

Item No 10	Classification: Open	Date: March 26 2008	Meeting Name: Corporate Parenting Committee
Report title:		The Child Trust Fund	
Ward(s) or groups affected:		All	
From:		Strategic Director of Children's Services	

RECOMMENDATION

1. That the Committee note and consider the information on the Child Trust Fund.

BACKGROUND INFORMATION

2. The Child Trust Fund (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 September 1 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. Child Trust Fund accounts are normally linked to an award of child benefit. Child benefit is not normally payable to children looked after, so the government has put in place regulations to ensure that they do not lose out.
6. If a child benefit award is made for a child before they become looked after they will be eligible for a CTF account in the usual way, that is, a CTF voucher will be sent to the child benefit claimant. However, where a child goes into care without a child benefit award or where there is no-one appropriate with parental responsibility, HM Revenue and Customs (HMRC) will open a CTF account for the child.
7. The role of the local authority is to help identify those children who do not have a CTF account or who have no-one appropriate with parental responsibility. In addition, the local authority has to identify and provide information on children who come into care for the first time since 6 April 2005.
8. The CTF Office then uses this information to identify any children who do not have a CTF account and ensure that one is opened for them. Where there is someone appropriate with parental responsibility, HMRC will write with details of

the child's account. Where there is no-one with parental responsibility, HMRC will arrange for the official solicitor to manage the child's CTF account.

9. Local authorities are required to make a return to HMRC which will include information such as when the child came into care and whether there has been any change to who has parental responsibility for the child. Each child also has a unique identifier number.
10. No-one can remove money from the CTF once it has been put in . The young person can decide how the money should be used when they turn 16, but cannot remove any until they reach 18.
11. To date the department has not been proactive in considering how to maximise the benefits of such an account for children in care. However, there is nothing to prevent the local authority from encouraging further investment in the scheme by allocating pocket money or other allowances to the fund. This could be monitored through the care planning process. Further consideration will be given to how the department could help young people to get the best out of their CTF.

Community Impact Statement

11. 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.

Financial implications

12. There are no financial implications for the Council arising from this report. The CTF is funded by the Government to enable all children born after September 2006 to have a savings account.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director for Legal and Democratic Services

13. No legal implications are arising from this report.

Finance Director

14. No comments sought

AUDIT TRAIL

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Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal and Democratic Services	No	No
Director of Finance	No	No
Executive Member	Yes	Yes
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