PAYING FOR CARE

Direct payments in social care: choosing your home care

Use your council's direct payment to choose your own home care agency or employ a PA: who qualifies, how much you get, and the 2026/27 employer rules.

By the JNP Sidona team · Reviewed by Jackie, Registered Manager, JNP Sidona Support Services · 26 November 2026 · 12 min read

A direct payment is the council's contribution to your parent's care, paid to them, or to you on their behalf, so the family can buy the care in the care plan. It can pay a CQC-registered home care agency you have chosen, employ a personal assistant (PA), or a mix of the two. Your parent must be assessed as needing care the council is funding, and someone has to ask for it: the council must not force direct payments on anyone.

KEY POINTS

- Ask for direct payments at care planning, after your parent's needs assessment. You can also ask later, and the council must consider the request.
- The payment must be enough to meet the needs in the care plan. If you employ a PA, it must also cover employer costs such as National Insurance, insurance and, where it applies, redundancy pay.
- Before you agree the budget, ask the council in writing what hourly rate it assumes. Then get a written quote from the agency you want.
- Direct payments usually cannot pay your parent's husband, wife or partner, or a close relative who lives with them, unless the council decides it is necessary.
- If your parent lacks mental capacity, a family member can manage the payment as an "authorised person", without a lasting power of attorney.

What are direct payments in social care?

If the council assesses your parent as having eligible care needs, it works out a personal budget: what it costs the council to meet those needs. A financial assessment sets what your parent pays towards it. The Care and Support Statutory Guidance (https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance#Chapter12), the Department of Health and Social Care's official guidance to councils under the Care Act 2014, describes three ways to use the council's share:

- **Council-arranged care.** The council picks and pays a provider, often an agency it already contracts with.
- **A direct payment.** The money comes to your parent (or to you for them), and the family chooses and pays the provider.
- **An individual service fund.** A provider holds the budget and arranges the care.

The statutory guidance allows a mix: a direct payment could pay a PA to take your mother out each week while the council arranges her morning care.

If your parent qualifies for NHS continuing healthcare (/blog/nhs-continuing-healthcare-guide), the NHS arranges and funds the care instead, and the NHS says (https://www.nhs.uk/social-care-and-support/money-work-and-benefits/nhs-continuing-healthcare/) a personal health budget, which can include a direct payment for healthcare, may be an option.

Who can get direct payments?

Your parent needs a care needs assessment (/blog/care-needs-assessment) that found eligible needs the council will meet. Under section 31 of the Care Act 2014 (https://www.legislation.gov.uk/ukpga/2014/23/section/31), the council must then be satisfied of four conditions:

1. Your parent has capacity and asks for direct payments (or, if a nominated person will receive the money, that person agrees).
2. Nothing in the regulations bars it. Certain court orders, such as drug or alcohol treatment requirements, exclude direct payments.
3. Your parent, or the nominated person, can manage the payments, alone or with whatever help is available.
4. A direct payment is an appropriate way to meet the needs.

The statutory guidance says councils must not use the "appropriate" test to refuse arbitrarily, and that direct payments are expected to suit most care needs.

If your parent has dementia or lacks capacity

A family member or friend can ask for direct payments on your parent's behalf and manage them as an "authorised person". The council must be satisfied that you will act in your parent's best interests. Age UK points out (https://www.ageuk.org.uk/siteassets/documents/factsheets/fs24_personal_budgets_and_direct_payments_in_social_care_fcs.pdf) that you do not need a lasting power of attorney or a deputyship to do this, though if someone else holds one, they must support the request. Our guide to lasting power of attorney when a parent needs care explains the difference.

Regulation 3 of the Direct Payments Regulations (https://www.legislation.gov.uk/uksi/2014/2871/regulation/3/made) can also make the authorised person responsible for getting an enhanced DBS check, or confirmation that one has been done, on anyone the payment pays to provide care. Whether that duty applies depends on who the authorised person is, so ask the council. Under the statutory guidance, the council must make sure you know how to get an enhanced DBS check.

What if your parent has savings over £23,250?

For 2026/27, the upper capital limit in England stays at £23,250 (https://www.gov.uk/government/publications/social-care-charging-for-local-authorities-2026-to-2027/social-care-charging-for-care-and-support-2026-to-2027-local-authority-circular). Above it, a person generally pays for their own care, though councils may set a higher limit for care at home. Some councils do not offer direct payments to people who must self-fund. Lewisham's page (https://lewisham.gov.uk/myservices/socialcare/adult/paying-for-your-care-and-support/direct-payments), for example, lists "savings above £23,250 and must self-fund their care" as a reason. If your parent pays the full cost anyway, you can contract with an agency directly. Our guide to the financial assessment for care (/blog/financial-assessment-for-care) explains the means test.

How do you get direct payments? Step by step

1. **Ask for a needs assessment** from your parent's council.
2. **Go through the financial assessment**, which sets your parent's weekly contribution.
3. **Ask for direct payments at care planning.** Say which agency or kind of support you want, and why it suits your parent.
4. **Agree the personal budget.** Ask what hourly rate it assumes. The statutory guidance says these cost assumptions should be shared with you.
5. **Sign the direct payment agreement**, which sets out what the money can buy and the records to keep.
6. **Set up the bank account or prepaid card.** Many councils use prepaid cards, but the statutory guidance says a card should not be the only option.

7. **Arrange the care:** sign the agency's contract, or recruit your PA.
8. **Expect a review.** Regulation 7 (https://www.legislation.gov.uk/uksi/2014/2871/regulation/7/made) requires a review within the first six months, then at intervals of no more than 12 months.

If the council refuses, the statutory guidance says it should give written reasons that name the condition not met and what would change the decision, and that it must provide interim arrangements while it decides. To challenge a refusal or the amount, use the council's complaints process, then the Local Government and Social Care Ombudsman.

How much will the direct payment be?

The law sets a floor, not a figure. The statutory guidance says the direct payment "must be an amount which is sufficient to meet the needs" the council is meeting, and that the personal budget should reflect "the costs of local quality provision", not just the council's cheapest contract.

That does not mean any agency at any price. Under the statutory guidance, if an option costs more than the council could arrange for the same outcomes, it can decline to fund the difference, but decisions should rest on outcomes and value for money "rather than purely financially motivated". Continuity of carer, visit times that work, or avoiding a hospital readmission are outcomes you can argue for.

Councils can pay net (the council's share only, with your parent adding their contribution) or gross. The statutory guidance encourages net payments.

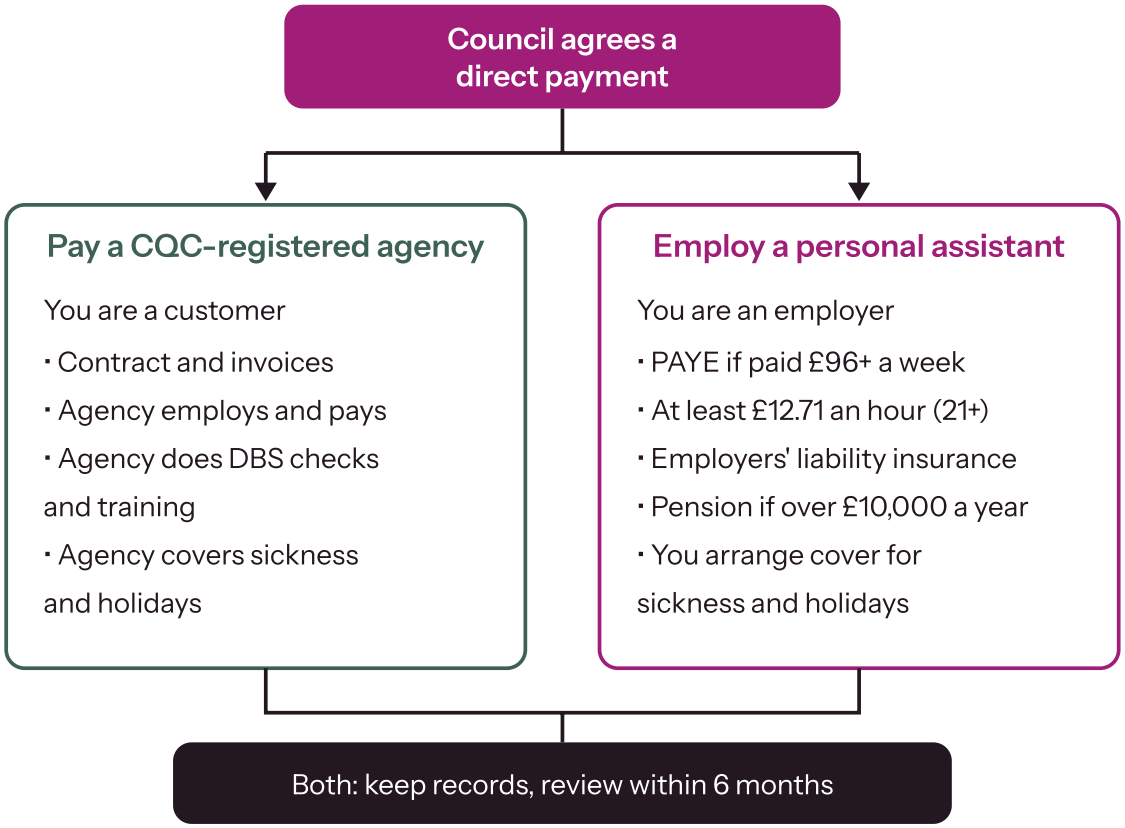
> In London the gap that matters is between the hourly rate your direct payment assumes and what your chosen agency charges. Get both in writing, including any travel or weekend charges, before you sign. Rates differ between boroughs.

What if the agency costs more than the budget?

If the budget cannot buy the care in the plan, say so in writing and ask for a review: under the statutory guidance the amount must be sufficient. If you want extra hours beyond the plan, the family can pay the agency for those privately. Ask the council how to keep them separate from the direct payment records.

Paying an agency or employing a PA: which suits your family?

It depends on how much your family can take on, and how much the care has to flex.



The two main routes for spending a direct payment on care at home. Pay and pension figures are for 2026/27. A mix of both is also allowed.

Agency or personal assistant: what changes for your family

Question	CQC-registered agency	Personal assistant you employ
Who is the employer?	The agency	You, or the person whose direct payment it is

Question	CQC-registered agency	Personal assistant you employ
Is it regulated by the CQC?	Yes, the agency must be registered	No, directly employed care workers do not register with the CQC
Who does the DBS check?	The agency	Not always a legal duty, but the statutory guidance stresses thorough checks. You arrange one through the council, a payroll or support service or another body, because individuals cannot apply for checks on other people
Cost	One hourly price that includes the agency's overheads	Wages plus employer costs, which should be built into the budget
Continuity	Ask how the agency keeps the same carers	Often one or two familiar people, if you can recruit and keep them

If you pay an agency

You stay a customer, not an employer. Age UK suggests (https://www.ageuk.org.uk/siteassets/documents/factsheets/fs24_personal_budgets_and_direct_payments_in_social_care_fcs.pdf) confirming before you sign:

- the tasks you expect, and how you want them done
- what the price covers (some agencies add VAT or travel)
- insurance, staff training, sickness cover and short-notice cancellation

Check that the agency is registered on the CQC website. Pay invoices for care already delivered, not weeks in advance: the statutory guidance warns that money paid for care never delivered can be hard to recover. Our guide on how to choose a home care agency (/blog/how-to-choose-a-home-care-agency) covers the questions to ask at the first meeting.

If you employ a personal assistant

A PA gives your parent a familiar face and hours that fit their day. In return, you take on an employer's duties (figures are for 2026/27):

- **Right to work and a written contract** covering pay, hours, holiday, sick pay, pension and notice.
- **Pay.** The National Living Wage is £12.71 an hour (https://www.gov.uk/national-minimum-wage-rates) from 1 April 2026 for workers aged 21 and over. GOV.UK lists the next rate as £13.21 an hour from April 2027, so budget for the rise if the job will run past March.
- **PAYE.** Register with HMRC (https://www.gov.uk/paye-for-employers) before the first payday if you pay anyone £96 or more a week. Employer National Insurance is due on earnings above £96 a week.
- **Employment Allowance.** If you employ a care or support worker, you can claim this (https://www.gov.uk/claim-employment-allowance/eligibility) to cut employer National Insurance by up to £10,500 a year. People employing other household staff cannot.
- **Workplace pension.** You must enrol a worker (https://www.thepensionsregulator.gov.uk/en/employers/new-employers/im-an-employer-who-has-to-provide-a-pension/declare-your-compliance/ongoing-duties-for-employers/earnings-thresholds) aged 22 or over, and under State Pension age, who earns over £10,000 a year (£192 a week).
- **Sick pay and holiday.** Statutory Sick Pay is £123.25 a week (https://www.gov.uk/employers-sick-pay), or 80% of average weekly earnings if that is lower. Most workers are also entitled to 5.6 weeks' paid holiday a year (https://www.gov.uk/holiday-entitlement-rights). Age UK points out that the direct payment should cover both.
- **Employers' liability insurance**, which the direct payment should pay for.
- **Redundancy.** If the job ends because your parent moves, their needs change or they die, redundancy pay may be due (statutory redundancy pay (https://www.gov.uk/redundant-your-rights/redundancy-pay) applies after two years' service). Agree in the care plan how it would be met.

The statutory guidance says the council must include these costs in the personal budget where employing someone is appropriate. Some councils also fund payroll and employment advice services.

> Be careful with "self-employed" carers. If the arrangement is really employment, you could owe the tax and National Insurance that should have been paid. Use HMRC's Check employment status for tax tool (https://www.gov.uk/guidance/check-employment-status-for-tax) before agreeing to pay anyone as self-employed.

Can direct payments pay a family member?

Usually not, if they live with your parent. The Care and Support (Direct Payments) Regulations 2014, regulation 3 (https://www.legislation.gov.uk/uksi/2014/2871/regulation/3/made), bar paying a spouse, civil partner or live-in partner wherever they live. They also bar paying close relatives who live in the same household, and their partners: parents and parents-in-law, children and their spouses, stepchildren, brothers and sisters, aunts and uncles, and grandparents. The council can make an exception where it considers this necessary, for care or for help managing the payment.

A relative who lives elsewhere is not covered by this bar, so a daughter living across London could, in principle, be employed as her father's PA.

What can't direct payments be used for?

Three things are ruled out:

- Anything not related to the needs in the care plan, such as everyday household bills. If money is misspent (https://www.nhs.uk/social-care-and-support/money-work-and-benefits/personal-budgets/), the council can ask for it back or stop the payments.
- A permanent place in a care home. The statutory guidance allows short stays of up to four consecutive weeks in any 12 months (stays less than four weeks apart count together), which can cover a respite break.
- Services run by your parent's own council, as a general rule. A neighbouring council's services or an independent provider are fine.

What you will have to do once it starts

Direct payments are public money, so keep receipts, invoices and timesheets. The NHS says (https://www.nhs.uk/social-care-and-support/money-work-and-benefits/personal-budgets/) most councils ask for evidence every three months, though some ask monthly. The statutory guidance tells councils to keep monitoring proportionate.

Hospital stays. The statutory guidance says a hospital stay should not automatically suspend the direct payment, partly so you keep a trusted PA. Local policies vary: Lewisham's guide (https://lewisham.gov.uk/-/media/services/health-and-social-care/your-guide-to-direct-payments-in-lewisham.pdf) says payments usually stop after more than four weeks in hospital. Tell the team as soon as your parent is admitted.

Stopping. Under the statutory guidance, your parent can stop direct payments at any time and go back to council-arranged care, and the council must make sure there is no gap in care. If you employ a PA, take advice before ending their contract.

Direct payments in Lewisham: one London example

Every London borough runs its own scheme within the statutory guidance. Lewisham Council (https://lewisham.gov.uk/myservices/socialcare/adult/paying-for-your-care-and-support/direct-payments) loads the money onto a prepaid card every four weeks, and it can pay a PA, a home care agency, live-in or overnight care, transport or equipment. A "managed account" lets the council make the payments for you, with no monitoring returns. The direct payments team helps with HMRC registration, payroll, contracts, recruitment and insurance: 020 8314 9675 or directpaymentteam@lewisham.gov.uk.

Questions families ask

Can we switch from council-arranged care to direct payments later?

Can a direct payment pay for live-in care?

What happens to the direct payment if my parent dies?

How we can help

JNP Sidona is a CQC-registered home care agency on Lewisham High Street. If the council agrees it meets the care plan, a direct payment can pay us for visiting home care (/home-care-lewisham) in Lewisham, nearby south-east London and parts of central and east London, or live-in care (/live-in-care-london) across London, so your family chooses a provider you have met without becoming an employer. Tell your parent's social worker if you would like us. Jackie, our registered manager, offers a free home assessment, then a written care plan and a quote you can check against the council's rate. Our rates for direct payment care are negotiable, we accept family top-ups if the care you choose costs more than the direct payment, and we accept NHS personal health budgets. For every funding route, see our guide to paying for care in London (/paying-for-care-london), or check the areas we serve (/areas-we-serve).

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Talk to Jackie about care at home: ask for a call back (#callback) or call 07446 010486 (tel:+447446010486). We do not give benefits, funding or legal advice.

About this guide

Written by the JNP Sidona team using the official sources listed above, which we checked on 26 November 2026. Rules, rates and thresholds change, usually each April, so always confirm the current position with the source or your council. This guide is general information, not medical, legal or financial advice. If you spot something out of date, email info@jnpsidonasupportservices.co.uk (mailto:info@jnpsidonasupportservices.co.uk) and we will correct it.