



# Direct Payments Guide

Our customers love us



# Direct Payments Insurance

Our policies provide you with the cover required under UK law when you directly employ a carer or personal assistant.

We provide Employers & Public Liability cover as standard and our policies are enhanced with many other options such as personal possessions and helplines if you have any concerns about areas like employment law.

Our aim is to help you to **Live Life Confidently.**

## Our policies include:

### ✓ **Employers' Liability up to £10 million**

Protects you against the cost of compensation claims arising from employee illness or injury, sustained as a result of their work for you.

### ✓ **Public Liability up to £5 million**

Covers you against compensation claims and legal costs if someone suffers injury or property damage while in your home or while you are on their property.

### ✓ **Legal Expenses up to £100,000**

Cover for your legal expenses if you are taken to a tribunal by one of your employees.

### ✓ **24 Hour Helplines**

Legal & Tax Advice, Employment Law, Medical Emergencies and more.

### ✓ **Personal Accident**

(for you and your employee)

Compensation if you or your employee has an accident.

### ✓ **Damage to Your Possessions**

Covers you following damage or theft of your household contents or personal possessions.

For more information or to purchase cover call us on  
**01268 200 020** or visit **[www.surewise.com](http://www.surewise.com)**

# Contents

<b>Arranging Care With Direct Payments</b>	<b>4</b>
What Is a Personal Budget?	4
How to Use Direct Payments to Employ Support Services and Care	5
Employing a PA: Direct vs. Agency	5
Finding the Right Personal Assistant (PA) for Your Needs	6
Limitations to Direct Payments	8
<b>How to Be a Good Employer</b>	<b>11</b>
Using a Nominated Contact	12
Employment Boundaries and Procedures	13
What Is a Disciplinary?	15
What Is an Employment Tribunal?	16
Your Legal Responsibilities as an Employer	17
Reviewing & Terminating Your Direct Payment Arrangements	18
<b>Who Are We?</b>	<b>20</b>
Our Team	21
Legal Cover	22
<b>Useful Links &amp; Organisations</b>	<b>23</b>

# Arranging Care With Direct Payments

In this section, we will cover everything you need to know about Direct Payments and how to arrange care using them.

Direct Payments are a way you can receive the overall cost of the care the local authority agrees to provide for you. There are many advantages to opting to receive Direct Payments over arranged care, not least the independence and control to hire care and support personal to your individual needs. With that said, Direct Payments do put a lot of additional responsibilities and legal obligations on you, as the employer - this guide makes sure you know exactly what those responsibilities are.

## What Is a Personal Budget?

A personal budget is the total sum you are authorised to receive to cover the costs of care and support services for your needs. This sum is agreed with your local authority after a needs or community care assessment to determine the level of support you need and your eligibility.

Personal health budgets are increasingly available for people with long-term conditions and disabilities to allow these people to find the care and support that best suits them.





# How to Use Direct Payments to Employ Support Services and Care

Direct Payments give you the freedom and independence to employ your own carer, known as a Personal Assistant (PA). One of the biggest benefits to employing your own PA is that the care you receive will meet your exact requirements, which may not always be the case when you use a third party agency.

That being said, the independence Direct Payments give you does come with responsibilities. Hiring a PA with Direct Payments makes you an employer, and this means you will need to fulfil certain financial and legal duties in the role.



## Employing a PA: Direct vs. Agency

- More flexibility
- Gives you more freedom over what type of care you receive
- More cost effective than using an agency
- Greater independence

**Please note:** If you arrange your care through an agency, they will provide you with additional support as an employer. We'll explore what it means to be a good employer in the second section of this guide.

# Finding the Right Personal Assistant (PA) for Your Needs

The first step in recruiting a PA is to create a clear job description. This should outline the tasks, hours, and skills required, as well as any flexibility you may need. You can advertise the role through social media groups, Indeed recruitment and/or contact your local authority who may have a PA register. Alternatively, you may choose to use an agency, which can provide pre-vetted carers and handle some of the administration for you.

A few examples of the tasks your PA can assist you with could include:

- Personal care and hygiene
- Driving
- Domestic tasks such as cleaning, laundry, meals, ironing etc
- Providing respite for family carers when they need a break from their role as an unpaid carer
- Help attending appointments, meetings, events, and trips out
- Administration, paperwork i.e. bills, taxes, insurance

## Interviewing Candidates

Once you have shortlisted candidates, arrange interviews to assess whether they are the right fit. Interviews can be held either in your home or at another suitable venue. We recommend holding them in your home, as this is where the PA will usually be working. For your own safety and wellbeing, always have another person present – never interview alone.

## Good Interview Questions Include

- What are your strengths and weaknesses?
- What previous experience do you have in care?
- Do you have any commitments that may affect your availability?

Be clear about your expectations (working hours, tasks, level of flexibility).

Avoid asking personal questions (e.g. about age, religion, children, or pregnancy), as these are protected characteristics.

## Outlining a Contract of Employment

In addition to needing employer's liability insurance, you will also need to think about what you are legally obliged to include in your contract of employment with your PA. You can find example templates in our Direct Payments Resource Centre. For more information go to page 10.

Legally, you will need to include:

- Job title i.e. Personal Assistant
- Their start date
- Tasks required
- Place of work i.e. your home
- Working hours
- Agreed rest breaks
- Remuneration (you must pay your PA at least the national minimum wage - more on that below) and payment arrangements
- Sick pay and annual leave entitlements
- Pension scheme provisions
- Notice requirements



## Paying Your Personal Assistant

By law, you must pay your employee the national minimum wage or more. The exact rate of pay you offer your staff may vary depending on age, experience, and the level of funding you get from your personal budget.

Typically, employers will pay their PAs via bank transfer - local authorities do not allow you to pay cash. You will need to arrange for a PAYE (Pay As You Earn) scheme to be set up for your employee, which deducts tax and National Insurance from your PA's wages.

Needless to say, this level of responsibility can be overwhelming for many people. For this reason, using a payroll provider or brokerage service to handle this aspect of employment for you directly is a popular choice.

# Limitations to Direct Payments

If you are planning on receiving your personal budget in the form of Direct Payments, you should know that there are a few limitations in the ways you can use your Direct Payments.

## Employing Family Members

While Wales, Scotland and Northern Ireland allow you to employ family members, in England you are currently not permitted to do so.

The only exception to this regulation is if your local authority agrees that using Direct Payments to pay a family member to meet care needs and provide support is necessary.

## Permanent Residential Care

You cannot use your Direct Payments to pay for long-term residential care. There is a limit to using your Direct Payments for short-term respite or a care home to four consecutive weeks in a year.

## Local Authority Care

You should not use your Direct Payments to purchase a service provided directly by your local authority in order to avoid conflicts of interest. This includes things like some day services.

## Excluded Personal Expenditures

(things not related to care needs):

- Debt repayment
- Gambling
- Alcohol
- Tobacco



## Pre-employment Checks

Before hiring, it is important to carry out the following checks:

- **DBS Check:** The Disclosure and Barring Service helps ensure unsuitable people are not employed in roles involving vulnerable groups
- **Right to Work:** In line with the Asylum, Immigration and Nationality Act 2006, employees must provide proof of eligibility to work in the UK (e.g. a British passport or residence permit)

## Induction

When your PA starts, take time to provide a proper induction:

- Show them around your home so they know where things are
- Point out items relevant to your care (e.g. where medication is stored)
- Explain emergency procedures, including who to contact if needed
- You can request a free [Client Profile Booklet](#) from us to be completed prior to your PA starting so they have a better understanding of your needs

## Probationary Period

A probationary period allows you to confirm whether your PA is suitable for the role. These typically last **3–6 months**, though we recommend setting six months to give both you and the PA enough time to decide if the arrangement works. You may extend the probation if necessary.

You can learn more about recruiting and managing a PA in our **Direct Payments Resource Centre**. For more details see page 10.

Always take advice if you are not 100% sure on any issues which arise in managing staff or Personal Budgets. Please also note that all information is correct at the time of print (September 2025).



# Direct Payments Resource Centre

This FREE resource centre has been created to assist Service Users when recruiting and managing their personal assistants.

Topics include:

- ✓ Recruiting a Personal Assistant
- ✓ Managing your Personal Assistant
- ✓ Holiday Entitlement
- ✓ Client Profile Booklet
- ✓ Video Resources

Scan the QR code to go straight there:

Search for:

Surewise Direct Payments Resource Centre

24/7 HR advice: **0800 999 1220**  
Legal Expense claims: **0330 303 1955**  
Surewise claims: **01268 200 020**



# How to Be a Good Employer

Now that you've found your carer/PA, let's explore what it takes to be a good employer. If you hire through an agency, they can offer extra support in this role. If you're employing directly, we're here to guide you through everything you need to know to be a responsible employer. For more information and free resources, visit our Direct Payments Resource Centre, please see page 10.

Direct Payments offer many people greater flexibility and independence, but the responsibilities involved can feel daunting. Your local authority should have systems in place to support you. When you first discuss Direct Payments with your social worker after an assessment, you should be given advice to help you get started. In some areas, this support comes directly from a local Direct Payments team; in others, it's provided through a specialist organisation.

There are a number of other support services that are set up to assist you in your role as an employer. These services include:

- **Managed Account Services**

A Managed Account Service provides help and support for you to manage the administration of your Direct Payments scheme. They will cover all of the tasks involved including setting up a bank account, making sure that your Direct Payments are correct and received on time, as well as making all of the necessary payments out to PA's, agencies and other support providers.

- **Payroll Services and Brokerage**

A payroll service will take care of all your payroll administration, including calculating tax and national insurance, providing payslips, pension contributions, and help with insurance. This option gives you slightly more independence than a Managed Account Service as you will still have complete control over the actual hiring of your PA, but will not have to manage the administration side of things alone.

## Alternatives to Using a Third Party

The downside to using these third party services is that they do add another cost that will come out of your personal budget - reducing the amount you have to spend on the actual care you need. What's more, hiring a third party service adds another relationship that you need to manage, which is something not everyone is up to.

If you did want to handle these responsibilities independently, you could contact HM Revenue and Customs' New Employer helpline which will help you arrange for a PAYE scheme to be set up for you. The helpline provides support for anyone who is taking on a new employee, so can be helpful if you feel able to handle these duties yourself but need some advice first. You can contact the helpline via 0300 200 3211.

## Using a Nominated Contact

If you lack the capacity to manage these relationships and organisations, you can authorise a person to your nominated contact.

The authorised person may have power of attorney under the Mental Capacity Act 2005. If you are the family member of someone of lacks capacity and are considering becoming an authorised person for them, your local authority will need to assess that you will act in their best interests when hiring support and care according to their needs.

If you are applying to be an authorised person for someone who lacks mental capacity and are not a close family member, partner, or friend, you will need to obtain an enhanced criminal record certificate for anyone you employ behalf of the person who needs care and support services.

# Employment Boundaries and Procedures

## What Is a Boundary?

A boundary is a line that marks the limit of an area or serves as a dividing line. In employment, particularly in home care settings, establishing clear professional boundaries between you and your employee is essential. When boundaries are unclear or blurred, it can create confusion and complications in the workplace. Ensure that all boundaries are clearly communicated and understood by your employee from the start.

## What Are My Boundaries as an Employer?

Several key boundaries should be established with your employee:

- **Respect your employee's views and feelings** while maintaining professional authority
- **Never lend or borrow money** under any circumstances
- **Never set up your employee as a signatory** on your bank or building society accounts
- **Never advance wages** to your employee
- **Never get involved in your employee's financial affairs** or personal financial matters
- **Your employee should never sign financial documents** on your behalf or act as your financial representative





## What Is Staff Supervision?

Staff supervision is a structured process that helps both you and your Personal Assistant (PA) reflect on workplace actions and supports professional development. It enables you to maintain a healthy, professional relationship with your employee. Supervisions are typically conducted on a monthly or quarterly basis and provide an opportunity for open communication, feedback, and planning.

## What Is a Grievance?

A grievance is a formal concern, problem, or complaint raised by an employee regarding their workplace experience. This might include issues such as discrimination, unfair treatment, or workplace conditions. The best approach is to encourage your employee to discuss concerns informally with you first, allowing for early resolution before the matter escalates to a formal grievance procedure.

## What Is Compassionate Leave?

Compassionate leave is a period of authorised absence from work granted due to specific personal circumstances. This includes situations such as the sudden serious illness of a family member, bereavement following the death of a close relative, or other significant personal emergencies that require the employee's immediate attention.

# What Is a Disciplinary?

A disciplinary procedure provides a clear, structured framework for addressing workplace difficulties and performance issues within the employment relationship. It ensures that all staff members are treated fairly and consistently when problems arise. Disciplinary procedures are designed to resolve issues within the workplace effectively and reduce the likelihood of cases escalating to Employment Tribunals.

## What Are the Steps for Carrying Out a Disciplinary?

Begin by attempting to resolve the issue through informal discussion about work performance and behaviour. If informal resolution is unsuccessful, follow these progressive steps:

- **Verbal Warning** - First formal step for minor issues
- **Written Warning** - For repeated or more serious issues
- **Final Written Warning** - Final opportunity before dismissal
- **Dismissal** - Last resort for continued misconduct

Serious Misconduct Exception: In cases of serious misconduct, depending on the severity, you may issue a final written warning or dismiss the employee immediately without prior warnings. It is strongly advisable to seek guidance from your care manager, support organisation, or ACAS before taking such action.

Resource: ACAS - [www.acas.org.uk](http://www.acas.org.uk)



# What Is an Employment Tribunal?

An Employment Tribunal is a legal body that adjudicates disputes between employers and employees. These disputes can include cases of unfair dismissal, discrimination, redundancy issues, and other employment-related conflicts. If the employee (claimant) wins their case, you may be required to pay compensation (such as unpaid wages), plus legal fees and associated costs.

## How Can I Prevent a Dispute From Going to An Employment Tribunal?

Prevention is always the most effective approach. Consider these strategies:

- **Seek Support:** Utilise available support services for advice on good employment practices and procedures
- **Follow Proper Procedures:** Ensure all employment procedures are correctly implemented and documented
- **Early Intervention:** Address issues promptly before they escalate
- **Use ACAS:** If a claim is made, consider using ACAS conciliation services to settle disputes out of court
- **Maintain Documentation:** Keep clear records of all employment decisions and communications

Remember that professional support and guidance are available to help you navigate these processes effectively and maintain positive employment relationships.



# Your Legal Responsibilities As An Employer

## Direct Payments PA & Carer Insurance

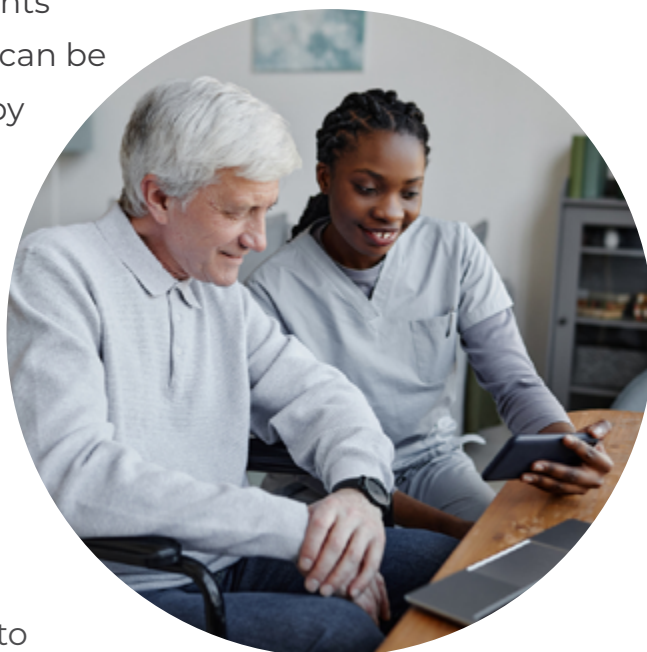
Hiring a PA with your Direct Payments makes you an employer, and most employers with an employee in the UK are legally required to have employers' liability insurance.

Surewise provides specialised Direct Payments Personal Assistant & Carer Insurance which can be taken out by you or under your instruction by your chosen 3<sup>rd</sup> party.

Our insurance is designed to protect you & your employee (PA) against claims that could arise in connection with you receiving care. The policy is comprised of employers liability, public liability & legal expenses, to provide comprehensive cover against potential claims risks such as;

- Claims against you in the event of injury to your employee
- Claims against you/your employee in the event of injury to you or a 3<sup>rd</sup> party
- Claims against you/your employee as a result of damaged or lost property & more

As well as being required to have insurance in your role as an employer, your Direct Payments should cover all the additional costs associated with being an employer. This includes costs such as national insurance, pension contributions, necessary training, compassionate leave and holiday and sick pay.



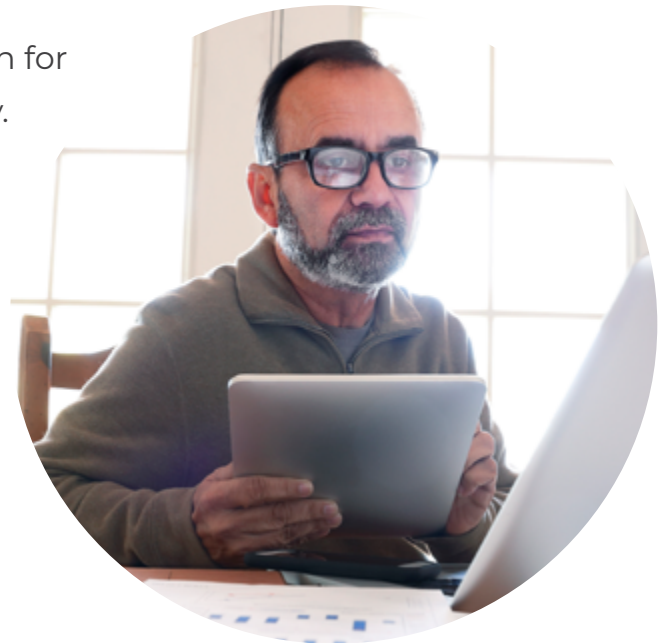
# Reviewing & Terminating Your Direct Payment Arrangements

Your care plan will typically be reviewed after the first six months by your local authority, and then annually after that. You will also be required to complete Financial Monitoring forms and provide bank statements to Social Services every quarter to ensure you are managing your finances correctly.

This gives you and your local authority the opportunity to make sure everything is working as it should, that you are receiving the correct sum for the level of care you need, and for the local authority to confirm that you are fulfilling your legal obligations when it comes to hiring someone for your care needs.

Remember, these reviews are as much for you as they are for your local authority.

This is your opportunity to raise any queries, or even to request to have care services arranged for you instead if you feel that the Direct Payment scheme isn't actually right for your needs.







Peace of mind  
from just  
**£6.49/month\***

\*Pay monthly or annually

- ✓ No excess
- ✓ No hidden fees

# Carers Insurance

Cover for Carers, PAs  
and their employers

Cover available for:

- ✓ Direct Payments
- ✓ Self Employed Carers
- ✓ Carer's Employers
- ✓ Domiciliary Care



For a quote call us on

**0800 999 1122**

or visit

**[www.surewise.com](http://www.surewise.com)**

sagic



Wholly owned by  
The Salvation Army



TrustScore 4.8/5 | +13,500 Reviews

# Who Are We?

Surewise is the result of over a decade of experience of providing social care insurance such as, Direct Payments, Self-Employed Carers and Domiciliary Care.

## The Legal Bit

Surewise is a trading name of Sure Wise Limited which is authorised and regulated by the Financial Conduct Authority(FCA). Our FCA firm reference number is 618327.

Sure Wise Limited is a company registered in England and Wales with company number 07432009. Our registered office is Unit 3, Hadleigh Park Business Park, Chapel Lane, Benfleet, Essex, SS7 2PP.



## How Can Surewise Support me as an Employer?

We are here to provide you support with:

- Direct Payments Insurance
- 24/7 Employment & Legal Helpline
- Specialist advice from Direct Payments Insurance
- Direct Payments Resource Centre, see page 10

# Our Team

## Customer Service

Our dedicated UK based Customer Service team are friendly, approachable and fully trained to offer advice and guidance across all of our Insurance products.

Our Customer Service advisors are at the heart of all our operations from administration and policy amendments (at no charge) to queries of cover and policy advice they are there to help.

You can reach Surewise Customer Services via telephone 9am until 5pm Monday - Thursday, 9am until 4pm Friday on 01268 200 020, or email [customerservices@surewise.com](mailto:customerservices@surewise.com).

As you will see from our online reviews, we do all we can to provide a satisfactory customer journey. We work very closely alongside our Underwriters and Claims handlers, and keep on top of product knowledge and training to ensure we are providing you with an excellent level of customer service.



## Our Underwriter

All of our Social Care Insurance policies are underwritten by sagic, The Salvation Army General Insurance Corporation. Sagic are wholly owned by The Salvation Army, and their profits go to their parent company to help people in need.

# sagic

We have chosen sagic to underwrite these policies because they provide strong ethical practice and excellent claims handling. They also provide much needed support for The Salvation Army and every policy sold helps their good work.

**You can be confident that you are in safe hands.**

## Legal Cover

Our Legal cover is provided by ARAG UK, which was founded in 2006 with the vision that “Every individual should be able to assert his or her rights, not just those who can afford it.”

Today, the ARAG brand is recognised as a symbol of quality and trust.

The Legal Expenses included in our policies offers up to £100,000 of Legal cover including assistance with employee disputes, any advice needed for employee contracts and general queries about employment.

The Advisors at Arag are a highly experienced team including solicitors and are there to offer support 24/7 via a designated Legal Advice line.



Legal advice is available 24 hours a day, 365 days of the year, and tax advice is available between 9am and 5pm on weekdays (except bank holidays). Any queries will be dealt with by a qualified specialist who is experienced in handling legal and tax-related matters. Use of this service does not constitute reporting of a claim.

# Useful Links & Organisations

## HM Revenue & Customs

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

**Telephone:** 0300 200 3200

HMRC has a useful helpline providing support for anyone considering becoming an employer (classes as anyone with one or more employees).

## Citizens Advice

[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

**Telephone:** 0344 411 1444 (England)

A network of advice centres available nationwide to provide confidential and independent advice.

## Care Quality Commission

[www.cqc.org.uk](http://www.cqc.org.uk)

**Telephone:** 03000 616 161

The CQC is the independent regulator of adult social care and health services in England.

## Disability Rights UK

[www.disabilityrightsuk.org](http://www.disabilityrightsuk.org)

**Telephone:** 0330 995 0400

Disability rights provide support regarding Direct Payments, personal budgets, and other information you may need about receiving the right care for your needs.

## Care Inspectorate Wales

[www.careinspectorate.wales](http://www.careinspectorate.wales)

**Telephone:** 0300 7900 126

The CIW register, inspect and take action to improve the quality and safety of services for the well-being of the people of Wales.

## Care Inspectorate (Scotland)

[www.careinspectorate.com](http://www.careinspectorate.com)

**Telephone:** 0345 600 9527

The Care Inspectorate regulates and inspects care services to make sure they meet the right standards.

## The Regulation and Quality Improvement Authority (Northern Ireland)

[www.rqia.org.uk](http://www.rqia.org.uk)

**Telephone:** 028 9536 1111

The RQIA is responsible for inspecting the availability and quality of health and social care services in Northern Ireland.





📍 Unit 3 • Hadleigh Park Business Park • Chapel

Lane Benfleet • Essex • SS7 2PP

☎ 01268 200 020

✉ customerservices@surewise.com

- ✓ Direct Payments Insurance
- ✓ Personal Assistant & Carers Insurance
- ✓ Self-Employed Carer Insurance
- ✓ Home Employment Insurance
- ✓ Carer Employment Insurance
- ✓ Mobility Insurance
- ✓ Domiciliary Care Insurance



[www.surewise.com](http://www.surewise.com)  
**01268 200 020**

Underwritten by  
**sagic**



Sure Wise Limited. Registered in England and Wales No: 07432009. Registered Office: Unit 3, Hadleigh Park Business Park, Chapel Lane, Hadleigh, Essex, SS7 2PP. Sure Wise Limited are authorised and regulated by the Financial Conduct Authority (FCA No. 618327).

© Surewise 2025

V2.0 09.25