

Self-funders falling below the upper capital limit

Summary

Adult Social Care is subject to means-testing, with the Local Authority responsible for funding some or all the costs of services to meet eligible care and support needs where residents are below an upper capital limit. For the Financial Year 2026-27, the [capital limits are](#) £14,250 for the lower capital limit and £23,250 for the upper capital limit.

This policy outlines our mitigations to ensure continuation of appropriate and high-quality care when residents deplete funds and fall below the upper capital limit.

Issues and aims

One challenge is where self-funders select high-cost placement but then spend their funds soon after. The Local Authority is then asked to cover the costs of placements that are significantly above benchmarked costs of comparable placements made by the Local Authority, which creates financial instability. This policy aims to:

- Provide **clarity to self-funders about potential implications of selecting higher-cost care**, and encourage early engagement with the Local Authority
- Establish a **fair and transparent process to manage transitions** when self-funders fall below the threshold, to help ensure cost-effective use of public funds
- Ensure **provision of high-quality care** for residents changing placements

Who is impacted

Group	Aim
Residents self-funding care and support	To understand the potential impact of self-funding a high-cost care placement, and what happens when funds fall below the threshold.
Care Providers	For providers to understand the potential impacts of accepting self-funding residents, and their roles in communicating these to residents.
Council Staff	To understand the expectations of providers and residents, and Croydon Council's position on falling below the upper capital limit

Process

Pre-Placement Guidance

For those without an assessment by Croydon Adult Social Care Services:

- The provider should conduct a financial risk assessment, to understand when the resident would fall below the upper capital limit. We would recommend that the resident can fund at least three years of care, accounting for inflationary uplifts.
- We would encourage the resident to have a Legal Power of Attorney (LPA) in place, should they lose capacity in future.
- Providers should signpost residents to this policy in their terms and conditions and any signed documentation between the provider and resident, to ensure they have a good understanding the implications of self-funding a placement that exceeds our comparable benchmarked costs.

For those being placed by Croydon Adult Social Care Services:

- When we conduct a financial assessment, we will send out a letter that outlines when we would expect a resident to fall under the threshold, based on their placement. This will also contain information outlined in this policy, including the possibility of a change in placement where costs significantly exceed our benchmarked comparable costs.

Benchmarking Exercise

Croydon Council will, for the beginning of each financial year, carry out a benchmarking exercise to establish a comparable rate for different types of care using recognised benchmarking and care cost calculator tools. The Council will consider changes into care costs such as inflation and staffing costs. The exercise will decide on a rate for different types of care to meet needs. The Council will [publish the results](#) of the benchmarking exercise in April of each financial year.

Depletion of Assets and Request for Support

- Residents will be responsible for contacting Croydon Council about their financial situation, and we would recommend they do this six months ahead of their funds falling below the upper capital limit. Care homes should support residents with this process, including proactive planning ahead of falling below the upper capital limit.
- If Croydon Council is not informed, it will not be liable for costs before any notification around falling below the capital limits. Prior to notification around a change in the resident's financial situation, the relationship is independent of

Croydon Council and remains solely between the provider and resident. This includes issues around debt.

- Croydon Council will re-assess care and support needs under the Care Act, and the resident's financial situation. Where necessary, this may include a Mental Capacity Act assessment, which could result in consideration about how a resident's financial situation is managed.
- After needs have been assessed, the appropriate care and support will be determined. This will include the expected cost placement, in line with our comparable benchmarked rates.
- If the current placement is appropriate to meet care and support needs, and meets comparable benchmarks, the placement will remain in place, and the regular annual review process will take place.

Negotiation with Care Home Providers

- If the placement is providing a level of care that is not appropriate to a resident's needs e.g. under or over-provision, we may need to make changes, arranged with the resident.
- For over-provision, or costs exceeding our comparable benchmarked rates, changes may be made as we have a legal duty to spend public money to achieve the best value. If changes are needed:
 - We will attempt to negotiate with the current care home to reduce the fee to a sustainable level. If the provider agrees, the individual may remain in place with Croydon Council funding.
 - Arrangements can be made for a third party e.g. a family member, to pay a "top-up cost" to fund the difference between the cost of care needed to meet eligible needs, and the current care placement. Providers should conduct their own checks to ensure this is sustainable.
- If the provider does not agree, and the fee remains significantly above our benchmarked comparable rates, Croydon Council reserves the right to arrange an alternative placement that meets the individual's needs appropriately.
- The decision to move the individual would be as an outcome of our usual care and support planning processes, involving consultation with the resident and with other professionals, and will consider the best interests of the resident.

Change of Placement

- If the resident does not have support to move between care homes, they will be asked to fund the transport costs.
- A review of the person's care and support plan will take place once the change of placement has been made to ensure needs are being met appropriately in the new placement.

Review and Oversight

- We will monitor patterns of high-cost placements transitioning to LA-funded status to inform commissioning strategy and provider negotiations and would welcome feedback from providers via carequality@croydon.gov.uk