Birmingham City Council

24 September 2025

Market Position Statement 2025 – Younger 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 younger 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 younger 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 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). 23,800 people in Birmingham (2.3 per cent of the 1.1 million population) have a learning disability. (Birmingham Public Health)
- The number of people with autism in Birmingham was 15,390 in 2023 and is projected to increase by 9.4% to 16,837 by 2040. (Birmingham Public Health)
- 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.
- The number of children in contact with mental health services in Birmingham and Solihull increased by 64% from 2018 to 2023. We anticipate that this will result increased need for adult social care service in the future, however the specific impact is not known at this stage.

Nursing Home demand

- Demand for Council funded beds is relatively small but has changed over the last 5 years. The number of working-age people using long term nursing home beds increased by 25.5% from 192 in 2019/20 to 241 in in 2024/25.
- Categorisation of demand is difficult because of peoples' multiple needs and the methodology used to record on systems. However, nursing bed demand is primarily from people with physical disabilities, followed by people with mental health needs, and people with dementia and other needs. Only a small number of the beds are used by people with learning disabilities and autism.

- Changes in demography alone do not account for the increased use of nursing home beds for working age adults and further work is currently being undertaken to understand the reasons for this. Initial investigation suggests there may be several factors including:
    - Potential increasing acuity of citizen need.
    - Potential increases in demand from people with learning disabilities who also live with dementia.
    - Proactive implementation of strategies to discharge people from mental health hospitals into the community.
    - Potential misplacement of citizens in nursing homes, where there are no nursing needs and where residential care or supported living could be used in combination with community healthcare services.
    - Potential direct replication of services for people transitioning from child to adult services where alternative less intensive services could be used.
- The analysis will determine our understanding of the extent of future demand change over the next 5 years.
- For people with complex learning disabilities, physical disabilities and mental ill health, and those exhibiting behaviours of distress we anticipate that nursing homes will continue to play a crucial role in delivering support. There is a continued need for specialist nursing provision and work with system partners is ongoing to establish the demand and the requirements for specific services.

Residential home demand

- The number of people using long term residential homes decreased by 11% from 940 in 2019/20 to 838 in 2024/25.
- Categorisation of demand is difficult because of peoples' multiple needs and the methodology used to record on systems. However, residential care bed demand is primarily from people with learning disabilities and autism, followed by people with mental health needs. People with physical disabilities and dementia and other needs represent a small percentage of demand.
- This reflects a shift towards the commissioning of person-centred care arrangements around individuals' own homes, and a change in the expectations of the type and style of services sought by young people. During the same period the number of supported living placements has significantly increased.
- Younger Adult care homes support people with a broad range of needs and the levels of support vary significantly from the use of core shared support for several residents up to multiple staff supporting a single individual.
- We expect the number of working age residential care home placements to continue decline over the next 5 years, as demand for supported living schemes increases.
- Short-term enablement and respite in care homes remain an important feature of this market.
- For people with complex learning disabilities, physical disabilities and mental ill health, and those exhibiting behaviours of distress we anticipate that residential homes will continue to play a crucial role in delivering support.
- There is a continued need for specialist provision and work with system partners is ongoing to establish the demand and the requirements for specific services.

Supply

The supply picture for working-age care homes is complicated because of the system of categorisation operated by the CQC and the fact that homes deliver person-centred care, supporting people across different client groups within homes.

Nursing Homes

- In Birmingham the CQC has registered nursing homes to support these client groups:
    - Learning Disability and Autism – 7 homes and 284 beds
    - Mental Health / Younger Adult – 26 homes and 1397 beds
    - Physical Disability / Younger Adult – 41 homes and 2440 beds
- While the number of homes and beds broadly reflects the high-level need types of people requiring nursing homes, the data does not provide a detailed and accurate picture of the client groups supported and specialist services provided.
- Further work is underway to map and understand the actual specialisms each care home offers and the needs they can meet including:
    - Complex mental ill-health support including step-down services for people held under a Mental Health Act section order and those with forensic needs.
    - Complex learning disability and autism needs support, particularly for people exhibiting behaviours of distress.
    - Support for specific conditions, e.g. multi-sensory impairment, Prader-Willi Syndrome, etc.
    - Supporting citizens who present with mental ill health and/or autism and/or a learning disability who also have an additional diagnosis, e.g. eating disorders, alcohol or substance misuse/addiction.

Nursing home occupancy

- The market operates at very high occupancy levels and is characterised by citizens remaining in placements for long periods of time, with limited turnover.
- According to data in the Capacity Tracker, younger adult nursing homes contracted to the Council and located in Birmingham have only 7% beds vacant.

Nursing homes capacity assessment

- Identifying placements where citizens are compatible with existing residents is an added complication and means that sometimes people must wait while a preferred placement is identified. There are not always a variety of options to offer choice.
- Early analysis suggests that there is a difficulty in identifying skilled/ expert providers which can meet citizen needs where there are multiple diagnoses. For example, eating disorders and autism, substance misuse and LDA, physical disability and mental ill health and/or behaviours of distress.
- We will be working with our citizens and providers to establish gaps within the current provision and what good support looks like.

Residential Homes

- In Birmingham the CQC has registered residential homes to support these client groups:
    - Learning Disability and Autism – 115 homes and 1009 beds
    - Mental Health / Younger Adult – 64 homes and 939 beds
    - Physical Disability / Younger Adult – 40 homes and 956 beds

- While the number of homes and beds broadly reflects the high-level need types of people requiring residential homes, the data does not provide a detailed and accurate picture of the client groups supported and specialist services provided.
- Further work is underway to map and understand the actual specialisms each care home offers and the needs they can meet including:
  - Complex mental ill-health support including step-down services for people held under a Mental Health Act section order and those with forensic needs.
  - Complex learning disability and autism needs support, particularly for people exhibiting behaviours of distress.
  - Support for specific conditions, e.g. multi-sensory impairment, Prader-Willi Syndrome, etc.
  - Supporting citizens who present with mental ill health and/or autism and/or a learning disability who also have an additional diagnosis, e.g. eating disorders, alcohol or substance misuse/addiction.

Residential home occupancy

- The market operates at high occupancy levels. According to data in the Capacity Tracker, younger adult residential homes contracted to the Council and located in Birmingham have almost 9% beds vacant. Identifying placements where citizens are compatible with existing residents is an added complication and means that sometimes people must wait while their preferred placement is identified.
- 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 Home capacity assessment

- Supply is generally sufficient to meet demand, particularly where citizen needs are at the low and medium level and can be supported with a combination of core shared support and bespoke 1:1 for specific activities.
- Supply is more restricted for people with complex needs relating to learning disabilities, autism and mental health, those exhibiting behaviours of distress, and where intensive levels of staffing and detailed support plans and strategies are required.
- 6 learning disability care homes exited the care market between April 2024 and March 2025 mainly because of strategic decisions by social housing associations to exit the residential care home market. Despite the loss of 26 beds all residents were accommodated in alternative provision.
- Early analysis suggests that there is a difficulty in identifying skilled/ expert providers who can meet citizen needs where there are multiple diagnoses. For example, eating disorders and autism, substance misuse and LDA, physical disability and mental ill health and/or behaviours of distress.
- We will be working with our citizens and providers to establish gaps within the current provision and what good support looks like.

Commissioning and contract arrangements

- The Council operates an underpinning flexible contracting arrangement which is open to new supplier applications.

- Younger 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 using a flexible guideline fee structure.

Quality

- Quality varies across Birmingham located care homes dependent on the client group being supported.
    - Of the homes registered to support people with learning disabilities and autism – 72% are rated Good by the CQC, 21% Requires Improvement, 1% Inadequate and 6% are unrated.
    - Of the homes registered to support younger adults with mental health needs 64% are rated Good, 17% Requires Improvement, 1% Inadequate, and 18% are unrated.
    - Of the homes registered to support younger adults with physical disabilities 64% are rated Good, 27% are rated Requires Improvement, 1% Inadequate, and 7% are unrated.
- 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.
- The Council's ambition in the future is to contract only with Silver/Good or Gold/Outstanding rated homes.

Finance

- Local Authorities are the largest purchasers of younger adult care home beds in the City followed by the NHS. Many placements are jointly funded by the Council and NHS. There is not a significant market for self-funding citizens and Direct Payments cannot be used to fund long term care home packages.
- The Council uses a flexible guideline fee structure linked to the level of assessed need to determine fees paid for younger adult care homes. This allows for the significant variation in level of need of young people and the variation in operating models of the different care homes. The fee structure is underpinned by an 'open book' care cost scrutiny process designed to establish costs of placements and ensure value for money for the public purse.
- 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 methodology set out in contracts.
- There were no younger adult care home market exits between April 2024 and March 2025 where financial viability was recorded as a contributory factor.
- Recent increases in the National Living Wage and Employer National Insurance contributions have significantly impacted care home provider costs, and the pressures on the Council's and NHS's budgets 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 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 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 reflects to an extent the demography of the city although Asian and male workers are underrepresented.
- Indications are that care homes often employ general nurses with no or little experience of learning disabilities, autism or mental health.

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.
- While there is generally less use of Skilled Worker Visa employees in younger adult care homes compared to older adult care homes, gaps in the labour market have been filled to an extent by international workers. 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 workforce comprised of 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

- The Council seeks to implement a strategy where supported living is the default service offer to working age adults to promote independence and allow for integration within local communities. This reflects the aspirations and expectations of younger people transitioning into adulthood who want to receive person-centred care and support in their own home or tenancy.
- The Council will support care homes to de-register to become supported living schemes where benefits and improved outcomes are delivered for citizens.
- While there will be an ongoing need for younger adult care homes to support people with particular needs, care home placements should be 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.

- In circumstances where people use care homes the Council's focus is increasingly shifting towards the use of technology enabled care to allow citizens to be as independent as possible.
- There is a need for care homes to develop and implement strategies for how they will support citizens to have meaningful social interactions with peers.
- There is a need for care homes to coproduce provision with citizens with lived experience.

Gap analysis

Market Capacity

- The market operates at high occupancy levels with limited turnover of residents. This limits the market's ability to function competitively, and in some circumstances means that citizen choice can be limited and/or that they must wait before preferred provision is identified and put in place.
- There is sometimes a shortage of supply of provision for people with learning disabilities, autism, and mental ill-health where those needs are complex, people exhibit behaviours of distress, and require intensive, expert staff support and, detailed and complex support plans and strategies.
- Further work is required to understand the different specialisms catered for and offered by individual care homes so that a detailed picture of the market can be put together. Current methodology used to record specialisms as part of CQC registration is not sufficiently detailed or necessarily reflective of actual service delivery.
- There is a need to reduce the number of patients in long stay specialist learning disability hospitals.

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 Employment Rights Bill.
- There is not always transparency on the part of care homes when the Council seeks to establish the relationship between providers' proposed fees and actual costs. There is sometimes a reluctance to engage when the Council seeks to establish value for money.

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.
- There are potential gaps in the ability of providers to meet complex and challenging needs or deliver against stated specialisms.
- There are concerns that the workforce is not always suitably trained and qualified particularly when supporting people with complex mental ill-health, learning disabilities, and autism needs.
- Further work is required to map training requirements in relation to service delivery specialisms and to provide clarity to the market.

Workforce

- There are workforce risks in parts of the market where high proportions of staff teams are employed under the Skilled Worker Visa scheme.
- The workforce is not fully reflective of the local population demography.

Strategy, policy and service delivery model

- Residents often remain in the same home for many years, and while this may be the best and preferred option for many, there are a significant number of younger adults whose independence, and potential to live in less restrictive services with less support, is limited.
- There is an over-reliance on high-levels of staffing in some care packages combined with a lack of managed risk-taking. A lack of risk sharing between commissioners, the CQC and providers has been highlighted as a barrier to promoting independence for some citizens.
- The use of technology enabled care is not maximised.
- Accommodation is not always of sufficient quality that reflects peoples' 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

- On the whole supply is closely matched with demand. We do not expect demand for care homes to increase or anticipate the need for care home market expansion.
- Low volumes of additional bespoke homes may be needed to support people with complex needs.
- Proposals to de-register care homes to create supported living schemes will be supported by the Council where these deliver savings and good outcomes for citizens.
- Requests to register new care homes with the CQC will only be supported by the Council, if there is a clear need for additional capacity.

Quality

- Quality of care provision is a significant sustainability risk for parts of the younger adult care home market.
- Providers which are not rated Gold/Outstanding or Silver/Good should make immediate improvements to service 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 care homes and restrict the use of home rated Bronze/Requires Improvement.
- Providers must ensure that their staff are trained and have the appropriate expertise to support people safely and to a high standard.

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.
- The Council's expectation is that care homes proactively increase operational efficiency by innovating, adopting technology enable care, and making best use of resources, grants, alternative funding and training that is available.
- The Council requires care homes to engage transparently with attempts to establish the relationship between costs and proposed fees, and value for money. The Council will invoke its contracts and take appropriate action when required.

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 Council intends that supported living is the default and primary service offer for working age adults requiring personal care and accommodation services, as opposed to care homes.
- Where care homes are used, they should offer an enablement approach to service delivery, focussed on delivering independence outcomes and proactively supporting people to move along a pathway where they require less intensive support and into less restrictive services such as supported living.
- We expect care homes to make use of technology enabled care to improve outcomes and independence for residents.
- Care home providers are challenged to develop innovative care models, including managed risk taking, which deliver least restrictive care services and independence outcomes.

Key actions the Council will take

Market capacity

- We shall engage with the market to explore de-registration proposals which create support living schemes to ensure these deliver savings and good outcomes for citizens.
- Requests to register new care homes with the CQC will only be supported by the Council, if there is a clear need for additional capacity.
- The Council is undertaking activity to map the service specialisms across the market. This activity will inform future market shaping activity, service specifications, workforce training and qualification expectations
- 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.
- We shall carry out further work to establish a portfolio of highly skilled providers within the care home market, in relation supporting citizens with complex needs – to include mental health, learning disabilities, autism, working age dementia, and substance misuse.
- We intend to reduce the number of people in long stay specialist learning disability hospitals by developing a system wide approach with partners.
- We shall work with system partners to ensure appropriate housing and accommodation is developed for working age adults.

Quality

- Quality of care provision is a significant sustainability risk for parts of the younger adult care home 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 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 to a minimum.
- Further work will be undertaken to map the workforce training and qualification requirements for providers to deliver specialist services. The Council will clearly specify requirements in contracts and service specifications.
- We aim to involve citizens with lived experience as part of the care home quality assurance process for the complex learning disability, autism and mental health segment of the market.

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 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 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 intends that supported living is the default and primary service offer for working age adults requiring personal care and accommodation services, as opposed to care homes.
- 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.
- 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.
- We shall carry out work to set out the expectations of providers supporting people with very complex needs. This will include the development of service specifications and staff training and skill requirements.