

Market Position Statement 2025 – Home Support

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 home support 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 home support 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

- 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). 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 long term home support care packages purchased directly by the Council has declined steadily over the last 5 years. In 2019/20 the Council commissioned 3,277,806 hours of home support, but this had fallen to 2,286,299 hours in 2024/25 – a decline of 30.25%.
- During the same period the number of people using a Direct Payment to purchase their care and support has increased by 32% in 2019 to 37% in 2024 – a significant proportion of whom use their Direct Payment to purchase care from a home support agency.
- Data gathered in the Council's 2023 cost of care exercise indicated that local authorities are the largest purchasers of home support (approx. 65%), followed by the NHS (approx. 20%), then Direct Payment users and self-funders (approx. 15%).

- Children's Services also commission home support packages using the Council's contracts – the numbers of packages are very small compared to adults, and different regulatory registration requirements apply to providers.
- Improved performance and increased use of post-hospital discharge short term home support enablement services and wrap-around community team support has also impacted on the need for long term home support packages. Social work practice has also adopted a strengths-based focus to assessment and review designed to identify low level community support to prevent the need for long term care, and that when long term care is required commissioned home support care packages are optimised.

Supply

Current market

- There are 333 CQC Registered home support agencies in Birmingham. Of these 91 hold a current home support contract with the Council. Relative to its size Birmingham has a high number of CQC registered home support agencies.
- The market is comprised of a diverse array of suppliers ranging from small local organisations 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.

Commissioning and contracting arrangements

- In August 2024 the Council let new home support contracting arrangements which are scheduled to operate until 2029 (with an option to extend by a further 2 years) The new contracting arrangements have increased the volume of available supply of home support provision in all areas of the City.
- Home support care packages are tendered to the contracted care market via an e-tendering system, CareMatch Portal. The Council uses this system to commission all home support packages at a fixed standard contractual fee. Each care package is awarded to the highest quality rated provider submitting an offer.
- The Council's current contracting arrangements are closed to new applicants. Should contracted supply fall below the level required then the Council has the facility to reopen its arrangements and to invite new suppliers to apply for contracts.

Capacity assessment

- The market is very competitive, and multiple offers are received for each care package tender. We do not currently experience shortages of supply or delays in arranging home support services.
- Home support providers can increase their capacity relatively easily (compared to care homes) through recruiting additional workers. The market has consistently demonstrated it is responsive to changes in demand.
- There is sufficient capacity within the existing market to meet demand.

Quality

- There are 333 CQC Registered Home Support locations in Birmingham. 137 (41%) are rated Good or Outstanding; 45 (13.5%) are rated Requires Improvement; 5 (1.5%) are Inadequate; and 146 (44%) do not have a rating.
- Of the 91 Home Support locations contracted to the Council, 1 is rated Gold/Outstanding, 87 are rated Silver/Good and 2 are rated Bronze/Requires Improvement, and 1 rated Inadequate.

- Current 2024 Home Support contracts were only awarded to locations rated Good or Outstanding. Individual care packages are awarded to the top-rated location of those submitting offers. Because of competition locations with a rating below Silver/Good in most assessment domains are unlikely to win new business.
- While the Council has a duty to drive up the quality of the local care market, its focus is primarily on those providers to which it has awarded contracts. Among this cohort quality is good overall and there are no significant issues to address. The picture in the wider home support market in the city is a different and there are a high number of Registered Locations which have not been inspected and rated by the CQC.
- The Council will however continuously monitor quality of the market. In the past, rapid expansion of individual suppliers has often led to a decline in quality – this will therefore be a particular area of focus.

Finance

- The market is competitive, and the Council purchases all home support packages at standard contracted rates.
- The Council conducts regular cost of care exercises with the local market to understand provider costs and how these change over time. Contracted home support providers receive an annual fee increase which is determined through an established contractual methodology.
- The Council conducts regular financial monitoring of suppliers to determine and address potential risks and to avoid situations of emergency market failure.
- There were no market exits of contracted home support suppliers between April 2024 and March 2025 which cited financial viability as a contributory factor.
- Recent increases in the National Living Wage and Employer National Insurance contributions have significantly impacted provider costs.
- 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 (the 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 and reflects the Social Value requirements in our contracts. This is likely to result in a workforce that has the skills to meet the needs of the local population particularly 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 home support agencies are paid only a few percentage points above the National Living Wage.

Unless this can be addressed home support 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 home support providers have a Skilled Worker Visa licence and data gathered by the Council indicates a range of approaches adopted with some providers not using international workers at all and some with significant percentages of their workforce comprised of Skilled Worker Visa holders.
- The area is highly politicised, and government policy continues to evolve. There are service continuity risks for home support locations operating with high percentages of international workers if their sponsorship licences are revoked.
- 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.
- 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.
- 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 assessment and available evidence indicate that there is sufficient high-quality supply in the home support market to meet current and future demand.

Quality

- Quality of care provision does not present a current risk to sustainability for the contracted home support market.

Finance

- Financial resilience and sustainability of the market appears 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

- The use of technology and technology enabled care is not currently maximised and there is scope to further develop and utilise it to increase people's independence.

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

- The Council has sufficient contracted capacity, and we do not currently envisage opportunities or requirement for providers to develop new services or enter the market
- Requests to register new home support agencies with the CQC are unlikely to be supported by the Council.

Quality

- Quality of the contracted market is rated good. There are no significant issues for providers to address.

Finance

- The ongoing pressure on the Council's and NHS's budget means that scope for future annual fee increases will be severely limited and subject to the closest scrutiny.
- We expect home support providers 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 home support 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

- 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. We expect suppliers to deliver outcomes aligned with this.
- The Council is increasingly focussed on moving towards the use of technology to improve efficiencies and technology enabled care. We expect suppliers to embrace and utilise technology to maximise citizen independence.

Key actions the Council will take

Market capacity

- The Council has sufficient contracted capacity. We shall continue to monitor market capacity but will only reopen existing contracting arrangements if supply cannot meet demand.

Quality

- Quality of the contracted market is rated good. The Council will continue to monitor quality and take appropriate action to drive improvement if it is required in the future.
- The Council will continue to liaise with the CQC to determine how the quality issues in the non-contracted wider home support market are best addressed.

Finance

- We recognise the financial pressures facing home support 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 home support 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

- 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 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 the future commissioning arrangements of a Technology Enabled Care service.