

Market Position Statement 2025 – Older Adult Care Homes

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 older adult care home 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 older adult care home 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).

Residential Homes

- Demand for older adult (65 years +) residential care home beds has changed little over the last 5 years. In 2019 to 2020, 2,337 people accessed long term residential care equating to 88,639 bed weeks. 5 years later in 2024 to 2025, 2,190 people accessed long term residential care equating to 88,705 bed weeks.
- This represents an increase in the number of beds weeks purchased of just 0.07% over the 5-year period. We expect this trend to continue.

Nursing Homes

- Demand for older adult (65 years +) nursing home beds has slowly increased over the last 5 years. In 2019 to 2020, 1,785 people accessed long term nursing care equating to 64,583 bed weeks. 5 years later in 2024 to 2025, 1,836 people accessed long term nursing care equating to 68,351 bed weeks.
- This represents an increase in the number of beds weeks purchased of 5.83% over the 5-year period. We expect this trend of slow growth in the requirement for nursing home beds to continue.
- There is a small but increasing demand for nursing home placements for older adults with complex mental health support needs, who exhibit behaviours of distress, and require specialist staff and support plans.

Demand influencing factors

- The admission rate into care homes per 100,000 people over 65 is lower than the national or core cities average, indicating people remain at home for longer than average in Birmingham.
- The Council has significantly improved its performance since 2019 in terms of maintaining people at home for 91 days or longer following discharge from hospital (Source: JSNA – Older Adults).
- The growth of services such as Extra Care Sheltered Housing have provided people with an alternative to moving into a care home.
- The Council's strategy and policy is focussed preventing and delaying care home placements.
- People are being admitted into care homes later in life, however when they are admitted their needs are more acute.
- The COVID pandemic and perceived poor outcomes for people in care homes has contributed to reduced or delayed demand

Supply

Commissioning and contract arrangements

- The Council operates an underpinning flexible contracting arrangement which is open to new supplier applications.
- Older adult care home placements are tendered to the care market via an e-tendering system, CareMatch Portal. The Council uses this method to successfully commission its placements at standard contractual fee rates or host local authority standard fee rates. The market is competitive, and multiple offers are usually received for each care package referral, offering choice to citizens.

Geographical spread

- Geographically, the homes are well spread across the city. Homes are predominantly located in the north and south, reflecting older adult demographics, and there is less provision across the central belt of the city where fewer older people live.
- In addition, the Council utilises care homes in neighbouring local authorities, usually to accommodate citizens' personal choice over their care home or preferred location.
- The older adult care home market operates well and with a consistent turnover rate resulting in good affordable supply and this is sufficient to meet current demand.

Occupancy

- While occupancy in the market is generally high, there are a small number of homes where occupancy has dropped below long-term sustainable levels. These situations need to be addressed through further risk assessment and action on the part of those homes. Commissioners will monitor occupancy data regularly and take appropriate market management action where required.

Residential Care homes capacity assessment

- There are 109 residential care homes in Birmingham registered to support older adults, consisting of 2,839 beds. Of these the majority hold a current care home contract with the Council.
- The composition of the market is characterised by a combination of small and single home suppliers and larger national operators, the majority of which have been well established for several years. 57 of the homes are operated by providers for whom a single home is their only

provision in the City. The remaining homes are operated by providers who run 2 or more homes in the city. The largest provider runs 6 homes.

- Much of the residential accommodation stock is old, often repurposed standard housing, and requires investment to keep pace with modern standards. CQC inspections often highlight environmental concerns, and changes in fire safety regulations require homes to make adjustments to services and retrofit improvements.
- Between April 2024 and March 2025, 2 homes (37 beds) closed and exited the market. 1 home closed because of financial viability and 1 closed because of poor quality. All residents were successfully reaccommodated within the existing market.
- Data recorded in the Capacity Tracker indicates that contracted older adult residential care homes in Birmingham have 10% of beds vacant. This reflects the position for all registered older adult residential homes in Birmingham, regardless of contractual status. While occupancy has recovered slowly since the severe decline of the COVID pandemic it is still a few percentage points below where it was prior to this.
- There is good affordable supply, and this is sufficient to meet current and projected demand over the next 5 years.

Nursing Homes capacity assessment

- There are 68 CQC Registered nursing homes in Birmingham which support older adults, consisting of 3,690 beds. The majority of these hold a current care home contract with the Council.
- The market is characterised by a good mix of small providers and larger national operators. 43 of the 68 nursing homes are operated by providers which only run 1 nursing home in the city. The remaining 25 nursing homes are operated by 8 providers which run between 2 and 4 homes in the city. Most nursing homes have been well established for several years.
- The average number of beds per home is 68. The nursing home market has seen significantly more investment than the residential care market over the last decade with the construction of several new nursing homes. There has been a trend for recently developed homes to be larger.
- Part of the market uses accommodation stock, which is old, often repurposed standard housing, and requires investment to keep pace with modern standards. CQC inspections often highlight environmental concerns, and changes in fire safety regulations require homes to make adjustments to services and retrofit improvements.
- Between April 2024 and March 2025 1 Birmingham located nursing home (36 beds) closed and exited the market due to concerns around financial viability. All residents were successfully reaccommodated within the existing market.
- Data recorded in the Capacity Tracker indicates that contracted older adult nursing homes in Birmingham have 9% of beds vacant, which is similar to the 10% vacancy rate across all Birmingham older adult nursing homes. While occupancy has recovered slowly since the severe decline of the COVID pandemic it is still a few percentage points below where it was prior to this.
- If demand continues to increase as it has done in the last 5 years and there is no increase in operating occupancy rates, then Birmingham will need a minimum of 70-80 additional nursing home beds.

Quality

- The Council's commissioning process prioritises care package tender offers from homes with the highest quality rating. Therefore, providers with higher quality ratings are more likely to win

care packages than those with lower ratings. Capacity Tracker data shows that the quality rating has a direct influence on occupancy rates.

- The Council has a duty to drive up quality of the local care market and has identified as a priority the need to address the significant number of Bronze/Requires Improvement rated homes in the city. It's ambition in the future is to contract only with Silver/Good or Gold/Outstanding rated homes.

Residential homes

- Of the 109 older adult residential homes in Birmingham 76 (70%) are rated Good or Outstanding by the CQC. 29 (28%) are rated Requires Improvement. 1 home is rated Inadequate. This is reflected in the ratings of residential homes which hold contracts with the Council – with 81% rated Gold or Silver, and 17% rated Bronze.
- 1 residential home closed in 2024/25 due to poor quality.
- There is scope for further improving the quality of the residential care home market.

Nursing homes

- The picture for nursing homes is different. Of the 68 older adult nursing homes in Birmingham 49 (72%) are rated Good or Outstanding by the CQC. 17 (25%) are rated Requires Improvement. 1 home is rated Inadequate. However, this is not reflected in the ratings of homes which hold contracts with the Council where only 46% of homes are Gold or Silver rated and 51% are Bronze.
- While no nursing homes closed in 2024/25 due to poor quality, the quality of provision in the contracted market is a significant sustainability risk and a large proportion of the market is not meeting the benchmark quality standards the Council, NHS, Regulator and citizens expect.

Finance

- The market is competitive, and the Council purchases most older adult care home placements at standard contracted rates both in Birmingham and in neighbouring local authorities.
- Previous cost of care exercises have shown that local authorities are the single largest purchasers of beds, but that there is a significant market of self-funding citizens – in the region of 25% of beds are purchased by self-funders in Birmingham. Homes which have a spread of local authority and self-funded beds spread their financial risk and are more likely to be sustainable.
- The Council conducts regular cost of care exercises with the local market to understand provider costs and how these change over time. Contracted care homes receive an annual fee increase which is determined through an established contractual methodology.
- Of the three care home market exits over the last 12 months, 2 cited financial viability as a contributory factor.
- Recent increases in the National Living Wage and Employer National Insurance contributions have significantly impacted care home provider costs. Local authority and NHS budgets continue to come under significant pressure.
- 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 all care homes without nursing in Birmingham was 5.0% in 2023/24 (last year that data is available). It was 7.5% in 2022/23. For nursing homes, the overall vacancy rate was 2.7% in 2023/24 down from 3.6% in 2022/23. The vacancy rate for Registered Nurses was 4.5% in 2023/24, down from 7.6% in 2022/23.
- The staff teams of care homes without nursing are 80% female and 20% male. In terms of ethnicity 49% of staff are White, 27% are Black/African/Caribbean, 17% are Asian, and 6% mixed or other ethnicities. The gender and ethnic make-up of staff teams in nursing homes is very similar. This largely reflects the demography of the city although Asian and male workers are under-represented.

Pay and labour market analysis

- Care homes data from Skills for Care and the Council's cost of care exercises shows that care workers in homes are paid only a few percentage points above the National Living Wage. Unless this can be addressed care homes 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. Not all care homes have a Skilled Worker Visa licence and data from the Capacity Tracker indicates a range of approaches adopted by care homes with some not using international workers at all and some with over 70% of their care workforce comprised of Skilled Worker Visa holders.
- Employment of nurses via the Skilled Worker Visa scheme also varies across homes with some not holding a licence or employing any nurses through this route to nursing homes where over 70% nurse employed are Skilled Worker Visa holders.
- The area is highly politicised, and government policy continues to evolve. Service continuity in homes operating with high percentages of international workers is a risk area requiring further investigation.
- There are, however, opportunities for the domestic workforce. Birmingham, like most large cities has a relatively large population of working age, and there is above average unemployment particularly among young people.
- The workforce issues identified above are reflective of the national picture and are by no means unique to Birmingham. In fact, Birmingham benefits from a diverse population with relatively high numbers of working age adults for employers to draw upon.

Strategy, Policy and Service Delivery Model

- 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. 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.
- The growth and development of services, such as Extra Care Sheltered Housing, offer people a real alternative to residential care homes meaning that people can live in their own homes with care and support for longer.
- While there is an ongoing need for older adult residential care homes the Council intends that admissions are delayed or avoided. This means that we expect residential care home

admissions to continue to decline slowly over time and then when people are admitted their care and support needs are more complex.

- While the Council intends that admissions to nursing homes are delayed or avoided, we expect older adult nursing home admissions to increase slowly due to demographic changes and an increase in the elderly population, but that people are admitted later in life and their care and support needs are more complex.

Gap analysis

Market Capacity

- Residential care - the available evidence indicates that there is sufficient supply in the market to meet current and projected demand over the next few years. There are no significant gaps or deficits in supply which need addressing.
- Nursing homes – the available evidence indicates that there is sufficient supply in the older adult nursing homes market to meet current demand. However, if demand increases at the same rate as it has in the previous 5 years, we anticipate Birmingham will require a minimum additional 70-80 nursing home beds in 5 years' time.
- The accommodation stock in some parts of the market is old and is at risk of not keeping pace with changes to modern standards.
- Some individual homes may be at risk because of below sustainable occupancy.

Quality

- Quality of care provision presents the biggest risk to sustainability for this part of the care market and is an area the Council is keen to address. The issue is particularly acute for nursing homes which hold contracts with the Council

Finance

- Financial resilience and sustainability of the market appear good although increases in costs and ongoing pressure on local authority and NHS budgets will continue to have an impact.
- There is a need to fully understand and model the impact of the Employment Rights Bill.

Workforce

- There are workforce risks in parts of the market where high proportions of staff teams are employed under the Skilled Worker Visa scheme. This includes nurses employed in nursing homes.
- Asian and male workers are under-represented relative to the local population.

Strategy, policy and service delivery model

- There is not widespread use of technology enabled care to enable people to be as independent as possible.

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

- Residential care homes - Data indicate that there is sufficient spare capacity to meet demand now and over the next few years. There is not a significant need to develop new and additional older adult residential home capacity.
- Nursing homes - Data indicate that there is sufficient spare capacity to meet demand now. However, in the next 5 years we anticipate the city will need a minimum of 70-80 additional beds or 1 large nursing home.
- There are opportunities to invest across the older adult care homes market where this consolidates existing capacity and improves the accommodation or environments of the current market offer.
- Where care homes have capacity or low occupancy rates, they should consider filling vacant beds through temporary placements or providing respite care to citizens living in their own homes.

Quality

- Quality of care provision is a significant sustainability risk for the whole older adult care home market, but the quality of the contracted nursing home market is a particular area of risk.
- Care home providers whose quality rating is not Gold/Outstanding or Silver/Good must take action to prioritise improvements to service delivery quality.
- The Council has a duty to drive up quality of care delivery across the market and that which is received by citizens. Under future contracting arrangements the Council's ambition is to use only Gold/Outstanding or Silver/Good care homes and restrict the use of home rated Bronze/Requires Improvement.

Finance

- The ongoing pressure on the Council's budget means that scope for future annual fee increases will be severely limited and subject to the closest scrutiny.
- We expect care homes to proactively increase operational efficiency by innovating, adopting technology enable care, and making best use of resources, grants, alternative funding and training that is available.

Workforce

- We encourage care home providers to employ a diverse workforce, reflective of the local population and which supports the delivery of culturally appropriate care.
- Where international workers are employed under the Skilled Worker Visa Scheme, suppliers must ensure they act within the law and are ethical employers.
- Disproportionate operational reliance on international workers presents business continuity risks and is not sustainable. Suppliers should ensure business continuity arrangements are in place and local recruitment strategies and plans developed.

Strategy, policy and service delivery model

- The use of technology to improve independence and outcomes for citizens is of primary focus and we expect care homes to make use of technology enabled care and sensor-based falls technology to maximise this.

Key actions the Council will take

Market capacity

- Residential care homes - Data indicate that there is sufficient spare capacity to meet demand now and over the next few years. We shall continue to monitor capacity and will seek to shape the market if supply cannot meet demand.
- Nursing homes - Data indicate that there is sufficient spare capacity to meet demand now. However, in the next 5 years we anticipate the city will need a minimum of 70-80 additional beds or 1 large nursing home. We shall explore opportunities for the development of increased capacity with nursing home providers.
- The Council shall continue to monitor occupancy levels and where low occupancy is identified further home specific engagement will take place to assess sustainability risk and determine plans to address.

Quality

- Quality of care provision is a significant sustainability risk for the whole older adult care home market, but the quality of the contracted nursing home market is a particular area of risk and is prioritised for action.
- The Council intends to focus its efforts on supporting those contracted providers whose current quality rating is Bronze/Requires Improvement. This will take the form of prioritising improvement action plans for Bronze/Requires Improvement homes; providing support where required; close monitoring of progress and carrying out timely quality monitoring revisits to determine if plans have been achieved and ratings can be revised.
- The Council has a duty is to drive up quality of care delivery across the market and that which is received by citizens. Under future contracting arrangements the Council's ambition is to use only Gold/Outstanding or Silver/Good care homes and restrict the use of home rated Bronze/Requires Improvement.

Finance

- We recognise the financial pressures facing care homes and shall continue to monitor those. We shall continue the use of the contractual annual fee review and uplift methodology to address changes in 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 care home providers directly through a series of engagement events.
- We shall monitor the implementation progress of the Employment Rights Bill and assess the financial impact of its measures on the market.

Workforce

- We shall continue to assess service continuity risk and take mitigating action when providers' Skilled Worker Visa licences are suspended or revoked.
- We shall assess risks to providers which employ high percentages of employees under the Skilled Worker Visa scheme, to be assured of continued sustainability.

Strategy, policy and service delivery model

- The Council is increasingly focussed on moving towards the use of technology to improve efficiencies, and technology enable 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 the future commissioning arrangements of a Technology Enabled Care service.