Direct Payments - Policy

SCOPE OF THIS CHAPTER

This chapter is about Direct Payments, and can be read alongside national guidance:

- **The Care and Support (Direct Payments) Regulations 2014**
- **Care and Support Statutory Guidance**

Contents

1 Glossary of Terms

Term	Definition
Resident	A person in receipt of or interested in Direct Payments. This could be a person with care and support needs or a carer.
Practitioner	A social care practitioner involved in the case.
Croydon Council	The London Borough of Croydon
KCIL	The Kingston Centre for Independent Living
Nominee	A person managing the Direct Payment on behalf of the resident.
PA	A personal assistant.

2 What is a Direct Payment?

A Direct Payment is a method of managing some or all of a resident's personal budget. A Direct Payment is where Croydon Council makes regular financial payments to the resident so that they can arrange and manage their own care and support. This allows residents to choose how to use the money to meet the agreed care and support needs. For more information on how a Direct Payment can be made, see Section 6.

Direct Payments can be paid to the resident, or to someone they nominate. If a resident lacks capacity, a nominee can be authorised to receive the Direct Payments (see Section 4 below).

Croydon Council will usually pay the resident their Direct Payment budget, subtracting any contribution the resident has been assessed to pay towards the cost of their care and support. The resident is expected to pay their contribution into the Direct Payment account alongside Croydon Council payment and these funds together will make up the Direct Payment budget. For more information on financial assessments and client charges, refer to the Croydon Council Charging Policy.

3 Promoting Direct Payments

Croydon Council will promote the use of Direct Payments, as they provide a high level of choice and control. Direct Payments must be clearly explained to the resident, so that they can make an informed decision:

a. When giving information and advice at any time;
b. During initial discussions about how eligible needs could be met;
c. During care and support planning;
d. During statutory reviews; or
e. Throughout any process of monitoring.

You can look at the '**Direct Payments**' section of the Care Act 2014 resource, but this policy outlines all the necessary information.

3.1 Information Croydon Council should not provide

Although the practitioner is expected to provide general information and advice about Direct Payments, they should not provide specific information or advice about employer liabilities and responsibilities where the resident or their nominee intends to employ a Personal Assistant (PA). Nor should they ever recommend an individual PA.

Equally, they should not provide information regarding self-employment, such as how to understand a PA's tax status.

Where such information or advice is required, they should support the resident to access it, from the Kingston Centre for Independent Living (KCIL). Online information is also available: **Skills for Care – Support for individual employers and PAs**.

Any information Croydon Council provides about available local services to meet needs should be objective and relevant to the resident's needs. Croydon Council must take care to ensure that it does not, or appear to, influence the person's decision about which services to arrange. KCIL will support with recruitment of PAs. For other care and support providers, the resident or their nominee can access Small Good Stuff.

All information, advice and guidance should be accessible. For more information on this, refer to Accessibility statement for Croydon Council | Croydon Council.

4 Who can receive a Direct Payment?

Anyone who is eligible for funding for Adult Social Care in accordance with the Care Act 2014 eligibility criteria can choose to receive their funding as a Direct Payment, provided:

a. Someone can manage the Direct Payment.
b. It will be spent in accordance with this policy, and the resident's support plan.
c. It won't be used to meet the needs of anyone who is subject to a requirement, license or order under criminal legislation that requires them to undertake drug or alcohol rehabilitation, behaviour therapy or testing.
d. Croydon Council doesn't deem it high risk.

The level of risk will be assessed on a case-by-case basis. Common things that will be considered include:

a. **Mental Capacity** – a person's capacity (under the **Mental Capacity Act 2005**) to consent to and manage the payments, and availability of a suitable **authorised person** (e.g., a court-appointed deputy or lasting power of attorney) to manage funds on their behalf.
b. **Safeguarding Concerns** – risk of financial abuse, coercion, or exploitation (e.g., by family members or others who might misuse the funds).

c. **Financial management ability** – severe difficulties managing money e.g., due to cognitive impairment, severe mental illness, or learning disabilities, and the support available.
d. **Living situation** – safety and stability of living environment e.g., due to substance misuse, domestic abuse, or unreliable informal carers.
e. **Frequent crisis or fluctuating needs** – predictability of care needs.

If the same outcomes can be achieved for the resident, Croydon Council can decide not to provide a Direct Payment if it provides better value for money, to commission a service directly, in line with the Care Act 2014.

4.1 Direct Payments and Mental Capacity

A resident who lacks capacity to request or manage a Direct Payment can still receive one under the Care Act 2014 if the request is from:

a. A person authorised under the Mental Capacity Act 2005 to make decisions relating to the person's Care and Support (e.g. a Deputy or a Lasting Power of Attorney); or
b. A person approved by someone authorised under the Mental Capacity Act 2005 to make decisions relating to Care and Support; or
c. Where there is no authorised person under the Mental Capacity Act 2005, Croydon Council considers the person making the request to be suitable.

Croydon Council will decide case-by-case as to whether someone is a suitable person for us to make a Direct Payment to. Factors we may consider when deciding this include:

a. They do not stand to benefit, financially or otherwise, from control over the Direct Payment
b. It is believed they will act in the best interests of the resident
c. They have capacity and can understand their responsibilities either by themselves or with whatever help we think they will be able to access
d. They can engage with the Council, KCIL and any other relevant parties (e.g. care providers, payroll, etc)
e. They consent to managing the Direct Payment
f. They have sight of any care or support being provided

If no suitable person can be found, a Direct Payment cannot be arranged.

4.2 Fluctuating capacity

If a resident has fluctuating capacity, a nominee must still be appointed to receive and manage the Direct Payments. However, during periods where the resident has capacity to make decisions about the Direct Payment, the nominee should allow the resident to manage the Direct Payment themselves.

If the resident gains capacity, the nominee must notify the Council of this. Before arranging the Direct Payment, the practitioner should be satisfied that the nominee understands this and that it will be the case.

5 What a Direct Payment can be spent on

The underpinning principle of a Direct Payment is the flexibility to meet need in the most person-centred way possible. As such, with a few exceptions, a Direct Payment can be used in any way that meets the resident's agreed care and support needs. However, a Direct Payment must meet all the resident's needs; they cannot spend so much on one need that means they can't afford to meet another.

5.1 What a Direct Payment cannot be spent on

Care and Support (Direct Payments) Regulations 2014 sets out the conditions under which a Direct Payment can be made and how it can be used in accordance with the Care Act 2014. Additionally, Croydon Council may impose conditions on the use of a Direct Payment. Below is a list of things a Direct Payment cannot be spent on:

a. Anything illegal – this prohibits public funds being used for unlawful purposes.
b. Gambling or speculative investments – high risk spend contradicts Croydon Council's statutory requirement to protect public funds.
c. Buying food, drink, alcohol or cigarettes (unless under specific circumstances detailed below) – considered ordinary living expenses and so are not eligible needs under the Care Act 2014.
d. Paying for anything that other departments or statutory organisations provide, for example, the NHS – regulation 2 explicitly states that a Direct Payment must not be used to meet needs that the NHS is required to meet under the National Health Service Act 2006.
e. Paying any rent or household bills, for example gas and electricity bills – these are considered ordinary living expenses and are not eligible needs under the Care Act 2014.
f. Permanent residential placements – "Regulation 6" limits the use of Direct Payments for residential care to a maximum of four consecutive weeks in any 12-month period. Permanent placements are therefore excluded.
g. Paying for services from Croydon Council – this is prohibited to prevent duplicated funding of services.
h. Anything that financially benefits the person managing the Direct Payment – this is to prevent a conflict of interest that could promote misuse or use of the Direct Payment against the best interest of the resident.
i. Anything other than what is specified in the support plan and related to meeting agreed outcomes – this is the core principle of the Care Act 2014.

Beyond this, Direct Payments can be used flexibly by the resident to meet the outcomes outlined in their support plan. This may include sensible alternatives to traditional care, for example gym memberships as an alternative to attending day care. These services should only be included as an alternative, not an addition, to traditional care services. When a resident uses Direct Payments flexibly, they must be able to demonstrate how their support is contributing towards their agreed outcomes.

Our directory gives examples of some organisations, including micro-enterprises (businesses with 8 or less employees) in the community that can meet a range of care and support needs in your local community. Those with a badge have gone through our Community Micro-Enterprise Project framework, to meet our standards.

5.2 Food, drink, alcohol or cigarettes

Paying for food and drink for the resident is not allowed. However, it can be purchased for a carer supporting the resident at a relevant setting (e.g. going out for a meal). Alcohol and cigarettes cannot be purchased using a Direct Payment under any circumstances.

5.3 Transport

A Direct Payment can be used to fund support while travelling, including travel support or 1:1 support to manage behavioural challenges. For more information on this, refer to our travel assistance policy. It can also be used to fund the travel itself if other benefits or schemes aren't able to cover it. Other ways to access funded transport include:

a. Personal Independence Payments
b. Motability scheme
c. Blue badges
d. Taxi cards

5.4 Respite

A Direct Payment can be spent on short-term residential placements for respite. A short-term placement cannot exceed 4 consecutive weeks. Additionally, if two stays in care homes are less than 4 weeks apart, the duration of the two stays added together must not exceed 4 weeks. Examples are below:

Respite Pattern	**Allowed under Direct Payments?**
Resident A stays in a care home for 1 week every 6 weeks.	Allowed, as no two stays are within 4 weeks of each other, meaning the 4 consecutive weeks limit is never reached.
Resident B stays in a care home for 3 weeks. They then spend 2 weeks at home before spending another 3 weeks in a care home.	Not allowed. The break between the two care home stays is less than 4 weeks, so the duration of the 2 stays needs to be added together. This total stay is 5 weeks, exceeding the 4-week limit.

If there is a need for more than 4 consecutive weeks of respite, this can be arranged by Croydon Council but cannot be funded via a Direct Payment. The time limit is imposed to promote people's independence and to encourage them to remain at home rather than moving into long-term home placement.

Where a person is frequently using the Direct Payment to pay for short-term care home stays, Croydon Council should conduct a review to ensure that the care plan is still meeting needs.

5.5 Equipment

A Direct Payment can be used to pay for pieces of equipment. This can either be as an alternative to equipment supplied by occupational therapy or for other equipment that prevents or delays the need for long term support (e.g. a laptop to support with access to employment). However, the equipment cannot be available to access, or be provided by, another statutory body such as the NHS.

5.6 Paying for support administering a Direct Payment

Support to administer the financial side of a Direct Payment is available via KCIL. Under normal circumstances, Croydon Council would not fund an alternative. However, residents can fund an alternative themselves.

Should there be a breakdown in the relationship between a resident or their nominee and KCIL, Croydon Council can fund an alternative. However, steps should be taken to resolve any disputes first due to the value KCIL provide in other forms of Direct Payment support. Funding alternative administration support should be approved by a Head of Service to ensure this is a last resort.

5.7 Self-employed PAs

Self-employed PAs can be paid for using Direct Payments if their tax status is self-employed. Treating a PA as self-employed when the HMRC considers them to be employed can result in the HMRC invoicing the employer for any unpaid tax bills, so it is vital the person managing the Direct Payment gets this right.

In order to validate whether or not a PA is employed or self-employed by tax status, the person managing the Direct Payment should use this tool available on the government website. Support with this is available from KCIL. For more information, review the government website.

5.8 Paying members of the same household

Croydon Council does not allow the resident to pay household members for support, except in exceptional circumstances, such as if this is the best way to meet the resident's cultural, religious or communication needs. This reflects the fact that, in some complex situations, the Direct Payment amount may be substantial. Family members can be paid

a proportion of the Direct Payment, similar to what residents may pay to third party support organisations, as long as Croydon Council allows this. In such a case, the family member would need to be put on the payroll as an employee.

Decisions on whether a person living in the same household can be paid must be taken by a Director.

5.9 Prohibited Providers

Croydon Council has the power to disallow the use of specific providers of care and support under Direct Payments. This can be used to prohibit a provider from working with a specific resident or with any residents using Direct Payments. Some potential reasons for Croydon Council to exercise this power are:

a. Safeguarding concerns relating to the provider
b. A conflict of interest exists between the provider and the resident/nominee

Even though a condition can prohibit a named individual from providing care using the Direct Payment, Croydon Council cannot dictate who should provide the care.

5.10 Paying for care and support abroad

If the resident needs care whilst abroad, they can take their regular carer or PA but must pay for their travel expenses and accommodation unless under exceptional circumstances. These could include the need for support during travel or if sourcing support at the destination would be difficult due to specific needs. Decisions on whether a resident can pay for travel abroad for a carer or PA to go with them must be taken by a Head of Service.

The person managing the Direct Payment can contact a care agency in the country they are traveling to. They will need to find out if the country has a system for regulating social care equivalent to the CQC in England, and ensure the provider fully complies with this. The person managing the Direct Payment retains the responsibility to ensure that any employee particularly if this is outside the UK, complies with the country's employment rules and regulations.

The resident or their nominee must retain receipts for payment of wages to employees as well as all other documentation related to such employment; this includes copies of timesheets, receipts and invoices relating to purchases made from their Direct Payment bank account. These should be submitted to Croydon Council along with their financial monitoring returns every quarter.

5.11 Pooling budgets

A group of residents coming together to find services that work for them is encouraged. This can enable the group to find more person-centred support at a better price.

However, the pooling of Direct Payment budgets of multiple residents into a single account is prohibited to prevent one resident from spending another's funds. Providers must be set up such that they can charge individual residents for the support they receive so that each resident is only paying for the services they have received.

5.12 S117 Aftercare Services

If the Direct Payment is used in line with this Direct Payments policy, it can be used to provide after-care services under Section 117 of the Mental Health Act 1983. However, the social worker should be clear that the appropriate Integrated Care Board (ICB) is making any required contributions to the overall package of care, first.

5.13 Disclosure and Barring Service (DBS) Checks

DBS checks allow employers to check the criminal records of potential employees. When employing a PA, it is strongly recommended to undertake an enhanced DBS check for all prospective employees.

A Direct Payment cannot be used to fund DBS checks for personal assistants. Instead, these are available via KCIL. More information on DBS checks is available on the government website.

6 How a Direct Payment can be made

Direct Payments are available via the banking system Monika, with support available from KCIL.

Where Monika is used, the financial management of the Direct Payment can be done by KCIL on behalf of the resident if required. This purely refers to the financial administration of the Direct Payment (i.e. payment of wages / invoices, running payroll etc.) It does not remove responsibility from the resident or their nominee in terms of arranging care and support or any associated employment responsibilities.

KCIL will have a conversation with the resident and their nominee about the most appropriate way of managing the Direct Payment at time of setup.

Direct Payments can only be made via nominated accounts (e.g. a separate high street bank account) by exception. This needs to be agreed by the appropriate Head of Service.

7 Determining a Direct Payment Budget

Once a support plan has been agreed with the resident, including what support is needed and how it will be delivered, the actual cost should be calculated as the proposed budget.

7.1 Personal assistants

For PAs, this should be based on the London Living Wage plus on costs. As of April 2026, our rate is £17.17 per hour of care plus £10.57 per week for on costs. This is updated annually. This covers:

a. Staff wages at the London Living Wage
b. Tax and national insurance
c. Holiday cover
d. Pensions
e. Employer's Liability Insurance
f. Payroll

In exceptional circumstances, if a higher rate is required, to reflect the care and support provided, this will need to be approved by a Head of Service, with a clear justification. Any unexpected employment related costs **should not** be included in the weekly budget. Instead, when these arise, the resident or their nominee should inform Croydon Council and provide evidence. The practitioner should then apply for funding as soon as possible.

Redundancy pay is often covered by Employer's Liability Insurance. It is expected that employers have such a policy in place and so Croydon Council may decide not to fund this. Support with choosing an appropriate policy is available from KCIL.

Statutory sick pay should be funded by Croydon Council. If additional funding is required to cover any sick pay, this should be requested as additional support. The request should include the date sickness began and the first set of payslips showing the sick pay calculation.

If the contingency plan involves a temporary support package arranged by Croydon Council, the Direct Payment may be reduced or suspended for the duration of the sickness.

Where additional funding is given for sick pay, evidence of all expenditure should be submitted to the team responsible for monitoring the Direct Payment for as long as sick pay is being given. When the need for sick pay comes to an end, the person managing the Direct Payment should notify the monitoring team, including the date sick pay is no longer required from.

7.2 Other support

For any costs outside of PAs, the budget should reflect the actual cost of the chosen provider(s). Once the budget has been calculated, it should be taken to Practice and Quality Assurance Panel for approval, to help ensure needs would be met.

7.3 Direct Payments during hospital stays

There may be occasions when the resident requires a stay in Hospital. If a resident is in Hospital for four weeks or more a review will take place. Payments may be reduced or suspended in the event that a resident is due to remain in Hospital for a long period of time. Consideration to contractual agreements with PAs will be taken into account to ensure a continuity of care when discharged from Hospital.

During the review consideration will be given to how the Direct Payment may be used in Hospital to meet non-health needs or to ensure employment arrangements are maintained. For example, the resident may prefer the PA to visit the Hospital to help with personal care matters outside those performed by Hospital staff. This may be especially so where there has been a long relationship between the Direct Payment holder and the care PA. This should not interfere with the medical duties of Hospital Personnel, but be tailored to work alongside health provision.

In some cases, the nominated or authorised person managing the Direct Payment may require a Hospital stay. In these cases, Croydon Council must be notified and an urgent review will be conducted to ensure that the resident continues to receive care and support to meet their needs. This may be through a temporary nominee, or through short-term care and support arrangement.

Upon imminent discharge from Hospital a review of the care and support needs of the resident will be undertaken by Croydon Council to ensure that an appropriate Care and Support Plan is in place before the resident returns home. Direct Payments may be reinstated if these were temporarily ceased or reduced, provided the resident continues to meet the eligibility criteria.

8 Arranging a Direct Payment

The option of using a Direct Payment to manage some or all of the personal budgets should be discussed and agreed as part of the care and support planning process. We expect the time from a Direct Payment Agreement (DPA) being signed, to money arriving into the appropriate account, to take a maximum of 30 working days.

Before arranging a Direct Payment, the practitioner should be satisfied that the individual that will be receiving and managing the payments will do so in line with this policy.

8.1 Attaching additional conditions to a Direct Payment

Croydon Council is permitted to attach additional conditions to a Direct Payment if it considers it appropriate to do so. For example, if there are concerns that a Direct Payment will be mismanaged or misused, or that arrangements will not be made in the best interests of a person who lacks capacity. Examples of conditions include:

a. Prohibiting a named individual from providing care; and

b. That certain information must be provided to enable effective monitoring.

If the practitioner feels that it is appropriate for a condition to be attached to a Direct Payment, they should discuss this with their manager. If they agree, the practitioner should notify the KCIL and agree arrangements to monitor the condition.

Decisions about attaching a condition or restriction to a Direct Payment should always be mindful that undue conditions and restrictions (such as restrictions on how a Direct Payment can be spent) can reduce choice and control. This could have the effect of reducing the overall effectiveness and value of the Direct Payment.

8.2 Arranging the Direct Payment

The Direct Payment should be arranged after the Care and Support or Support Plan is signed off and the final personal budget is agreed.

Before commencing a Direct Payment, a Direct Payment agreement needs to be signed. This sets out and protects the related rights and responsibilities of the nominee and Croydon Council, provides an overview of the initial budget breakdown, as well as the outcomes to be achieved through use of the Direct Payment.

Once the agreement is completed, the Direct Payment should be setup on LAS, starting from the later date out of when funding was agreed from and the date care and support began.

Whenever a Direct Payment is setup, the practitioner should make a referral to KCIL. This will inform them to contact the resident or their nominee to offer support with employment law and sourcing care and support. If needed, it will also instruct them to open a Direct Payments account.

9 Contingency planning

A breakdown in a resident's specific care and support arrangements **must not** lead to a breakdown in their care and support. To prevent this, when arranging a Direct Payment, a simple risk assessment should be completed and provided to the resident and any nominee. Additionally, a contingency plan should be put in place so that support can continue should one or more providers stop working with the resident for any reason.

If circumstance leads to a breakdown in care and support arrangements which isn't addressed by the contingency plan for any reason, interim services must be arranged by Croydon Council as required.

See: **Care and Support Planning** and **Support Planning**

10 Delays

Delays in arranging the Direct Payment **must not** lead to delays in meeting eligible needs. If a delay in arranging the Direct Payment occurs, the practitioner must arrange interim services as required to ensure eligible needs are met.

These interim services should be commissioned by Croydon Council, and an adjustment should be made to any future Direct Payment paid such that funding begins on the day support begins. The practitioner should consider what support the person or carer may need to arrange services:

a. Is a family member or friend able to assist?
b. If they have an advocate, can they support?
c. Is there anything the practitioner can do to help arrange the service e.g., speaking to a provider?

If the resident or their nominee is finding it difficult to recruit a personal assistant, the practitioner should make sure they have access to specialist support and advice. This is available from KCIL.

11 Monitoring a Direct Payment

Direct Payments should be monitored to ensure that it is being used to meet the needs in the Care and Support or Support Plan. This monitoring should be proportionate to the needs being met and the risks of mismanagement.

11.1 Risk bandings

When setting up or reviewing a Direct Payment, the practitioner should consider the associated level of risk and fit the case into one of the following bandings. To support with this, the bandings have been assigned approximate budget values. However, these should only be used as guidelines. Due to the multitude of potential risk factors, Direct Payments should be considered on a case-by-case basis.

Banding	Weekly Budget	Additional factors to consider
Category A	£0 - £199.99	• The specific need of the resident • Case history • Capacity of the resident • Safeguarding concerns
Category B	£200 - £374.99	
Category C	£375 - £999.99	
Category D	£1,000+	

Where the individual receiving the Direct Payment has been successfully managing it for an extended period, consideration should be given to reducing the amount of monitoring to the lowest level.

Where the Direct Payment is paid into a nominated account, the case should at least be considered high risk within this context.

Where Direct Payments are being made to an authorised person (Deputy of Lasting Power of Attorney), it is a condition of the Direct Payment that the authorised person must notify Croydon Council if the person gains this capacity. In those circumstances, Croydon Council should discuss whether the person wishes the Direct Payments to continue and make the appropriate arrangements.

11.2 Category A

a. Evidence of every payee should be supplied to KCIL.
b. Where KCIL does not have direct access to view bank statements, all bank statements should be supplied to KCIL. Where these do not make it clear what each payment is for, this information should be supplied as well.
c. Monitoring officer(s) should primarily use analytic reporting to spot concerns.
d. Monitoring officer(s) should conduct spot audits of low-risk accounts.
e. A practitioner should carry out a Care Act review of the case at least every twelve months.

11.3 Category B

a. Evidence of every transaction should be supplied to KCIL.
b. Where Croydon Council does not have direct access to view bank statements, all bank statements should be supplied to KCIL. Where these do not make it clear what each payment is for, this information should be supplied as well.
c. Monitoring officer(s) should audit the account no less than every three months.
d. Monitoring officer(s) should use analytic reporting to flag concerns earlier where possible.
e. A practitioner should carry out a Care Act review of the case at least every twelve months.

11.4 Category C

a. Evidence of every transaction should be supplied to Croydon Council.
b. Where Croydon Council does not have direct access to view bank statements, all bank statements should be supplied to Croydon Council. Where these do not make it clear what each payment is for, this information should be supplied as well.
c. Monitoring officer(s) should audit the account no less than every three months.
d. Monitoring officer(s) should use analytic reporting to flag concerns earlier where possible.
e. A practitioner should review the case at least every six months.

11.5 Category D

a. Evidence of every transaction should be supplied to Croydon Council.

b. Where Croydon Council does not have direct access to view bank statements, all bank statements should be supplied to Croydon Council. Where these do not make it clear what each payment is for, this information should be supplied as well.
c. Monitoring officer(s) should audit the account no less than every month.
d. Monitoring officer(s) should use analytic reporting to flag concerns earlier where possible.
e. Reviews should be regular and consistent for as long as necessary to ensure care and support needs are accurate and being met appropriately.
f. Additional conditions attached to the Direct Payment should be considered. The practitioner should discuss these with their line manager and should aim to minimise the risk of mismanagement.

12 Reviewing a Direct Payment

Initial reviews of a Direct Payment must take place no later than 6 months after the first payment is made. Further reviews must take place no less than every 12 months after that. It is prudent to carry out more frequent reviews when specific conditions have been placed on the Direct Payment, or where there are concerns about mismanagement or misuse. Additional reviews could also be considered with more innovative care.

Unless there is a valid reason not to, a Direct Payment review should normally coincide with the Care and Support or Support Plan review.

The purpose of the review is to:

a. Reflect on what is working and not working about the Direct Payment;
b. Consider what may need to change about the Direct Payment;
c. Make sure the Direct Payment remains the most appropriate way to manage the personal budget and arrange the required services; and
d. Make sure the Direct Payment is supporting the resident to meet the outcomes in the Care and Support/Support Plan.

Engaging with reviews is a requirement of the resident their nominee if they have one. Failure to do so may result in the suspension of the Direct Payment.

12.1 Who should be involved

The Direct Payment review must involve:

a. The resident;
b. Any carer the resident has;
c. The nominee if the resident has one;
d. Anyone who is providing administrative or management support;
e. Anybody the resident asks Croydon Council to involve;

f. In the case of a person who lacks capacity, anybody authorised by the Mental Capacity Act 2005 to make decisions about Care and Support provided to the person (a Deputy of Power of Attorney); or
g. Where no authorised person exists, anybody Croydon Council deems to be interested in their welfare.

It is also important to involve the team responsible for Direct Payments in the review. They will be able to provide information about whether the necessary record keeping and administrative requirements for receiving and managing a Direct Payment are being met.

12.2 The review conversation

The review conversation must confirm:

a. How well the process of receiving payments is working;
b. How well the Direct Payment is being managed (including whether any conditions attached to it are being met);
c. Whether the records required by Croydon Council are being maintained by the individual receiving and managing the Direct Payment;
d. Whether information is being provided to Croydon Council or KCIL as required;
e. Whether the Direct Payment is being used as anticipated;
f. Whether the Direct Payment is supporting the resident to meet the outcomes in their Care and Support Plan/Support Plan.

If the following apply, the Direct Payment review conversation can be 'light touch':

a. The individual receiving and managing the Direct Payment is happy to continue doing so;
b. The Direct Payment remains an appropriate way to manage the personal budget and meet the needs identified in the Care and Support Plan; and
c. Croydon Council has no concerns about how the Direct Payment is being managed or used.

12.3 Deciding the outcome of the review

Croydon Council is responsible for deciding the outcome of the review. However, all reasonable steps should be taken to reach an agreement with all those involved:

The decision must have regard for:

a. The views of the resident about the outcome;
b. The impact of the outcome on the resident's Wellbeing; and
c. The views of anyone else consulted in the process.

Any decision must be evidence based and robust. There may be times when the resident, their representative or another person disagrees with the decision made about the review outcome. In this situation, Croydon Council should be open to reviewing the available

evidence to ensure that the decision is robust. The practitioner should be open and transparent about the evidence sources they have used and take steps to try and support the resident to understand the decision Croydon Council has made. Where ongoing disagreement persists, the practitioner should make the resident/their nominee aware of their right to complain.

12.4 Making a record of the review

The following information should be recorded in a review record:

a. Any issues or concerns about the processes of receiving and managing Direct Payments;
b. Whether records required by Croydon Council are being maintained;
c. Whether information is being provided to Croydon Council or KCIL as required;
d. Whether the Direct Payment is being used as anticipated;
e. Whether the Direct Payment is supporting the resident to meet the outcomes in their Care and Support Plan/Support Plan;
f. Whether the Direct Payment is still the most appropriate way to manage the personal budget and meet eligible needs;
g. Whether any changes are required to the Direct Payment;
h. Whether the Direct Payment will continue;

The views of the resident receiving and managing the Direct Payment (or a nominated, authorised or suitable person) about all of the above. The resident and any nominated, authorised or suitable person receiving or managing the Direct Payment must be provided with a copy of the formal record.

13 Concerns about an existing Direct Payment

Concerns about an existing Direct Payment can arise at any time and, if a practitioner is working with a resident who is using a Direct Payment, they should have conversations about how the Direct Payment is working as and when they feel they are required (not just during a statutory review or reassessment).

Examples of concerns could be:

a. The person managing the Direct Payment does not appear capable (even with support);
b. The Direct Payment is being used to buy items or pay for activities or services that are illegal or not meeting identified needs (for example buying a gift, paying a household bill or gambling);
c. In the case of a resident who lacks capacity, the nominee does not appear to be arranging services in their best interests;

d. If the resident has fluctuating capacity, the nominee is not permitting them to make their own decisions about how to use the Direct Payment during periods when they have capacity to do so;
e. The Direct Payment is being used to purchase care from a family member living in the same household (without agreement to do so);
f. The resident isn't paying their contribution;
g. There is a high balance in the account;
h. There are periods where no money is being spent (whether this results in a high balance or not);
i. More is being spent on support than their budget allows (inclusive of any third party top-ups);
j. The resident or their nominee isn't engaging with Croydon Council (e.g. for reviews/monitoring etc).

If Croydon Council identifies or becomes aware of any concerns, they should be recorded and discussed with the practitioner, their line manager and the KCIL.

Depending on the circumstances, a decision may be made to:

a. Placing a condition (or further conditions) on the Direct Payment;
b. Increase monitoring activity;
c. Vary the Direct Payment;
d. Temporarily suspend the Direct Payment; or
e. End the Direct Payment.

13.1 The person managing the Direct Payment isn't managing funds properly

If the person managing the Direct Payment does not appear capable (even with support), and another suitable person exists, they can take over the management. If no other suitable person exists, the Direct Payment must be ended and alternative support must be arranged.

If the Direct Payment is not being used in the resident's best interest or the resident is not being permitted to make their own decisions when they have capacity, a safeguarding investigation should determine the best course of action.

For more information on safeguarding, please refer to:

a. Safeguarding policy and procedures on Croydon Safeguarding Adults Board's website
b. How to report abuse of an adult with care and support needs on Croydon Council's website

13.2 The Direct Payment is being misused

Misuse of a Direct Payment refers to spending the Direct Payment on anything they aren't allowed to. This could include anything policy explicitly disallows, anything that doesn't

meet the individual's assessed needs or paying a prohibited provider. When considering whether a certain expense qualifies as misuse, Croydon Council should try to support the flexibility of Direct Payments.

If the misuse relates to anything that is specifically disallowed, or if the resident or their nominee is unable to present an argument that the expenditure contributed towards meeting the resident's need, the person managing the Direct Payment is required to pay any money misused in this way. Misuse can constitute mismanagement of the Direct Payment.

13.3 The resident is not paying their contribution

If a resident is not paying their contribution in full, this means they don't have access to the full budget they have been assessed to need. As such, a resident not paying their contribution should trigger a review to determine if:

a. The person is not receiving the care they need
b. The person is receiving the care they need but is unable to pay for it in full
c. The person needs less than their budget to meet their need
d. The person has a high balance they are depleting
e. Some combination of the above

The review should also look to determine whether the resident could pay their contribution. If they feel their assessed contribution is too high, they should be reassessed by the Financial Assessment team. If they can afford their contributions but are unable to make payments, they should be supported to do so by the practitioner.

If the resident's assessed contribution changes because of a reassessment, adjustments to Council contributions will be made. If any issues remain, they should be dealt with in line with this policy.

If the resident is not receiving the care they need because they are struggling to access it, they should be supported to do so. If a nominee is not acting in the best interests of the resident, this constitutes not managing the Direct Payment properly and should be handled in line with policy above.

If the resident or their nominee is unable to pay for the care they receive in full because of unpaid contributions, any outstanding bills are considered theirs.

If the resident needs less than their allocated budget, it should be reduced to the required level.

If there is a high balance being depleted, it should be dealt with in line with the high balance section below.

Any historic unpaid contributions should be recovered in line with our Charging Policy.

The person should be provided instructions on how to pay their contribution going forward. If they refuse to do so, this constitutes not managing properly and so appropriate action should be taken. Where a nominee or lasting power of attorney is refusing to pay a client's contribution, this could include raising a safeguarding or involving the Police and Office of the Public Guardian.

13.4 The Direct Payment account has a high balance

Under most circumstances, a high balance is defined as more than 8 weeks' worth of funds. Any money in the account above this amount is considered an excess. However, higher balances can be permitted if:

a. The resident has variable levels of need (e.g. term time/non-term time);
b. The resident has an annual budget (e.g. for respite);
c. The resident has decided to save for something permittable in their support plan.

Identifying a high balance should trigger a review. This needs to identify the cause of the high balance and address it. Common causes include:

a. The budget is higher than is required;
b. The person is unable to access all of the care they need;
c. The person temporarily had reduced need (eg during Covid-19) but is now using the full budget;

Possible outcomes of the review include:

a. Reducing the budget in line with need;
b. Supporting the person to access the support they need;
c. Refunding the excess to the Council (clawbacks)

13.5 The resident or their nominee is overspending

When a resident or their nominee is found to be spending above their allocated budget and isn't receiving a sufficient third party top up to cover the cost, this is considered overspending.

When someone is found to be overspending, this should trigger a review. This aims to determine whether or not the increased spending was required.

Possible outcomes of the review include:

a. Increasing the person's ongoing budget;
b. Funding any outstanding bills resulting from the overspend;
c. Requiring a third party top up or a change in support plan;
d. No action.

Where a change in support plan is required, support should be offered by the practitioner to find a working alternative.

If no action is taken, this means the practitioner has determined the additional spending was not needed to meet the resident's need. In this instance, any outstanding bills are the responsibility of the person managing the Direct Payment.

Overspending could constitute an issue with the management of the Direct Payment. See above for more information.

13.6 Employment responsibilities are not being managed properly

Whoever is the legal employer in a given case is responsible for following employment law. Support with this is available from KCIL. If the employer isn't able to manage their employment responsibilities, even with support, a review should be carried out to determine if Direct Payments can continue. This would need to either happen with a more suitable employer or with support from provider(s) who don't require employment.

14 Ending a Direct Payment

Any resident or nominee can request to terminate the payments at any time. At this request, the payments must be terminated, and alternative arrangements made to manage the personal budget and meet needs.

If the Direct Payment is being terminated because the resident or their nominee is no longer willing to manage the Direct Payment, another Direct Payment can be arranged if there is a different individual willing and capable to assume this responsibility.

Croydon Council can also use its discretion to end a Direct Payment if:

a. It is no longer satisfied that it is an appropriate way to meet needs; or
b. A breach of any condition has occurred.

Any decision to end, suspend or vary a Direct Payment must not lead to eligible needs being unmet. Where there is no continuation of services, the practitioner must arrange interim services as required to ensure eligible needs are met.

Croydon Council may require the Direct Payment to be repaid if it has been used for purposes other than making arrangements to meet the needs that Croydon Council has agreed to meet, or where one of more conditions have not been complied with.

When a Direct Payment is being ended, a final audit of the account should be carried out. This, as well as the reason for the Direct Payment ending, should be recorded.

Where a resident or their nominee requests an end to their Direct Payment, leaving them an ordinary resident of Croydon without appropriate care and support, a review should be carried out to examine the risks around this decision, particularly focusing on mental capacity and possible coercion.

Where a Direct Payment is ended due to the death of the resident and where there is no nominee responsible for the Direct Payment account, Croydon Council and KCIL should work with the next of kin to finalise the Direct Payment account. Should reasonable tasks be required immediately following the date of death, these can be funded under the Direct Payment if there is no one in the immediate family to perform them. However, these will typically only be funded within the first three days after death. Reasonable tasks could include, but are not limited to:

a. Moving the resident's belongings out of hospital
b. Dealing with the police
c. Finalising any required records

KCIL should be notified any time a Direct Payment is ended to enable them to close any involvement with the resident or their nominee.

14.1 Outstanding bills

Because Croydon Council pays four weeks in advance, ending a Direct Payment will usually result in an overpayment. If, after paying any outstanding bills, there is enough to cover this overpayment, it must be refunded to the Council.

If there are any outstanding bills, these are typically the responsibility of the person/their estate. However, if it is felt the debt is the result an unfunded increase in need, this can be requested at panel.

14.2 Final balance

The resident's contribution is spent on care before the Council's. Under most circumstances, the full balance of the Direct Payment account should be refunded to the Council. However, if the person contributed more to their account than they spent on care in any given week, a refund may be due to the person. If requested, a review of the account should be done by the team responsible for monitoring the Direct Payment in line with our Charging Policy.

15 Version History

Version	Date	Author	Change
1.0	01/10/2025	Jack Woolley	First version
2.0	09/04/2026	Nathan White	Updated the Direct Payment Rate from April 2026