

<b>Item No.</b> 11	<b>Classification:</b> Open	<b>Date:</b> June 18 2008	<b>Meeting Name:</b> Corporate Parenting Committee
<b>Report title:</b>		The Child Trust Fund Update	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Children's Services	

## RECOMMENDATION

1. That the committee recommend to the Executive Member for Children's Services, an annual £100 top-up payment to the Child Trust Fund (CTF) for all Children Looked After (CLA) in Southwark.

## BACKGROUND INFORMATION

2. The CTF is a long-term savings and investment account for children. The scheme forms part of the Government's broader programme to improve outcomes for children and young people.
3. The fund is intended to be a financial asset which young people will be able to benefit from in the future. It is hoped that schools will provide financial education for children and that the fund will enable them to learn from having their own savings.
4. Children who are born on or after 1 September 2002 are eligible for a CTF, if child benefit has been awarded to them, they live in the UK and they are not subject to immigration restrictions. Children will receive a £250 voucher to start their account, and a further £250 at the age of 7.

## KEY ISSUES FOR CONSIDERATION

5. Members will note at the last meeting of the Corporate Parenting Committee it was agreed that officers should investigate and produce a further report on the potential for child trust funds for CLA.
6. On 10 February 2008 the DCSF confirmed that additional funding would be made available for local authorities in relation to CTF account top up payments for children looked after. Payments would be worth £100 for every complete year after 1 April 2007 that a child is looked after by the local authority. The payment applies to:
  - UK residents who are not subject to immigration restrictions;
  - children who have been looked after continuously for a year or more – regardless of placement type or legal status – this would also apply to kinship care (local authority approved placements with relatives).
7. Currently the CTF is not available for unaccompanied minors, or children with uncertain legal status. However, the CLA Service is exploring how to establish a savings account for these children so that there will be parity with other

children in care.

8. To apply the £100 top up the local authority will get the CTF account details either from the parent, or a person with parental responsibility, or from HMRC (to whom we make the monthly returns for all new CLA in relation to CTF).
9. At present the Quality Assurance Unit, based in Specialist Children's Services, informs HMRC of all new CLA. HMRC checks if the eligible children (born after 1.9.2002) have a Child Trust Fund started by their parent/s and, if not, they make arrangements to start one for the child.
10. The council has not asked for or held this information before so will need to seek it at the start of looked after status from parents for new CLA and retrospectively for all eligible CLA.
11. The CTF cannot be accessed by either parents, or the local authority, and the young person can only gain access when they have turned 18. Children will retain the top up sum, even if they subsequently return home before they reach 18.

### **Policy implications**

12. The local authority will need to keep a record of the child's account details and invest for each subsequent full year and set up an audit process.

### **COMMUNITY IMPACT STATEMENT**

13. Children in care are from some of the more deprived communities in Southwark and include some of the most vulnerable children. The CTF is meant to give all children and young people the opportunity to have a good start in life and a chance to learn how to manage their own resources. Because they do not have the support of their families like other children in the community, there is an onus on the local authority to maximise the benefits of this scheme in the way that any good parent would.

### **RESOURCE IMPLICATIONS**

#### **Financial implications FI/CS/12/NA**

14. The CTF top up is funded by a government grant to enable all children born after September 2002 to have a savings account. The allocation for Southwark is as follows: 2008/09 - £6,259; 2009/10 - £8,930; and 2010/11 - £10,660. This should be sufficient to fund the current proposal to pay the £100 top up to all eligible CLA.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director for Legal and Democratic Services**

15. No legal implications are arising from this report.

#### **Finance Director**

16. Comments are included within the report.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
The Child Trust Fund – Report to the CPC March 2008	<a href="http://www.southwark.gov.uk/YourCouncil/Agendas/Minutes/committees/Parenting/CPCreports.html">http://www.southwark.gov.uk/YourCouncil/Agendas/Minutes/committees/Parenting/CPCreports.html</a>	Rory Patterson 020 7525 3846

## AUDIT TRAIL

<b>Lead Officer</b>	Rory Patterson, Assistant Director, Children's Specialist Services and Safeguarding.	
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<b>Version</b>	Final	
<b>Dated</b>	June 9 2008	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal and Democratic Services	No	No
Director of Finance	Yes	Yes
<b>Executive Member</b>	Yes	Yes
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