded citizens with assessed social care and support needs.

## Commissioning intentions and actions

This section sets out the Council's commissioning intentions and actions to address market gaps and to further develop market vibrancy and sustainability.

### *Key messages and actions for suppliers*

#### Market capacity

- New Extra Care schemes will be required over the next 5 years in order to meet increased demand. New provision is likely to be required in the north and south of the City, where there are high existing older adult populations.
- Requests to register new Extra Care Schemes with the CQC will be supported by the Council, if proposals will deliver value for money provision of high quality and which will be of the type and style expected by individual citizens.

#### Quality

- Quality of provision overall is good, however providers which are not rated Outstanding/Good should make immediate improvements to service quality.

- Under future contracting arrangements the Council's ambition is to use only Outstanding/Good Extra Care provision and restrict the use of services rated Requires Improvement.

### Finance

- The ongoing strain on the Council's budget means that scope for future annual fee increases will be severely limited and subject to the closest scrutiny.
- We intend to shift away from the use of block contracts and bring all provision under a single flexible contracting arrangement with consistent terms. This will also allow for a single coordinated process for tendering care packages to the market, as is used by the Council for care homes, home support and supported living.
- We expect Extra Care providers to proactively increase operational efficiency by innovating, adopting technology enabled care, and making best use of resources, grants, alternative funding and training that is available.

### Workforce

- We encourage Extra Care providers to employ a diverse workforce, reflective of the local population and which supports the delivery of culturally appropriate care.

### Strategy, policy and service delivery model

- We intend that Extra Care Sheltered Housing is part of a pathway of services preventing and delaying the need for more intensive care home placements. The Council intends to make greater use of Extra Care for citizens it funds and with assessed eligible social care needs, with Extra Care becoming the default first option for citizens rather than care home accommodation.
- We shall require Extra Care Schemes increasingly to have the capacity and skills to support residents with needs arising from dementia and to prevent admissions to hospital and care homes.
- The use of technology to improve independence and outcomes for citizens is of primary focus and we expect Extra Care schemes to make use of technology enabled care and sensor-based falls technology to maximise this.
- We want to see Schemes adding social value to the wider community, acting as local community assets for local non-residents.

## *Key actions the Council will take*

### Market capacity

- New Extra Care schemes will be required over the next 5 years to meet increased demand. The Council seeks to engage with providers with plans to develop new schemes which can deliver high quality services. New provision is likely to be required in the north and south of the City, where there are high existing older adult populations.

### Quality

- Quality of provision is good in this area of the market and there is not a need to take any priority action to address shortfalls outside of our standard quality monitoring processes
- Under future contracting arrangements the Council's ambition is to use only Outstanding or Good Extra Care provision and restrict the use of services rated Requires Improvement to a minimum.

### Finance

- We recognise the financial pressures facing Extra Care providers and shall continue to monitor those. We shall continue the use of the contractual annual fee review and uplift methodology to address changes is costs within available revenue resources.
- We shall use a range of information to determine fees and fee uplifts including data gathered from previous cost of care exercises, benchmarking data from neighbouring authorities, inflation and national living wage data, as well as information gained from Extra Care providers through direct engagement.
- We shall monitor the implementation progress of the Employment Rights Bill and assess the financial impact of its measures on the market.
- We intend to shift away from the use of block contracts and bring all provision under a single flexible contracting arrangement with consistent terms.

### Workforce

- We shall continue to assess service continuity risk and take mitigating action when providers' Skilled Worker Visa licences are suspended or revoked.

### Strategy, policy and service delivery model

- We intend that Extra Care Sheltered Housing is part of a pathway of services preventing and delaying the need for more intensive care home placements. The Council intends to make greater use of Extra Care for citizens it funds and with assessed eligible social care needs, with Extra Care becoming the default first option for citizens rather than care home accommodation.
- The Council is increasingly focussed on moving towards the use of technology to improve efficiencies and technology enabled care to enable citizens to be as independent as possible. We are undertaking further work to assess the benefits and impact of technology, and to determine to the future commissioning arrangements of a Technology Enabled Care service.