COSLA

CYP Board Item 06

Junior ISA and Child Trust Fund Scheme for Looked After Children

Summary and Recommendations

This report provides information in respect of the Junior ISA and Child Trust Fund Scheme for Looked After Children and seeks the active participation of all local authorities in this scheme in order to support improved outcomes for children.

This paper invites members to:

i. Agree that local authorities will have an active role in the Junior ISA and Child Trust Fund Scheme for Looked After Children in order to secure maximum benefit to care experienced young people ; and

ii. Agree that local authorities bring their data up to date as soon as possible and that future submissions to The Share Foundation are made in a timely manner.

References

Previous reports on Junior ISA and Child Trust Fund Scheme for Looked After Children:

- 22/08/2008, Agenda Item 09, Education Children and Young People Executive Group, Top Up of Child Trust Funds for Looked After Children

Jillian Ingram
JII National Implementation Coordinator
0131 474 9347

February 2021

COSLA

Junior ISA and Child Trust Fund Scheme for Looked After Children

Purpose

1. This paper relates to the Junior ISA and Child Trust Fund Scheme for Looked After Children and seeks the active participation of all local authorities in this scheme in order to support improved outcomes for children and young people.

Background

2. The Junior ISA (JISA) and Child Trust Fund (CTF) accounts are long-term savings and investment accounts for children. In 2005, the then chancellor, Gordon Brown, launched the CTF back-dating the first to children born in 2002. Every child born after 31 August 2002 was awarded a cash "endowment". For most, the initial payment, in the form of a voucher, was £250, with £500 to those from the poorest third of families. The CTF was subsequently replaced by JISAs for children born before 1 September 2002 or after 2 January 2011.

3. The government contribute £200 to JISAs for looked after children who meet the qualifying criteria for such a payment: under 18, UK resident, do not have a CTF and have been in care of the local authority for an unbroken period of at least one year after 2 January 2011

4. These schemes were set up to give eligible children and young people a financial asset which they could draw on when they reached age 18. The scheme also aims to:
   - help people understand the benefits of saving and investing
   - encourage parents and children to develop the saving habit, and
   - build on financial education.

5. To be eligible for a CTF a child must
   - have been born between 1 September 2002 and 2 January 2011,
   - have received Child Benefit before 4 January 2011, or been looked after by a local authority before 3 April 2011, and
   - have lived in the UK during that period not subject to immigration restrictions

6. Some children looked after by local authorities have a Child Trust Fund (CTF) account set up on their behalf.

7. A registered charity, The Share Foundation (TSF), has been running the Department for Education's savings/investment schemes for looked after children and young people since 2012 (Junior ISAs since 2012 and Child Trust Funds since 2017), during which time it has benefited over 165,000 young people. The Share Foundation manages the CTF account for the child and will:
   - write to the child when they take control of the account
   - change the type of CTF account and provider if necessary and write to the child to explain why the change was made
   - send account statements to the child

8. They'll manage the account until:
   - the child turns 18
   - the child turns 16 and decides to manage the account themselves

- someone takes parental responsibility for the child, for example through adoption

9. The Share Foundation has specific responsibilities in respect to looked after children across the UK, working with local authorities to ensure that they (the Share Foundation) have the relevant information to link up accounts with individuals, ensuring individuals can take control / access them when they turn 18. This responsibility only extends to CTF account holders where they have no person in a position of parental responsibility, or where the responsible person is not considered suitable to retain charge of the savings account. A carer or social worker cannot be considered for this position under the CTF legislation.

10. Unfortunately many looked after children and accounts remain ‘unlinked’, meaning the money (up to £1,500) will be unknown or inaccessible to them when they turn 18.

11. The Share Foundation do all the linking up, with data provided by local authorities. They also tie up their management of the CTF and JISAs with financial education programmes and additional fundraising.

12. Since inception of the JISA/CTF scheme in 2012, a total of £6.72 million has been raised via The Share Foundation through donations, which has all been credited to the JISA and CTF accounts of children in local authority care. All costs relating to the fundraising staff and governance costs are covered by The Share Foundation.

13. The Share Foundation have identified a current area of focus as young people in local authority care who have a person in a position of parental responsibility. Whilst The Share Foundation cannot assume responsibility for these accounts, they can promote ways for these young people to be able to locate their accounts by means other than the government gateway, to offer them the opportunity to take the Stepladder of Achievement financial awareness programme and to receive local authority contributions where these are available. This ensures fairness for all young people in local authority care, irrespective of the status of their responsible adult.

14. The online portal is live for use by all young people born in the CTF era and are aged 16 or over (irrespective of whether they are in local authority care or not) to enable them to make a Subject Access Request to HMRC via TSF with the specific aim of finding out the details of their CTF. See https://findctf.sharefound.org for more information.

15. Once registered with the portal, young people aged 16 and 17 will be advised with which CTF provider their account was originally opened, and how to contact the provider to register themselves as the contact on the account. Each step along this process is supported by email information from TSF on how to proceed to the end result of registering as the contact on the account and have the opportunity to access financial education.

16. They can then take over responsibility for their own accounts prior to age 18, thus giving them the ability to draw on their account once reaching the age of majority. It is estimated that c.12,000 young people in local authority care with a Responsible Adult plus a further 2 million young people will have the opportunity to be linked to their CTF account.

17. In 2019, The Share Foundation developed a short questionnaire to be sent to all young people reaching their 18th birthday who hold a Junior ISA under the government scheme. These are some comments submitted by young people:

    - *“I think it is a very kind and beneficial scheme for care leavers who are often in a poverty trap”*

- *"I think it makes people feel as if someone is looking out for them"*
- *"Think it's just a very nice idea to give back to kids who might not have had it so smooth"*
- *"More children should be made aware of this when they reach 16. More carers/social workers need to know more about this scheme too"*

Current COSLA position

18. Statutory guidance on [Junior individual saving accounts for looked-after children - GOV.UK (www.gov.uk)]() was first published in October 2012. It was updated in 2017 to reflect the role and responsibilities of The Share Foundation. It was updated again in July 2020 with further information about the Stepladder programme, previously known as PFEG, and local authorities' responsibilities related to the existence of child trust funds.

19. The Scottish Government wrote to all local authorities in February 2018 to highlight the updated statutory guidance and to encourage participation in the JISA and CTF schemes as a core function of a local authority's corporate parenting responsibilities. This included the expectation "*that local authorities invest for eligible looked after children within their care and maximise the opportunities and choices that result from the schemes to ensure that young people are ready to take advantage of their financial asset on transition to adulthood*."

20. Working with the Share Foundation to link young people with their accounts, to invest in these accounts and to support improved financial education for looked after young people would all be considered corporate parenting responsibilities.

What is changing?

21. Over the next nine years around 500,000 young people in Scotland will reach adulthood with a Child Trust Fund. The Share Foundation is determined to ensure that the scheme achieves its original objective as a tool for financial education and savings and the assistance of all local authorities is sought in order to help realise this objective.

22. Local authorities are sent a request every month to advise if a young person has a responsible adult in their life who is able to manage their CTF. Local authorities do not always respond to these monthly requests, meaning that The Share Foundation is not able to link young people with their accounts.

23. On an annual basis, all local authorities receive a fully individualised report from The Share Foundation, detailing account information and highlighting gaps in data. The most recent version was issued to all local authorities in November 2020.

24. Significant numbers of care leavers have not yet claimed their Junior ISA accounts, notwithstanding guidance to do so, delivered through local authority contacts. The Share Foundation simplified the process by which these accounts can be claimed - see https://MyJISA.sharefound.org for the registration page, and www.sharefound.org/myjisa for an online slides guide.

25. English local authorities routinely take very active roles in the JISA/CTF accounts for their looked after young people. For instance, it is common practice in foster placements for agreement to be reached with the foster carers that £5 per month will go towards savings for the child/young person. This comes from the fostering allowance. Deducting at source and transferring directly into the young person's JISA/CTF has proven to be an effective way for local authorities to support long term savings arrangements for their young people.

Proposed COSLA position

26. Local authorities playing an active role in the Junior ISA and Child Trust Fund Scheme for Looked After Children will greatly contribute to securing maximum benefit to care experienced young people

    To maximise the benefit of the JISA/CTF scheme for Scotland's looked after children, it is proposed that local authorities ensure they are in a position where they:

    - know where all the individual accounts for our looked after young people are
    - are actively managing these accounts and know how much money is in these
    - have a policy in place regarding savings for looked after young people
    - have a plan in place for when each young person reaches 18 years of age

Next steps

27. In line with Corporate Parenting responsibilities, members are asked to agree that all local authorities will be actively involved in the JISA/CTF scheme, ensuring that funds are managed in the best interests of looked after young people.

28. In addition, members are asked to agree that local authorities bring their data up to date as soon as possible and that they will work with the Share Foundation on how submissions can be done in a timely way.

29. Information on the schemes and The Share Foundation can be found on their website at www.sharefound.org. Anthony Walker is Director of Operations for The Share Foundation and can be contacted on:

    - Tel: 01296 310400
    - Anthony.walker@sharefound.org

February 2021