



# Factsheet

## Direct payments

If you've had a care needs assessment or carer's assessment and you qualify for council support, you may have agreed to receive direct payments.

This factsheet explains what direct payments are, how they work and how you can use them.



Call free on **0800 319 6789**  
Visit **[independentage.org](https://www.independentage.org)**

## About Independent Age

No one should face financial hardship in later life.

Independent Age is the national charity focused on improving the lives of older people facing financial hardship. We offer free impartial advice and information on what matters most: money, housing and care.

We financially support local community organisations across the UK through our grants programme. We campaign for change for older people struggling with their finances.

You can call us on freephone **0800 319 6789** (Monday to Friday, 8.30am to 5.30pm) or email [helpline@independentage.org](mailto:helpline@independentage.org) to arrange to speak to one of our advisers.

To donate or help support our work, please visit [independentage.org/support-us](https://independentage.org/support-us).

In this factsheet, you'll find references to our other free publications. You can order them by calling **0800 319 6789** or by visiting [independentage.org/publications](https://independentage.org/publications).

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# 1. Introduction

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The government wants all social care support to be 'personalised'. Personalisation is about making sure that social care services work for each person. It means that you should have as much choice and control as possible over the care and support you need to live your daily life and stay independent. In Scotland, personalised care is known as self-directed support.

Personalised care means that, after your local council has assessed your needs and worked out costs, you can be involved in deciding how the money is spent. You can also decide to manage the money and spend it yourself. Direct payments are one way of receiving this money towards your care.



## **Remember**

Direct payments are just the council's contribution towards your care. This is usually combined with a contribution of your own money, to make up the total cost of your care. In England, the total cost of your care is known as your personal budget.

## **Care needs assessments**

If you need care and support, the first step is to have a care needs assessment. This is when a social care professional from the council looks at your needs to see if you qualify for support.

## **Financial assessments**

Once you've had a care needs assessment and the council has decided you qualify for support, you may need to have a financial assessment. This is to work out how much the government should contribute towards your care needs.

The amount you pay depends on your financial situation – the council looks at your income and your total capital, such as savings, investments or property.

For more information on care needs assessments and financial assessments, read our factsheets:

- [First steps in getting help with your care needs in England and Wales](#)
- [First steps in getting help with your care needs in Scotland](#).

## 2. What are direct payments?

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If you qualify for financial support from the council, direct payments are one way to receive money towards your care. The council will pay the money directly into your bank account (or sometimes on to a pre-paid card if this would suit you). You then use this payment to arrange the care and support you need, as agreed in your care plan.

This is useful if you want flexibility about when you receive services or if you want to choose a care worker yourself. For example, you may be able to use your direct payment to:

- employ someone to provide care at a time that suits you
- employ someone to help you with activities, such as going shopping or to a lunch club
- take part in social and educational activities in your community, such as exercise sessions or a book club.

There's more information on how to employ someone through direct payments in [chapter 5](#).

You can only use the money to meet those needs that the council has agreed to meet. So, if you've been assessed as needing help to avoid becoming isolated, you may be able to use this money to pay someone to help you attend your local day centre, for example.

Whether or not you receive direct payments is your choice. The council can't insist on you having them. If you don't want direct payments but do want your care, or support as a carer, provided in a particular way, tell your social worker while planning your care. See [chapter 3](#) for other ways to manage direct payments.



### Good to know

The amount you receive in a direct payment can change as your needs change. A direct payment won't affect any benefits you receive and isn't taxable.

## 3. Understanding direct payments

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As long as the council thinks direct payments are right for you, you're entitled to have them if you can manage them yourself or with help. It's a good idea to weigh up the pros and cons of having them – for example, you may have more control, but will also take on extra responsibilities.

Your care and support plan must say which of your needs direct payments will cover, how much each payment will be and how often you will receive them.



### **Remember**

Carers can also get direct payments as part of their support plan. For more information, see our guide [Caring for someone](#).

## Planning your direct payments

Before your direct payments start, it's a good idea to discuss and agree the following things with your council.

What outcomes or goals the direct payments will help you to achieve:

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What direct payments can and can't be used for:

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Which services you intend to spend your direct payments on:

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Whether you need help to manage your direct payments:

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What arrangements are in place to cover emergencies:

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When the payments will start:

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How much of your own money you will have to contribute:

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What information you need to give the council about how your money is spent, and how the council will monitor your spending:

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Any conditions attached to the direct payments:

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When your arrangements will next be reviewed:

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Any situations when the council might stop your direct payments, and the notice period the council will give if they decide to stop them:

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How any outstanding payments will be handled if the direct payments are stopped, and the circumstances under which the council might ask you to repay the money:

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It might be helpful to take this factsheet with you to make notes. These decisions should be recorded in your care and support plan, or support plan if you are a carer. You should check they've been included.

## How can your direct payments be paid?

There are two ways for councils to provide direct payments:

1. The council can pay you their contribution toward your care needs.
2. The council can pay you the full cost of your care, and then invoice you for the amount you need to contribute.

The council should be flexible depending on your preference and circumstances.



### Good to know

In England and Scotland, your direct payments can be paid to someone you nominate to manage them on your behalf, if you wish. This is known as a managed budget.

This can be helpful if you don't want to be responsible for managing the money yourself. There are several ways to set up a managed budget:

- your council can manage your budget for you, taking into account your preferences. This is sometimes known as a 'virtual budget'
- your care provider can receive the money. This is also known as an Individual Service Fund (ISF)
- you could ask for an account to be set up for a carer, family member or friend. This is called a user-controlled trust
- a mixture of all the above options, depending on which best suits you and your particular needs.

## Spending your direct payments

If you receive direct payments, you must tell the council how you spend the money.

The council may require you to have a separate bank account for the payments and keep careful records of how you spend them. If you spend the money on items or services that they weren't intended for, the council can ask you to repay some of or all the money. They may also stop your direct payments altogether.

If you're being refused direct payments for a service that you believe is suitable to meet your needs, you may wish to challenge that decision (see [chapter 6](#)).

### What you can't use direct payments for

In some situations, the council may not allow you to employ family members to help with your care. The rules vary depending on whether you live in England, Scotland or Wales.

If you're thinking about employing a family member, it's best to ask for help first. Contact Citizen's Advice for more information:

- **0800 144 8848** in England
- **0800 702 2020** in Wales
- **0800 028 1456** in Scotland
- [citizensadvice.org.uk](https://citizensadvice.org.uk).

### Direct payments in a care home

Direct payments can sometimes be used to pay for residential care:

- In England and Scotland, direct payments can't be used for permanent residential care, but can sometimes be used for short-term stays. This is limited to four consecutive weeks in a year. If you stay in a care home for less than four weeks at a time, the days are added together unless the gap in between is more than four weeks.
- In Wales, they can be used for both long- and short-term residential care.

## **If you're considering moving out of a care home**

If you're already living in a care home, you may be able to use direct payments for a trial period of independent living, before you move out permanently.

### **Direct payments and hospital stays**

If you have to go into hospital, your direct payments should usually continue. This is so you can still get social care help in hospital if you need it. If you directly employ a personal assistant, this will mean you can avoid losing them (see [chapter 5](#)).

## **Reviewing your direct payments**

In England and Wales, the council must review your direct payments within six months of your first payment to make sure things are working smoothly. After this, your direct payments must be reviewed every 12 months.

In Scotland, your direct payments should be reviewed every 12 months.

### **If you have problems using direct payments**

You may decide not to use direct payments any more if you're having difficulty, or the council may decide you cannot manage the direct payments even with help. If so, they will stop your direct payments. In either case, they must then make sure you have the care you need. The council should also review your care and support plan, or support plan if you are a carer.

If you decide to end your direct payments, it's best to give as much notice as possible, especially if you have made arrangements with service providers – for example, if you've signed a contract with a care service.

You may find that different ways of managing your care plan work better for you – speak with your GP or council if you're concerned.

### **If your direct payments stop**

Sometimes the council may stop your direct payments, perhaps because you need more support to manage them. Or it may be that your condition fluctuates and you don't need care and support when it improves.

If your direct payments are stopped but the council agrees you still need support, they should review your care and support plan, or support plan if you are a carer. They must also ensure that there is no gap in your care and support.

## 4. Direct payments for people who lack mental capacity

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If you lack mental capacity to make decisions about your care, you can still get direct payments if a suitable person acts on your behalf. In England, they are referred to as an 'authorised' person.

This could be someone who:

- has a lasting power of attorney for health and welfare for you (in Scotland, this is someone who has a welfare power of attorney)
- has been appointed by the Court of Protection as a deputy for health and welfare for you (in Scotland, this is someone who has received a guardianship order from the local sheriff court)
- is approved by your attorney, deputy or guardian
- the council agrees is suitable if you have no attorney, deputy or guardian.

The council is responsible for making sure that the authorised person will act in your best interests and can manage the direct payment, with or without help. They must consult with all relevant family members, carers, close friends and people involved in your care. They must also take into account your wishes, feelings and views as far as possible.

If you have direct payments, the council must still, as far as possible, involve you in your care and support planning – for example, they must communicate in ways that you understand, or take into account what you had previously said your wishes were.

Our factsheet [Future planning: Managing my affairs](#) has more information on getting support if you lack mental capacity.

## 5. Employing someone through direct payments

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If you decide to use your payments to employ someone directly, you will have some legal responsibilities as an employer. These include:

- providing your care workers with a contract and terms of employment
- paying at least the National Living Wage if an employee is 23 or over, or the National Minimum Wage if they are under 23
- deducting Income Tax and National Insurance contributions
- managing holiday and sick pay
- following health and safety legislation
- potentially enrolling your care worker in a pension scheme. When working out the amount of your direct payment, the council should include all the costs of becoming an employer.

You can find out more about filing accounts and paying taxes by calling the HMRC New Employer Helpline (**0300 200 3211**) or visiting [gov.uk/employing-staff](https://www.gov.uk/employing-staff). For more information about pensions, contact the Pension Regulator helpline (**0345 600 1011**, [gov.uk/workplace-pensions-employers](https://www.gov.uk/workplace-pensions-employers)).

### Getting help with employing someone

Your council, a local disability organisation or a centre for independent living may be able to help you to find a suitable care worker. They may also tell you about direct payments support services, which could make direct payments easier for you to manage. An example of this could be a payroll service, which could manage the wages, tax and National Insurance for your care worker.

Contact Scope (**0808 800 3333**, [scope.org.uk](https://www.scope.org.uk)) for details of local organisations in England and Wales. In Scotland, contact Disability Information Scotland (**0300 323 9961**, [disabilityscot.org.uk](https://www.disabilityscot.org.uk)).

## Health and safety responsibilities

If you are receiving care at home, you need to be aware of relevant health and safety requirements – for example, storing things safely and making sure your care workers have received appropriate training in things like manual handling or emergency procedures. Your care workers also have a responsibility to work in a way that keeps everyone safe – for example, by using appropriate equipment.

Your care workers should raise any safety concerns with you. Talk to them about what tasks you need doing and the safest way of carrying them out.

You should also get advice from the council's social services department – for example, an occupational therapist can advise on manual handling issues. Your care needs assessment may have identified possible risks and ways to manage them, such as storing cleaning materials in a safe place.



### Good to know

You can get advice on becoming an employer from Acas ([0300 123 1100](tel:03001231100), [acas.org.uk](https://www.acas.org.uk)), including advice on payroll, recruitment, and health and safety.

If you use your direct payments to employ a care worker through a home care agency, the agency must make sure its care workers have relevant, up-to-date training and that you have any necessary equipment. Read our factsheet [Arranging home care](#) to find out more.



## Getting insured

To cover you and your care workers against accidents, you must take out **employers' liability insurance** and **public liability insurance**.

- Employers' liability insurance will cover you if your care worker is injured or becomes ill as a result of an accident in your home.
- Public liability insurance covers you for any damage or injury you or your care worker cause to anyone else while your care worker is working for you.

Check any insurance policies you take out to make sure they give you enough cover for your circumstances.



### Remember

Because insurance is compulsory for employers, the cost should be included in the direct payments given to you by your council. Similar cover may also be available through your household insurance policy. Get advice from your insurance company or local support service.

## Deciding who to employ

When thinking about employing someone yourself, consider:

- the kind of person you want to employ – for example, if they are helping you with personal care, you should feel comfortable spending time with them
- how many people you will need, including backup for holidays and sick leave
- what tasks you want them to do
- what skills and qualities the person will need. For example, if you want to be driven to places, they will need a driving licence and a vehicle with the correct car insurance
- what hours you need them to work

- the rate of pay. Rates are often higher in the evenings and at weekends, so you have to make sure that you have enough money to cover this. Wages must meet either the National Minimum Wage or the National Living Wage. The rates change every year – you can check them at [gov.uk/national-minimum-wage-rates](https://www.gov.uk/national-minimum-wage-rates)
- how you will recruit staff. This could be by word-of-mouth, through friends or relatives, or by placing an advert in your local post office, newspaper, Jobcentre Plus or online at [gov.uk/advertise-job](https://www.gov.uk/advertise-job).

At an interview, be sure to ask all the questions that may be important to you, such as does the person smoke? If they're vegetarian, are they willing to prepare meat? Do they provide their own special clothing if needed (such as overalls and rubber gloves), or will you have to provide these? It's a good idea to have someone with you when interviewing candidates for safety reasons and to get a second opinion.

Once you've found a possible candidate, it's advisable to ask for two references from previous employers.

You must also ask for identification documents, such as a passport or visa, and keep a copy, to prove that they have the right to work in the UK.

If you prefer not to have the responsibility of being an employer, you could employ a care worker through an agency, or find someone who is self-employed. Contact the Homecare Association if you need help finding a suitable agency (**020 8661 8188**, [homecareassociation.org.uk](https://www.homecareassociation.org.uk)). You can see how independent regulators have rated home care agencies on their websites.

There are different regulators across the UK:

- in England, contact the Care Quality Commission (**03000 61 61 61**, [cqc.org.uk](https://www.cqc.org.uk))
- in Wales, contact Care Inspectorate Wales (**0300 7900 126**, [careinspectorate.wales](https://www.careinspectorate.wales))
- in Scotland, contact the Care Inspectorate (**0345 600 9527**, [careinspectorate.com](https://www.careinspectorate.com)).

You could also read our factsheet [Arranging home care](#).

## Criminal records checks

It's advisable for people employed directly through direct payments to have a Disclosure and Barring Service (DBS) check (or Disclosure Scotland check in Scotland). This checks someone's criminal record. Any costs for this should be included within the total cost of your care.

## Once your care worker starts

When your new care worker starts, you could get a friend, or someone you trust, to spend some time with you both. If you're unhappy with the person caring for you, as a responsible employer you may need to give them feedback about what isn't working and give them a chance to improve before you look elsewhere.

You may wish to get advice from a local support service or independent living centre. Contact Scope (**0808 800 3333**, [scope.org.uk](https://www.scope.org.uk)) for details of local organisations in England and Wales. In Scotland, contact Disability Information Scotland (**0300 323 9961**, [disabilityscot.org.uk](https://www.disabilityscot.org.uk)).



### Good to know

Given a care worker employed directly by you doesn't have to be registered with and monitored by a care regulator, it's even more important that the council makes sure the arrangement is working for you. You can call them for advice and support any time if you have a problem.

## Timesheets

Independent living centres or local support services may be able to help you manage timesheets and general record keeping for your care worker.

Check and sign the care worker's timesheet to record the help they have provided. This is to make sure that you're only charged for the care you have actually received.

## 6. Making a complaint if you're unhappy about your direct payments

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You may disagree with a decision the council has made about your direct payments or another part of the service. You can often sort out problems by talking to the social worker or their manager. But, if this doesn't work, there are two main ways of trying to resolve things:

- making a complaint
- using a solicitor to pursue a legal case.



### Remember

There is a time limit for using each of these procedures. It is important not to miss it because you're trying to sort out things directly with the social worker.

It's usually better to start the complaint as soon as possible. In England and Wales, a complaint must be made within 12 months of the date when you first became aware of the problem. In Scotland, if you want to complain to the council, it must be within six months.

If you decide to pursue a legal case, the time limit is much shorter. If it becomes necessary to start court proceedings, the relevant type is likely to be judicial review. Proceedings must be started within three months of the date when there were first grounds for a legal challenge. Judicial review is only used in a small number of cases.

It is sometimes (but not always) possible to pursue a late complaint or a late legal challenge.

More information, including about how the time limits work, can be found in our factsheet [Complaints about social care services](#).



## To do

If you need support to make a complaint or communicate your views to staff, you may be entitled to help from an independent advocate. For more information, see our factsheet [Helping you get your voice heard: Independent advocacy](#).

If you want specialist legal advice, you will need to find a solicitor who specialises in community care law. If you decide to get legal advice, you may want to contact Civil Legal Advice ([0345 345 4345](tel:0345 345 4345), [gov.uk/civil-legal-advice](https://www.civil-legal-advice.gov.uk/civil-legal-advice)) to find out whether you would qualify for legal aid. In Scotland, contact the Scottish Legal Aid Board ([0131 226 7061](tel:0131 226 7061), [slab.org.uk](https://www.slab.org.uk)).

Whether or not you might qualify for legal aid, the Civil Legal Advice service and Scottish Legal Aid Board can give you details of organisations or solicitors specialising in community care law. You could also visit [find-legal-advice.justice.gov.uk](https://www.find-legal-advice.justice.gov.uk) to find a solicitor in England or Wales. In Scotland, contact the Law Society of Scotland ([0131 226 7411](tel:0131 226 7411), [lawscot.org.uk](https://www.lawscot.org.uk)).

If you use direct payments to make your own arrangements with a care provider, such as a home care agency, and you're unhappy with its service, you may decide to move to a new provider. You may even decide you don't want direct payments anymore and the council will then become directly responsible for making arrangements for your care.

This should trigger a care plan review. This gives you a chance to explain what went wrong and why you don't want that care provider to be used again.

Whether or not you move to a new provider, you can make a formal complaint. If you're still unhappy with the council's response, you can contact your ombudsman and ask that your complaint is investigated further. An ombudsman looks into complaints about an organisation. They will look at how the council acted and whether they were at fault. There are different ombudsmen depending on where you live:

- in England, contact the Local Government and Social Care Ombudsman (**0300 061 0614**, [lgo.org.uk](https://lgo.org.uk))
- in Wales, contact the Public Services Ombudsman for Wales (**0300 790 0203**, [ombudsman.wales](https://ombudsman.wales))
- in Scotland, contact the Scottish Public Services Ombudsman (**0800 377 7330**, [spsa.org.uk/spos](https://spsa.org.uk/spos)).

You may also be able to make a complaint to the care regulator in your nation. It doesn't investigate individual complaints but can check that the agency is dealing with your complaint and learning from it. In more serious cases, it may carry out or bring forward an inspection.

There are different regulators across the UK:

- in England, contact the Care Quality Commission (**03000 61 61 61**, [cqc.org.uk](https://cqc.org.uk))
- in Wales, contact Care Inspectorate Wales (**0300 7900 126**, [careinspectorate.wales](https://careinspectorate.wales))
- in Scotland, contact the Care Inspectorate (**0345 600 9527**, [careinspectorate.com](https://careinspectorate.com)).

If your complaint is about abuse or neglect, contact your local council's adult social services department or their safeguarding team. For confidential help and advice about reporting abuse, contact Hourglass (**0808 808 8141**, [wearehourglass.org](https://wearehourglass.org)).

For more information about neglect or harm – and the support available to you – see our guide [Staying in control](#).

## 7. Summary

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- Personalised care means rather than just having care and support arranged for you by the council, they can tell you how much money is needed to meet your assessed needs so that you can help decide how to spend it. You can also manage the money and spend it yourself. Direct payments are one way of receiving money towards your care.
- To get direct payments, you must have a care needs assessment and a financial assessment from your local council. If you qualify for financial help from the council, you can choose to get this help in the form of direct payments.
- Direct payments are the government's contribution towards your care. They are usually combined with a contribution of your own money, to make up the total cost of your care.
- It's important to speak with your council about how your direct payments will work – for example, what you can and can't spend the money on, and how you will receive the money. They should help you to manage your direct payments and plan your support.
- Direct payments are available to people who lack mental capacity to make decisions about their care, if a suitable person asks on their behalf – see [chapter 4](#).
- Direct payments can give you more control over your care, but also come with extra responsibilities, such as being an employer for a care worker. Weigh up the pros and cons carefully.
- There are other ways to receive and manage direct payments if you would rather share the responsibility with someone else – see [page 10](#).
- If you disagree with a decision made by the council about your direct payments, and this can't be resolved by talking to the council, you may want to consider making a complaint – see [chapter 6](#).

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### **Thank you**

Independent Age would like to thank those who shared their experiences as this information was being developed, and those who reviewed the information for us.

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