

A personal budget is an amount of money allocated by a local authority to meet a person's care and support needs. Your local authority will have to carry out a needs assessment to decide if you are eligible for support, and the money can be managed and spent in a number of ways. One of these is called a 'direct payment', where the local authority pays you the money directly. A direct payment is designed to give you more control and flexibility over your care and support, by letting you choose how you use the money to meet your needs.

This factsheet is for anyone who has care and support needs, whether you have dementia or care for a person with dementia. It looks at what a personal budget is, who can receive one, how a personal budget can be used, and how it is managed (including direct payments). Personal budgets are used in England but in Wales and Northern Ireland there are different systems in place. However, while most of the information in this factsheet applies to England only, the information on direct payments is also relevant in Wales.

Contents

- Who can get a personal budget?
- How to get a personal budget
- Managing a personal budget
- Direct payments
- Information and support
- Personal budgets for carers
- Frequently asked questions
- Other useful organisations

Personal budgets

A personal budget is an amount of money allocated by a local authority to meet a person's eligible care and support needs. For you to get a personal budget, the local authority will carry out a needs assessment to decide if you are eligible for care and support. They will also assess your finances to decide whether you will need to contribute towards the cost of your care. The size of the personal budget will then depend on what it will cost to get the care and support you need.

If you receive a personal budget, it can be managed in a number of ways. You may be able to receive the money yourself as a 'direct payment' (and be responsible for spending it), you can ask someone to do it on your behalf, the local authority may be able to manage the budget for you, or it can be paid directly to a care provider who will manage it on your behalf. For more on how to manage a personal budget see 'Managing a personal budget' on page 8.

Personal budgets are used in England but in Wales and Northern Ireland there are different systems in place. In Wales there are no managed personal budgets but local authorities can make direct payments to people to organise their own services to meet their social care needs.

For specific information on direct payments in Wales see the [wales.gov.uk](https://www.gov.uk) website. For specific information on direct payments in Northern Ireland see factsheet NI431, **Direct payments**.

Who can get a personal budget?

If a person is found to have a need for social care, and they meet certain eligibility criteria, the local authority will allocate an amount of money – a personal budget – to meet their needs. It is possible for both people with dementia and carers to receive personal budgets. However, depending on your income and savings, you may have to make some contribution to the cost of your care.

For more information about financial eligibility, see factsheet 532, **Paying for care and support in England**.

Step 1 – Getting a needs assessment

A needs assessment will determine whether you're eligible for care and support, including what your care and support needs and desired outcomes (what you need help to be able to do) are.



Step 2 – Estimating the size of the budget

Based on your needs, the local authority will work out an estimated personal budget for you.



Step 3 – Making a care and support plan

With the estimate in mind, you will then work out how you can use your budget to achieve your desired outcomes. You can get help with making your care plan.



Step 4 – Getting the plan agreed

The local authority will need to agree the plan you have made.



Step 5 – Finalising the budget

Once you've agreed the plan, the final budget amount will be set and you will need to arrange how to manage the budget.



Direct payment

A direct payment is where the local authority pays you, or someone you choose, the money directly.

Managed budget

A managed budget is where the local authority manages your budget and arranges your care for you.

Individual service fund (ISF)

An ISF is where a third party, such as a care provider, holds and manages the budget for you.

Mix of all three

It is possible to use a combination of methods, such as receiving some of your budget as a direct payment and asking the local authority to manage the rest.

Step 1: Getting an assessment

The first step is to request a needs assessment from your local authority. Your GP or another health and social care professional may request an assessment on your behalf. If not, you can request it yourself by contacting your local authority's social services department. (This may be called different things in different areas, such as Adult services.)

The local authority has a duty to provide an assessment for anyone if it appears they may have care and support needs. This is true regardless of your financial situation, so you can get an assessment even if you end up paying for your own care. If you think you need care and support, you should do this as it will help you to identify how best to meet your needs.

During the assessment you will be asked about your living arrangements, your health, what things you can and can't do, as well as what you enjoy doing. You will also be asked what things you can't do now but want to be able to do (your desired outcomes) and what kind of care and support you think you need to achieve that.

The local authority will also ask about your financial situation. This is to work out whether you will need to contribute towards the cost of your care. If you are found to have eligible care needs but the financial assessment shows that you are able to fully fund your own care and support, you are known as a 'self-funder'. Your local authority should still support you to find what help and support you need to achieve your outcomes, and how you might go about getting it.

For more information see factsheet 418, **Assessment for care and support in England**.

Step 2: Estimating the size of a personal budget

If the local authority has decided that you qualify to receive support, it will then work out how much getting that support is likely to cost. It will look at your needs and your outcomes and estimate the size of the personal budget you require (sometimes called an ‘indicative budget’). This can then be used to develop your support plan.

If you receive your personal budget as a direct payment (see ‘Direct payments’ on page 8), the costs of any support services to help you to manage it should be included in the personal budget amount. If you need paid carers who must have training to carry out their role (for example, lifting and handling), the training costs must also be included in the budget.

If there are a number of ways to achieve a particular outcome, the local authority may agree to fund only the least expensive option. For example, if you struggle with washing, you may want a walk-in shower, but the local authority may suggest a cheaper solution. If you want the expensive option, you may be able to ‘top up’ the payment yourself to meet the extra cost.

Step 3: Making a care and support plan

Once you have an estimate of the size of the personal budget, the next step is to make a plan for how you will use the money. You can complete this yourself, either on your own or with support from other people you know such as friends or family.

This step will often include help from a social worker or other professional (for example, a broker or a professional support planner). For more on brokers see ‘Brokers’ on page 15.

The care and support plan should show how you your personal budget will be used to achieve your outcomes. It should also explain how you will manage the personal budget (for more on this see ‘Managing a personal budget’ on page 8). It will also look at how you will stay safe and well, and manage difficult times (for example, if a care worker is sick or if your needs change unexpectedly).

Step 4: Getting the plan agreed

The next step is getting the plan approved by the local authority. Typically a social worker or social care worker will check that the plan will meet your identified eligible needs. Other local authority staff may also have to agree to the plan. This often happens if a care plan is very complicated, includes unusual ways of meeting a need, or if it costs more than the estimated amount. This can take a little longer.

Step 5: Finalising the budget and organising money

Once an agreement is reached about how you can achieve your outcomes, a final budget amount can be set. This may or may not be the same as the estimate you first received.

The money will then be paid to you or to someone you've chosen to manage it for you, or will be held by the local authority, depending on how you have chosen to manage your personal budget. For more on this see 'Managing a personal budget' on page 8.

Reviewing a care and support plan

The local authority must keep care and support plans under review. They should review your plan at least every year, but it can vary from place to place. The local authority must check that you are safe and well, whether your care needs have changed, and whether your personal budget is being used appropriately – so that it meets your eligible needs and allows you to achieve your desired outcomes.

You can request a review at any time if there have been changes to your situation or if you need more support, though this won't always happen straight away.

Managing a personal budget

A personal budget can be:

- **a managed budget** – this is where the money is held and managed by the local authority who arrange and provide the care services. You may still get a choice in services that you want to meet your needs
- **an Individual Service Fund (ISF)** – this is where a care provider (such as a care agency) holds and manages your personal budget and arranges the support agreed in your support plan
- **a direct payment** – this is where you are given the money directly to spend on meeting your care and support needs. This must be in line with the outcomes agreed in your care plan, but it can be in a way that suits you. Direct payments offer an alternative to the local authority arranging services on your behalf
- managed by a combination of these methods.

Direct payments

A direct payment is when a personal budget is paid directly to you to pay for your care and support. Direct payments aim to give you more flexibility and choice over your care by allowing you to buy a range of different things to help you achieve your outcomes. For example, if you are lonely, you might use your direct payment to help you meet other people. You might spend the money on transport to allow you to get around safely, or on going to an activity. Direct payments must be used in line with your outcomes agreed in your care plan.

Some people use their direct payments to employ their own care worker or personal assistant, either through personal contacts or by advertising in a newspaper. Others use direct payments for social or leisure activities or equipment. You can use your payment for lots of things, but you must keep records of how the money has been spent. You can receive your personal budget as a direct payment and have it managed for you by someone else. If you do this, they will need to keep appropriate records on your behalf.

If you don't want to hold the direct payment yourself, it can be:

- managed for you by a broker (see 'Brokers' on page 15), or an independent social worker
- held by a carer, friend, family member, solicitor or other appropriate person (for example, an attorney), as a 'user-controlled trust'
- managed by a mix of the above.

If you no longer have the mental capacity to manage the direct payment yourself, a suitable person can be appointed to manage it (see Appointing a 'suitable person' below).

Who can receive a direct payment?

Direct payments are available to anyone who is eligible for support and is willing and able to manage them, either with or without assistance.

In England and Wales, you must be at least 16 years old and be:

- a disabled person (which for this purpose includes someone with dementia)
- a carer
- the parent of a disabled child.

Appointing a 'suitable person'

It is possible to receive a direct payment even if you no longer have the ability (called 'mental capacity') to manage it yourself. You must have a 'suitable person' to manage the money on your behalf. This must be someone reliable who will manage your affairs in your best interests, such as a friend or close family member. A suitable person is often, though not always, someone who has power of attorney to make decisions for you.

For more information see factsheet 472, **Lasting power of attorney** (England and Wales) or, in Northern Ireland, factsheet NI472, **Enduring power of attorney and controllership**.

The local authority is responsible for setting up and monitoring the arrangement, and they are responsible for deciding whether someone is a suitable person. They need to find out who you would have wanted to take on this role, and what is in your best interests.

The local authority must consult:

- you
- anyone currently caring for you
- anyone who has been named by you as someone to be consulted about becoming a suitable person or about related matters, such as your personal welfare
- any written statement of wishes and preferences you make
- an attorney (of any kind) or a deputy, if you have one.

A suitable person must:

- be able to manage the payments
- not employ any spouse, civil partner or partner using the money from your direct payment (except in some specific situations)
- always act in your best interests, following the Mental Capacity Act.

For more information on mental capacity, see factsheet 460, **Mental Capacity Act 2005**.

How payments are made

Direct payments are usually paid into a bank account set up specifically for this purpose. The local authority will sometimes ask to look at this account so they can check that you are spending the money appropriately.

Some local authorities use a 'prepaid' card for paying a direct payment. This should work just like a bank card. The funds are deposited onto the card by the local authority, making it easier to use and monitor the budget. Prepaid cards shouldn't be the only option available to you however – you should be able to use a bank account if you want to.

The local authority will tell you, or whoever manages the payments for you, what records you need to keep and what information you need to provide. This can include timesheets signed by a personal assistant or receipts for services you've paid for.

You can choose to stop receiving your personal budget in the form of a direct payment at any time. If you do, the local authority should arrange alternative services so that you still receive the care you need.

The local authority can also decide to stop direct payments if they feel that you are not getting the care you need, or if you or the person managing the payments for you is unable to do so. If this happens, the local authority will offer another way of managing the personal budget.

What can direct payments be used for?

Direct payments can be used to buy a range of things, provided they are directly linked to an outcome agreed in your care plan. This could include:

- a personal assistant (instead of a carer arranged by the local authority)
- a visit to a community or social activity, such as going to a club, concert or sport event
- an educational activity
- an item of equipment or assistive technology
- complementary therapies, such as aromatherapy or music therapy
- transport – if you have specific needs, it could cover travelling safely to visit family and friends or attend a leisure or educational activity
- support to get to a café to meet friends, or to go to a place of worship
- taking a break with a carer.

This list does not cover everything. There are lots of other products and services that direct payments can be spent on. Different local authorities may have different ideas about how a personal budget should be used. You should ask your local authority or speak with a social worker about your local authority's policy.

A direct payment cannot be used:

- to pay a spouse, civil partner, live-in partner, or a close relative who lives in the same household, to care for you, except in certain circumstances that have been agreed with the local authority
- for food
- for rent
- for any illegal or unlawful purpose
- to buy services from the local authority – this can be done via a managed account
- to pay for anything that is not directly related to meeting an outcome that is set out in your support plan.

Under the current system, a direct payment cannot be used to pay for permanent residential care in a care home, though this may change in the future. It is, however, possible to pay for a short stay of up to four weeks within any 12 month period.

Personal assistants

You can use a direct payment to employ a personal assistant (PA). A PA provides some of the help and support you may need, both at home and in the community.

PAs need to have a range of skills to take on this work, and can do lots of different things. This could include personal care such as help with washing and dressing, walking the dog, watering plants, reading letters or helping you on holiday.

If you choose to employ a PA, the personal budget should include money to pay their insurance, wages, national insurance, and holiday, sickness, maternity and redundancy pay. The local authority should take this into account when calculating the personal budget.

If you employ a PA or other care worker, you need to make a plan for what will happen if they are sick or on holiday. This emergency plan should be included in the support plan. The local authority has a duty of care, which means that they must be sure that you are still being cared for if there is a problem.

Direct payments example

Mahendra is 60 years of age and has young-onset dementia. He lives in a village in Nottinghamshire with his wife who is his main carer. Mahendra's wife needed a break from caring and Mahendra needed some social interaction.

Before receiving a direct payment, Mahendra attended a day centre where he could play dominos or bingo for two days a week, but he didn't enjoy it and felt he was too young for traditional day care services. He contacted his social worker to ask about receiving his personal budget as a direct payment.

Through the use of a direct payment he was able to find a male PA who shared similar interests. They enjoyed talking about tennis and Mahendra's work as a telecoms engineer. A direct payment support service was able to help them with legal issues around employment. While Mahendra spent time with his PA, Mahendra's wife had free time to relax and to visit friends.

Information and support

There are a range of information and support services available that can help you with personal budgets. However, they are not available everywhere. A social worker or other support worker will be able to tell you about local advocacy, information and brokerage services. If there is no local organisation that can provide information, the local authority must offer this support themselves. It is important to ask for it.

Examples of the type of support that the social worker might suggest are:

- If you need help to manage a direct payment, you or your social worker can ask a friend or relative, or someone else who has authority to act on your behalf.
- If you want to employ your own PA, the social worker can tell you about organisations that help arrange employer's liability insurance, and with recruiting and training a PA.
- The social worker can signpost you to a broker or payroll agency, who will work out how much national insurance and tax you must deduct from your PA's wages each month. There is usually a charge for this, but you can pay for that using the direct payment.
- If you want to buy care from an agency, the social worker can usually supply a list of agencies to choose from.

Local authorities are required to support you to manage a personal budget. Although everyone must be offered the direct payment method, the local authority must also support you if you would prefer them to arrange services instead. Having made an informed choice about care and support, you should:

- receive a regular statement showing how your personal budget has been spent, and the remaining balance
- have easy access to support services that encourage you to think about new ways to use your personal budget flexibly to get the care and support that is most suitable for you as your needs change.

If you pay for all of your own care (self-funders)

If you are assessed as needing social care, but have either income or assets (or a combination of both) that mean you have to pay for all of your own care, this doesn't mean you have to cope alone. The local authority should still provide information and support, if needed, to help you to access and organise the services you want. They should also carry out a needs assessment to help you identify what help and support you require – make sure to ask for an assessment.

Brokers

You can create your own support plan with help from family, friends or neighbours, if you want to. Social workers or care managers can also help you to plan the kind of care and support you need. However, you might want to get some support from a broker.

A broker is someone who helps you to think about, plan and organise support that is tailored to you. They can help with one or several areas of planning or organising support. This could be for a short time or a longer period, depending on what you want. If you choose, a broker can act as your 'agent' and hold the personal budget for you.

A broker does not have to be a paid professional. It can be anyone who you trust, such as:

- a relative, friend or neighbour
- a worker from a voluntary organisation
- someone in social services, such as a social worker or care manager
- a staff member from an advice and information organisation
- an independent professional broker
- a support or care provider.

If you want to use a professional broker, the fees should be included in the original personal budget allocation.

You might not know right away that you want a broker, or only start to need one as your dementia progresses. If so, you can always think about this when your budget is reviewed.

Personal budgets for carers

If you are a carer, you have a right to an assessment of your own needs by the local authority. This is called a carer's assessment and the aim is to support you to continue to care for as long as you want to and are able to. This right applies even if you live separately from the person you care for. It also applies if the person you care for does not want to have their own needs assessment. Local authorities have a duty to meet any eligible care needs identified in the assessment.

For more information see factsheet 418, **Assessment for care and support in England**, W418, **Assessment for care and support in Wales**, or NI418, **Community care assessment**, for those in Northern Ireland.

Once you have been assessed, you should be told the outcome of the assessment and a support plan should be agreed. If you need support, it can be arranged by the local authority or you will be offered a direct payment to meet your needs in a more flexible way.

The payment must be used to help you achieve the outcomes as defined in your support plan. It is to help you to keep caring for the person and helps you maintain your health and wellbeing. Direct payments can pay for various things, including taxi fares, gym membership, driving lessons, counselling and adult learning.

The local authority has the power to charge carers for services that are provided directly by them or via a direct payment. There will be a financial assessment, but income from any work that you or your partner do is not taken into account in this assessment. Any replacement care (also known as 'respite care') provided for the person you care for cannot be included as part of your personal budget amount. It must be paid for by the person you care for from their personal budget, as it is them receiving the care.

Frequently asked questions

What if I disagree with the amount of money in my personal budget allocation?

If you have put together a support plan and you don't agree with the amount allocated in your personal budget, speak to your social worker or care manager and ask them to explain their decision in writing. The budget must be sufficient to meet your needs. If you feel that the amount of money is not enough to meet your needs or achieve the things you've identified as your outcomes, the local authority must show how they plan to do so with this amount of money. You might want to involve an advocate or support worker to help you.

If, after talking to the social worker and a manager, you still feel the decision is unfair, you can make a formal complaint. You should have been told about the complaints procedure when you had the assessment. If not, contact your social worker or local authority and ask them about it. The same process can be followed if the local authority does not agree with your support plan or what you want to spend the budget on.

What if I do not spend all the money allocated in my personal budget?

If you don't spend all the money allocated to you, the local authority might decide that your care needs are not as great as indicated in the support plan. This means that the care package and the money to pay for it could be reduced.

What will the effect on my benefits be?

Personal budgets are not a replacement of income. They are not part of taxable income and they do not affect any other benefits.

Other useful organisations

Age UK

Tavis House
1–6 Tavistock Square
London WC1H 9NA

0800 169 8787 (general enquiries)
0800 055 6112 (advice line)
contact@ageuk.org.uk
www.ageuk.org.uk

Wales – Age Cymru

0800 223 444 (advice line)
enquiries@agecymru.org.uk
www.agecymru.org.uk

Northern Ireland – Age NI

0808 808 7575 (advice line)
info@ageni.org
www.ageuk.org.uk/northern-ireland

Provides information and advice for older people in the UK.

Citizens Advice

Various locations
www.citizensadvice.org.uk
www.adviceguide.org.uk (online information resource)

Can provide information and advice in confidence or point you to further sources of support. Trained advisers can offer information on benefits in a way that is easy to understand. To find your nearest Citizens Advice, look in the phone book, ask at your local library or look on the website (above).

In Control

Carillon House, Chapel Lane
Wythall
West Midlands B47 6JX

01564 821 650
admin@in-control.org.uk
www.in-control.org.uk

Voluntary sector organisation that offers support and information on self-directed support and personalisation for individuals, family members and carers.

Factsheet 473LP

Last reviewed: May 2018

Next review due: May 2021

Reviewed by: Julie Stansfield, Chief Executive, In Control and Martin Walker, Self-directed Support Policy Advisor, Think Local Act Personal

This factsheet has also been reviewed by people affected by dementia.

To give feedback on this factsheet, or for a list of sources, please contact publications@alzheimers.org.uk

Alzheimer's Society National Dementia Helpline England, Wales and Northern Ireland:

0300 222 1122

9am–8pm Monday–Wednesday

9am–5pm Thursday–Friday

10am–4pm Saturday–Sunday

This publication contains information and general advice. It should not be used as a substitute for personalised advice from a qualified professional. Alzheimer's Society does not accept any liability arising from its use. We strive to ensure that the content is accurate and up to date, but information can change over time. Please refer to our website for the latest version and for full terms and conditions.

© Alzheimer's Society, 2018. All rights reserved.

Except for personal use, no part of this work may be distributed, reproduced, downloaded, transmitted or stored in any form without the written permission of Alzheimer's Society.



Alzheimer's Society operates in England, Wales and Northern Ireland. Registered charity number 296645.

alzheimers.org.uk

Alzheimer's Society is the UK's leading dementia charity. We provide information and support, improve care, fund research, and create lasting change for people affected by dementia.

