24 September 2025

Market Position Statement 2025 – Supported Living

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 supported living 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 supported living 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 projections

- Supported living services are commonly used by working age adults. The number of adults living with a learning disability is projected to increase by 8.4% between 2023 and 2040 (Source: Learning Disabilities in Birmingham JSNA Deep Dive report 2024 – PANSI and POPPI projections - 2023). The number of adults with a moderate or severe physical disability is expected to increase by around 7% between 2019 and 2035. Similarly, the number of people with a Common Mental Health Disorder is predicted to increase by 5% between 2019 and 2030.

Service demand

- Demand for working age long term supported living placements has significantly increased by 53% over the last 5 years. The Council commissioned 995 placements in 2019/20, and this increased to 1,524 in 2024/25. Additionally, during the same period the percentage of citizens using a Direct Payment to commission their care and support increased from 32.2% in 2019 to 37.4% in 2024 – a proportion of whom use their Direct Payment to commission supported living services.
- Demand for working age adult care homes has slowly declined during the last decade reflecting a shift towards the commissioning of person-centred care arrangements around individuals' own homes, and a change in expectations of the type and style of services sought by young people.

- Aligned to commissioning strategy, we expect the number of working age care home placements to decline and the number of supported living placements to increase over the next 5 years.

Supply

Current market

- There are 199 CQC Registered supported living locations in Birmingham. Of these 115 hold a current supported living contract with the Council.
- The Registered locations are provided by a diverse group of suppliers, ranging from small locally based services to national operators. This good market mix of contracted providers and in the wider market means that significant choice is available and that sustainability risk is spread widely.
- There is an array of different types of provision offered by the market ranging from rooms in shared houses with some communal facilities, flats in 'core and cluster' schemes to enable efficient use of staffing and social opportunities, to bespoke individual accommodation incorporating specialist requirements.
- The range of different provisions and suppliers means that there is significant diversity in terms of the services offered, specialisms catered for, and the acuity and complexity of need that can be supported.

Commissioning and contracting arrangements

- The Council contracts with Supported Living providers using an open flexible contracting arrangement where new providers can apply for and be awarded a contract until the current arrangements are scheduled to end in 2028.
- Supported living packages are tendered to the contracted care market using a fixed hourly rate fee rate for daytime and nighttime care hours (separate sleep-in rates are not used) and offers received are then reviewed by citizens, their representatives and social workers to determine the service of best fit.

Capacity assessment

- There is good supply which can meet demand for most citizens, particularly those with low to moderate needs. The market is competitive, and most care package tenders receive multiple offers.
- However, there is a need for increased all male and all female mental health support provision, as well as for people with learning disabilities and autism who have complex needs, exhibit behaviours of distress, and require intensive support and detailed specialist support plans. These services require not only the right environments but also upskilled and trained specialist staff.
- As the Council shifts away from care home provision for working-age people, there will be an increasing requirement for new supported living schemes
- There is also a growing requirement for respite care opportunities within alternative services such as supported living schemes.

Quality

- Of the 199 CQC Registered supported living locations in Birmingham 87 (44%) are rated Good or Outstanding; 31 (16%) are rated Requires Improvement; 2 (1%) are Inadequate; and 79 (39%) do not have a rating assigned by the CQC. Viewed in the context of providers which have a CQC rating the number of Registered Locations rated Requires Improvement represents 24%.

- Of the 115 Registered locations in Birmingham contracted to the Council, 1% are rated Gold/Outstanding, 70% are rated Silver/Good, 27% are rated Bronze/Requires Improvement, and 2% are rated Inadequate.
- 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 or Requires Improvement rated supported living services in the city. It's ambition in the future is to contract only with Silver/Good or Gold/Outstanding rated provision.

Finance

- The market is competitive, and the Council purchases almost all supported living packages at standard contractual rates.
- Local authorities are the single largest purchasers of supported living placements alongside people who use a Direct Payment to purchase their support. There is not a significant market of self-funding citizens.
- The Council conducts regular cost of care exercises with the local market to understand provider costs and how these change over time. Contracted supported living providers receive an annual fee increase which is determined through an established methodology set out in its contacts.
- The Council conducts regular financial monitoring of suppliers to determine and address potential risks and to avoid situations of emergency market failure.
- Of the two market exits over the last 12 months only one cited financial viability as a contributory factor in their decision. This was largely due to a failure to develop provision of a sufficient size and from which economies of scale could gained.
- 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, reflects the Social Value requirements in our contracts, 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 support living services are paid only a few percentage points above the National Living Wage. Unless this can be addressed supported living 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. Not all supported living providers have a Skilled Worker Visa licence and data gathered by the Council indicate a range of approaches adopted with some providers not using international workers at all and some with significant proportions of their workforce comprised of Skilled Worker Visa holders.
- The area is highly politicised, and government policy continues to evolve. Service continuity in supported living locations operating with high percentages of international workers is a risk area requiring further risk assessment.
- There are, however, 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, policy and service delivery model

- Historically, some younger adult care homes have de-registered and become supported living services. While this approach contributes to the choice of service types on offer, increasingly this is not the type and style of service which citizens want.
- Increasingly citizens want their own independence within a self-contained flat and the Council seeks to commission efficient care, maximising the use of shared core support hours. In future the requirement for new provision is based on a 'core and cluster' model where 8+ citizens can be supported in self-contained apartments based around communal spaces and with social opportunities.
- Existing schemes where 4 or less citizens are supported is not the Council's preferred model, except for where these schemes are supporting people with complex needs and who are not compatible with larger settings.
- The Council seeks to implement a strategy where supported living is the default service offer to working age adults, as opposed to care home provision. Supported living is part of an enablement pathway of services, where outcomes relating to independence gains are delivered and citizens are proactively supported to move into services and accommodation where they are more independent and there is a requirement for less intensive support.
- 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 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.

Gap analysis

Market Capacity

- The available evidence indicates that there is a sufficient, diverse range of supply in the supported living market to meet most current demand.
- There are some shortages of supply to meet demand from people with learning disabilities and mental health support needs, where the needs are very complex, involve behaviours of distress, and/or require intensive and highly trained staff and specialist support plans.
- Aligned to the Council's strategy and the recent historic growth in supported living provision we anticipate the need for further development of a range of high-quality supported living schemes over the next 5 years.
- There is a need for appropriate housing accommodation to be built for people with complex learning disabilities and mental health needs.

Quality

- Quality of care provision is not consistently good across provision and presents a risk to the sustainability of the market. Approaching 30% of the market is not at the Silver/Good benchmark level the Council, citizens and the regulator expect.

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.
- There is a need to fully understand and model the impact of the measures in the Employment Rights Bill.

Workforce

- There are some risks to individual providers reliant on high proportions of Skilled Worker Visa employees.
- The workforce is also not fully reflective of the local population demography.

Strategy, policy and service delivery model

- Not all of the current supported living schemes are of the type and style which the Council and citizens want to commission in the future. There are not enough core and cluster schemes, and there is a reliance on houses of multiple occupation or isolated apartments/flats.
- The use of technology enabled care is not widespread across provision and therefore opportunities for increased citizen independence are missed.

Commissioning Intentions and Actions

Key messages and actions for suppliers

Market capacity

- New supported living schemes are required over the next 5 years to meet expected increased demand.
- We anticipate requiring an additional 300-400 self-contained apartments within 'core and cluster' schemes by 2030 for people with learning disabilities and autism, mental health support needs and people with physical disabilities.
- Additional capacity is required to support the following client groups:

    - Learning disabilities and autism - to facilitate moving on from existing care home placements, discharge from hospital, and for new clients requiring adult social care.
    - Mental Health – all male and all female schemes.
    - Physical disabilities – to facilitate moving on from existing care home placements, discharge from hospital, and for new clients requiring adult social care.
    - Learning disabilities, autism and mental health - where the support needs are very complex, involve behaviours of distress, and/or require intensive and highly trained staff and specialist support plans, or bespoke accommodation.
- Requests to register new supported living provision with the CQC will be supported by the Council, if proposals will deliver value for money provision of high quality, which will be of the type and style set out above and are likely to be attractive to individual citizens.

Quality

- Quality of care provision is a significant sustainability risk for the supported living market. Care providers whose quality is not rated Gold/Outstanding or Silver/Good should take immediate action to implement improvements to service delivery quality.
- 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 rated supported living provision and restrict the use of services rated Bronze/Requires Improvement.

Finance

- The ongoing strain on the Council's budget means that scope future annual fee increases will be severely limited and subject to the closest scrutiny.
- We expect supported living 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 supported living 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 Council intends that supported living is the default and primary service offer for working age adults requiring personal care and accommodation services.
- The preferred model for new provision is based on a 'core and cluster' approach where 8+ citizens can be supported in self-contained apartments based around communal spaces with access to social opportunities, and where shared core staff support is maximised.
- The model may differ for schemes which are supporting people with very complex needs, who are not compatible with larger settings. In these circumstances smaller schemes may be more appropriate.

- Supported Living schemes must comply with our contractual requirements and the REACH standards. Specifically, schemes must ensure there is clear business separation between the landlord and the care provider.
- Providers are challenged to develop innovative care models, including managed risk taking, which deliver least restrictive care services and independence outcomes.
- De-registration of existing small care homes, without modification to the environment, to become supported living houses of multiple occupation is not aligned with the preferred approach. However, proposals of this type will be supported by the Council where there are clear benefits and improved outcomes for the Council and citizens.
- The use of technology to improve independence and outcomes for citizens is of primary focus and we expect supported living schemes to make use of technology enabled care to maximise this.

Key actions the Council will take

Market capacity

- New supported living schemes are required over the next 5 years to meet expected increased demand.
- The Council will engage with care providers with the vision and capacity to develop new supported living schemes of the type and style described above.
- We are also working with system partners to ensure we are communicating the housing needs of this group of citizens.

Quality

- Quality of care provision is a significant sustainability risk for the supported living market. 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; 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 rated supported living provision and restrict the use of services rated Bronze/Requires Improvement.

Finance

- We recognise the financial pressures facing supported living providers 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 supported living 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.

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 intends that supported living is the default and primary service offer for working age adults requiring personal care and accommodation services.
- The Council will engage with the market and CQC to discuss managed risk-taking and risk-sharing with the goal of establishing an agreed approach, principles and mechanisms which give confidence to all parties, and to reduce reliance on intensive levels of staff support.
- The use of technology to improve independence and outcomes for citizens is of primary focus and 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.