# Money Matters
# Access to Child Trust Funds and Financial Support

February 2022

## Overview

This briefing has been produced to enable corporate parents and other practitioners who support care experienced children and young people as well as other children and young people who are not care experienced, but may have support needs, to access and manage their Child Trust Fund.

It covers:

- ☐ What are Child Trust Funds?
- ☐ Why is support to access Child Trust Funds important?
- ☐ How do Child Trust Funds work?
- ☐ How do Child Trust Funds work for care experienced children?
- ☐ What about children who do not meet a definition of 'looked after'?
- ☐ When and how can Child Trust Funds be accessed?
- ☐ What support do children and young people have for their financial education?
- ☐ What should corporate parents do to support children and young people with their Child Trust Funds?
- ☐ Frequently Asked Questions
- ☐ Resources for further information

## What are Child Trust Funds?

Child Trust Funds are long-term savings accounts for children that they could manage from when they turn 16, and access from when they turn 18. These were introduced in 2005 by the UK Government for children across the UK, with the government putting money into an account set up on their behalf by their parents or by HM Revenue & Customs (HMRC) when they were born. Typically, children were eligible for a Child Trust

Fund if Child Benefit was awarded to them, they were born in the UK and they were not subject to immigration restrictions.[1]

Although these were later replaced by Junior ISAs (Individual Savings Accounts) for children born after 2 January 2011, Child Trust Funds will continue to mature over the next seven years. So eligible children, young people and any adult who supports them, particularly the corporate parents of children with care experience, should be aware of Child Trust Funds, how to access them, and of any support that children or young people might need to access or manage their fund.

## Why is support to access Child Trust Funds important?

All children need support to be able to develop and thrive. Children with care experience, who may have experienced adversities, including poverty, can thrive if provided with tailored support and opportunities that allow them to realise their potential.

In addition, it is important to consider the needs of children who are in need of care and protection but who may not be defined as 'looked after' in statute in Scotland. This includes children who live in informal kinship care; children supported by child protection measures due to a risk of significant harm but not subject to a Compulsory Supervision Order; or, children who are vulnerable in other ways but not known to, or supported by any statutory services. These children can experience many of the vulnerabilities and adversities that their care experienced peers do, without the entitlement to support from their local authority or other corporate parents. This can mean they can experience financial inequality compared to other children, or that it might be harder for them to explore their ambitions and goals in their lives.

Child Trust Funds and financial education can play a role in addressing some of the inequalities encountered by children who grow up in poverty, experience adversity or are care experienced. That means that access to their Child Trust Fund, including financial support and education, must be understood as a right for children and young people.

## How do Child Trust Funds work?

When a child eligible for a Child Trust Fund was born, the UK Government deposited an initial payment of £250, and then a subsequent payment of £250 when the child reached seven years of age, for those born before 1 August 2003. For parents receiving the maximum Child Tax Credit, payments of £500 were made. In advance of a change in policy by a new government, for children born from 1 August 2010 to 2 January 2011 the initial payments were reduced, in some cases to as little as £50. Parents were sent this payment for their child as a voucher, received automatically when a parent or carer with parental responsibilities claimed for Child Benefit. This voucher could be presented to a Child Trust Fund account provider to open a Child Trust Fund on behalf of their child so although it was opened by a parent, the account is owned by the child. If a parent did not open an account for the child within one year of birth, HMRC opened an account on

[1] These were replaced with Junior ISAs (Individual Savings Accounts) for children born after 2nd January 2011.

behalf of a child and sent parents or carers a notification of the details of this.

The scheme was designed to encourage saving for the child, therefore third parties (such as their parents and family) could also make contributions, and can continue to do so. A maximum of £9,000 can now be deposited per year. Tax is not paid on a Child Trust Fund.

## How do Child Trust Funds work for care experienced children?

Many children who are defined as 'looked after' under statute do not receive Child Benefit, as their parents or carers receive other types of financial support to ensure they can meet their needs. This means that the Child Trust Fund process provided a voucher to all parents or carers with parental responsibilities who claimed Child Benefit, some children with care experience were likely to miss out. It became necessary therefore to put in place specific measures to ensure they could have a Child Trust Fund. These measures included a statutory duty for every local authority across the UK to provide information about children defined as 'looked after' to HMRC, who would then contact the person with parental responsibility for each child with details of their account (which may have been parents, carers or corporate parents). As some parents or wider family members of children defined as 'looked after' might find it harder to contribute to savings for their child,[2] their local authority was also encouraged to make additional payments to a child's fund through the Stepladder Plus programme. In Scotland, the Scottish Government received funding from the UK Government's Department for Education to distribute through local authorities so that these children could access Child Trust Funds equitably.

However, differences in legislation in Scotland for how children are defined as 'looked after' make this picture more complicated. Children cared for by foster carers, in secure care, and residential care do not receive Child Benefit so can access a Child Trust Fund through the specific measures for children defined as 'looked after'. However, children who are defined as 'looked after' in statute and who stay at home with their birth parents under a Compulsory Supervision Order (CSO), as well as some children in formal or informal kinship care, do receive Child Benefit. Their Child Trust Fund would be provided in the same way as it is for their non-care experienced peers. This means that the way that money is paid into a Child Trust Fund will vary according to what form of care a child has lived in. However, Child Trust Funds were a universal scheme, and every step must be taken to ensure all children with care experience born in the relevant time period can access theirs. The scheme identifies children with care experience as children who were 'looked after', as defined in statute, for a period of at least 12 months, and will be entitled to extra support to access their fund.'

From October 2017, registered charity the Share Foundation, which has been running the Junior ISA scheme for 'looked after' children since 2012, was commissioned to run the Child Trust Fund scheme for children defined as 'looked after' in the UK on behalf of the UK Government. The Share Foundation is also commissioned to offer care experienced

[2] For example, kinship carers in Scotland are disproportionately living in the poorest households across Scotland, Nandy, S., Selwyn, J., Farmer, E., & Vaisey, P. (2011). Spotlight on Kinship Care: Using Census Microdata to Examine the Extent and Nature of Kinship Care in the UK at the Turn of the Twentieth Century, Bristol: University of Bristol.

children and young people additional support to access and manage their fund, including support with their financial education. The definition of ‘care experience’ to be eligible for support from the Share Foundation is that a child must have been subject to a CSO for a single period of at least 12 months before their 18th birthday.

Each local authority notifies the Share Foundation when a child who is born between 1 September 2002 to 2 January 2011 is subject to a CSO for at least 12 months. The Share Foundation then contacts the local authority to find out whether they have Parental Responsibilities and Rights for this child. If this is the case, or if a parent has some Parental Responsibilities and Rights but it has been determined that they are not able to be the ‘responsible adult’ for their child’s Child Trust Fund, the Share Foundation will locate the account and inform the account provider for that Child Trust Fund, and make contact with that child or young person directly to offer support accessing their fund. Sharing this information between the Share Foundation and a local authority is therefore crucial to supporting awareness and access to Child Trust Funds. Further information about reporting by local authorities to the Share Foundation can be found in the section ‘What must corporate parents do to support children and young people with their Child Trust Funds?’

For many children who are defined as ‘looked after’, their parents will still have Parental Responsibilities and Rights and will be classified as the ‘responsible adult’ for that fund by a local authority. The Share Foundation cannot initiate direct contact with these children and young people, however, from the age of 16, children and young people can use the Child Trust Fund finder on the Share Foundation website, either by themselves, or by asking a trusted adult (such as a corporate parent) for support with doing this. There is a consent form integrated into this form so that the Share Foundation can then make direct contact with that child or young person to offer them support accessing their fund.

Due to these variations in how children and young people access, hear about, and get support with their Child Trust Fund, it is crucial that corporate parents are proactive in identifying the children and young people in their care who may have a Child Trust Fund, communicating with them about this, and supporting them to access their Child Trust Fund, including (but not limited to) helping them to contact the Share Foundation, if the child or young person wants to. More information on what corporate parents should do can be found in the section ‘What must corporate parents do to support children and young people with their Child Trust Funds?’

The Share Foundation also offers financial education and support to children and young people aged 15 and over through the Stepladder of Achievement programme. In some local authorities, this programme is supplemented by the Stepladder Plus programme, in which additional contributions to a child or young person’s Child Trust Fund is made.

## What about children who do not meet a definition of ‘looked after’?

Children and young people who are not defined as ‘looked after’ in statute and therefore by the Child Trust Fund scheme, may also have distinct support needs, similar to children with care experience. This includes children who have experienced multiple forms of adversity, but who have not been subject to a CSO for a period of at least 12 months, as well as children who are no longer in contact with their parents, or children whose parents are unable to support them to access or manage their fund.

The Share Foundation cannot access the names of these children to notify them of their Child Trust Fund, and these children are not entitled to specific support when doing so. It is important that everyone who supports children and young people, including schools, colleges, youth clubs or benefits advisors, is aware of this gap in support, and is able to advise children and young people of how to access their fund, as outlined in this briefing. They should also ensure that children and young people are able to access financial support, which should ideally be an accessible and relationship-based service that offers person-centred financial support and education.

## When and how can the Child Trust Fund be accessed?

A young person can manage their Child Trust Fund from age 16 and withdraw funds from age 18. There is no upper age limit. Child Trust Funds will continue to mature as eligible children reach this age, until 2029.

The Share Foundation offers support to eligible care experienced children and young people to access and manage their fund. This includes giving information to a child or young person that will help them access their fund. the Share Foundation sends this information at the same time as letters from HMRC about Child Trust Funds are sent, to support children and young people to understand the letters they receive from HMRC, and the next steps to take to access their fund. There is also support with financial management through the Stepladder of Achievement programme, which offers support for children and young people to save money in their fund, and advice on Child Trust Funds to those who provide mentoring to children and young people.

In circumstances where the Share Foundation does not have up-to-date contact information for a child or young person, or cannot initiate contact without that child or young person's consent, children and young people aged 16 and over can contact the Share Foundation directly through their Child Trust Fund finder service. To do this a child or young person will need to provide their name, address, National Insurance number, and give consent to pass information onto HMRC and their bank account provider. the Share Foundation may not be able to offer support to all children and young people, but will still be able to help them make contact with HMRC and get the details of their fund. These children or young people can also use the HMRC Child Trust Fund Finder, which requires a Government Gateway login as well as National Insurance Number; to support more children and young people with this process, a 3-step login or photo ID verification is not required.

This means that some children and young people may not routinely be informed about their Child Trust Fund. Information campaigns are being disseminated in a number of ways, including through social media, to increase awareness of Child Trust Funds. However, the role of corporate parents (and any other practitioners who support children and young people) in supporting awareness of, and access to, Child Trust Funds will be vital to reach all eligible children and young people.

## What support do children and young people have for their financial education?

For many children, as they grow up, they will gradually learn skills about how to manage money from the adults around them like their parents or carers, along with many other important life skills, such as budgeting and money management. These skills will come about through consistent, natural conversations that change as a child grows up. If children's parents or carers are not confident in their own financial skills, or are not able to pass on financial skills to their children (ie if they don't live with their children), this can mean these children may have less access to financial education than other children. This can make it more difficult to access and manage their Child Trust Fund.

In Scotland, children should also receive financial education in schools, where this is a part of the Curriculum for Excellence through the Personal and Social Education and Health and Wellbeing curricula.[3] As with any other learning in their lives, it is important that financial education in schools happens consistently throughout the time they are in school. Wider skills, such as maths and English are fundamental to financial education, so attention must be paid to support needs around these skills for children who struggle with numeracy and literacy.

Any child who is struggling at school should be given the support they need to flourish. Care experienced children are more likely to have experienced trauma, adversity or disruption in their lives, and this can make it harder for some care experienced children to have the same achievements in school as their non-care experienced peers.[4] So it is especially important that their corporate parents work together to ensure that all their support needs are met, and this includes financial education.

It is important for all children to have financial education consistently as they grow up at home and school. Young people with care experience are more likely to encounter circumstances that mean they have specific needs for support and financial education when they leave care. Many young people leave care before they are 18 and with fewer supports than their non-care experienced peers.[5] This can leave them facing a stark transition from little financial responsibility to complete financial independence, and they will face complex systems and budgets, with an expectation of managing their rent, bills, living expenses, benefits or student loans. Some efforts to mitigate this have been made in Scotland. This includes council tax exemption for care experienced young people up to the age of 26, and the Care Experienced Student Bursary.

Schemes such as the Child Trust Fund can further alleviate inequality in experience and income for children and young people with care experience. For these measures to be effective, children and young people must be supported not only to access their funds, but in their confidence, experience and skills to manage their funds along with any other financial rights and responsibilities. This support may come from corporate parents, as well as through the supported offered by the Share Foundation, such as the Stepladder of Achievement programme.

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[3] Education Scotland (2018) Thematic inspection of personal and social education/health and wellbeing in Scotland's schools and early learning and childcare settings. Livingston: Education Scotland
[4] Scottish Government (2020) Education Outcomes for Looked After Children 2018/19, Edinburgh: Scottish Government
[5] CELCIS (2015) Housing Options and Care Leavers: Improving Outcomes into Adulthood Glasgow: CELCIS; Eisenstadt, N. (2017) The Life Chances of Young People in Scotland. Edinburgh: Scottish Government; The Children's Society (2016) The Cost of Being Care Free: The Impact of Poor Financial Education and removal of support on care leavers, London: The Children's Society

## What must corporate parents do to support children and young people with their Child Trust Funds?

In Scotland, the state has responsibilities to uphold the rights and secure the wellbeing of children and young people with care experience under its duties as corporate parent (under Part 9 of the Children and Young People (Scotland) Act 2014). This includes Scottish Ministers, local authorities and a range of other public sector bodies including schools, the Student Awards Agency Scotland (SAAS) and all post-16 education bodies.

As corporate parents, all people in these organisations must work collaboratively to promote the interests of children and young people with care experience. Scotland's 'scaffolding' of the structures for financial support and education must meet the needs of children and young people as individuals. This should include fair and equitable access to Child Trust Funds for all eligible children and young people with care experience.

As of June 2021, there were 9,138 care experienced young people with Child Trust Funds/Junior ISAs in Scotland according to the Share Foundation. There is currently disproportionate variation in the access to Child Trust Funds by eligible care experienced children and young people across local authorities in Scotland, which is reflected in the data reported by local authorities. This points to a need for greater awareness and promotion of Child Trust Funds by both local authorities and other corporate parents.

Corporate parents must support any care experienced child or young person who may have a Child Trust Fund in the following ways:

☐ Pathways planning

It is the responsibility of corporate parents to ensure that financial education and support is included in pathways planning, including listening to and recognising where children or young people have a need for bespoke support. This is especially important during and after the time a young person leaves care. Support to access and manage their Child Trust Fund must be included in pathways planning.

☐ Access their Child Trust Fund

The support offered by corporate parents may include direct support to any child or young person who might be eligible for a Child Trust Fund to find out if they have a fund, and if they do, to access it using the instructions in this briefing (or through contacting Share Foundation directly). Assessment of the need for this support, and plans of how to provide this support should be included within pathways planning.

☐ Financial education

Support to access their Child Trust Fund is a right for all eligible children and young people. This right extends to the financial support and education to equip them to manage their fund. Corporate parents must ensure that appropriate financial education is available throughout a child or young person's life, this may include supporting a young person to access relationship based mentoring or other bespoke support when managing their Child Trust Fund.

☐ Additional financial contributions

Income inequality or other factors mean that parents and wider family members may experience more barriers to contributing to savings for their child if their child is defined as 'looked after', so local authorities are encouraged to make additional payments to a child's fund through the Stepladder Plus programme.

☐ Reporting to the Share Foundation

Local authorities are required to report to the Share Foundation with how many eligible care experienced children and young people access their Child Trust Fund, but this reporting currently varies greatly across Scotland, with significant delays in reporting in some areas. Corporate parents must meet this reporting duty in order to ensure that there is an accurate understanding of how many eligible children and young people have (and have not) accessed their Child Trust Fund, and crucially, so that the Share Foundation can identify, approach and offer to support eligible children and young people.

☐ Children who are not defined as 'looked after'

Children who are not defined as 'looked after' for the purposes of the Child Trust Fund scheme or associated support through the Share Foundation may have specific support needs. Corporate parents and any others working within teams or agencies that support these children should be aware of Child Trust Funds, the gaps in support experienced by some children, and the need to work collaboratively to ensure these children obtain any support they need to access or manage their fund.

## Frequently Asked Questions for Corporate Parents and other practitioners

### How does a child or young person that I support find out if they have a Child Trust Fund?

You can support them to use the Share Foundation's Child Trust Fund Finder or the HMRC form. If you use the Share Foundation form, a care experienced child or young person will also be able to find out if they are eligible for support from Share Foundation.

### What other support should I offer besides ensuring a child or young person is aware of their Child Trust Fund?

If you are a corporate parent supporting a care experienced child or young person, you have a duty to support them until they are 26 under Part 9 of the Children and Young People (Scotland) Act 2014. This duty includes co-ordinated support from one or more corporate parents to access and manage their Child Trust Fund. This support should also include working collaboratively to ensure that every care experienced child or young person has access to a sufficient financial education over the course of their development that meets their individual needs. This financial education will be important to supporting a child or young person access and manage their Child Trust Fund.

**How can I support a child or young person who does not meet the definition of 'looked after' for this scheme but is in need of support to access or manage their Child Trust Fund?**

If you support a child or young person in need of care or protection who does not meet the definition of 'looked after' for the Child Trust Fund scheme, it is even more important that they receive support to know about, access and manage their Child Trust Fund, as they may not be entitled to this kind of support from other agencies and practitioners. If you are a practitioner with an existing relationship with a child or young person then you may be the best person to offer this support, but you can also approach the Share Foundation for advice, or social work departments, to find out if they are eligible for any other support, as well as third sector agencies like Citizens Advice Scotland or Young Scot.

**A child or young person I support has a terminal illness, can they withdraw the money in their Child Trust Fund before they are 18?**

Yes, you should contact the Share Foundation or HMRC for support.

**Will the Child Trust Fund affect any benefits a young person receives?**

Some benefits are means-tested and will be affected by the amount of savings a person has. Someone can have up to £6000 in savings without any effect on means-tested benefits. Unless considerable private contributions have been made to their account, the amount of money in a Child Trust Fund will not exceed £6000 and would not affect a young person's benefits.

**Where can I get more information about reporting to the Share Foundation by local authorities?**

Information and guidance for local authorities is available from the Share Foundation, including Frequently Asked Questions by local authorities.

## Resources for further information

- ☐ The Share Foundation and their Child Trust Fund Finder
- ☐ Young Scot, Child Trust Funds, What You Need to Know and Money and Me
- ☐ UK Government Digital Toolkit on Child Trust Funds
- ☐ Money Helper (Provided by Money and Pensions Service), Child Trust Funds

## About CELCIS

CELCIS is a leading improvement and innovation centre in Scotland. We improve children's lives by supporting people and organisations to drive long-lasting change in the services they need, and the practices used by people responsible for their care.

## For more information

**Visit:** www.celcis.org **Email:** celcis@strath.ac.uk **Tel:** 0141 444 8500