



Child Trust Fund



**Statistical Report 2007**

# Foreword

Welcome to the 2007 Child Trust Fund Statistical Report.  
The report provides statistics for the second year of operation of the Child Trust Fund, from 6 April 2006 to 5 April 2007.

The Child Trust Fund is an integral part of the Government's savings strategy. It is an ambitious initiative that will ensure that in future all children regardless of family background will benefit from access to a financial asset when they start their adult lives.

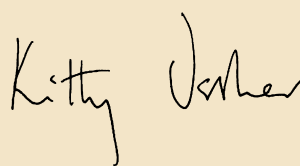
This report shows that the second year of the Child Trust Fund has built firmly on the success of the first. To date three quarters of parents have actively opened an account for their child and around a third of children have benefited from the additional payment made to those children in lower income families. And even at this early stage one in four children are receiving contributions into their Child Trust Fund.

I am encouraged by these signs of active participation with the Child Trust Fund. Our aim now is to further parental engagement, including by strengthening our valuable links with voluntary and community organisations to enable them to better help those parents with the least financial knowledge and confidence.

Over the next few years the Government will continue to build on the success of the Child Trust Fund. Starting in 2009 we will make further payments into children's accounts at age seven, and annual payments for children in care from 2008.

We are also improving financial education in schools. We recently allocated extra funding of £11.5million to develop a range of materials based on the Child Trust Fund to be used to teach children financial skills in the classroom. We want all children to have the skills to understand and manage their Child Trust Fund account, so they are able to make well-informed decisions about how to use the money in their account when they turn 18, and about their finances throughout their lives.

Yours sincerely



Kitty Ussher



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# Introduction

The Child Trust Fund is a long-term savings and investment account for children born on or after 1 September 2002. A Child Trust Fund voucher for at least £250 is sent to all eligible children after Child Benefit has been awarded for them.

Children in lower income families that are in receipt of Child Tax Credit with income at or below £14,495 (the current income threshold) will receive an additional £250 paid directly into their Child Trust Fund account. There will be a further payment of £250 when children turn 7, again with an additional £250 for children in families on lower incomes. Anyone can pay money into the account, up to the account limit of £1,200 each year, and neither parents nor children pay tax on any gains and/or interest in the account.

The broad types of Child Trust Fund account available are

- stakeholder
- non stakeholder shares
- non stakeholder savings (the cash option).

Some providers offer ethical and shari'a versions of the above.

HM Revenue and Customs will open a stakeholder Child Trust Fund account for those children whose vouchers have expired after 12 months, without being used. Parents will be able to assume responsibility for this account at any time and change the type of account if they do not think the stakeholder account is the most appropriate type of account for their child.

This report sets out the operational statistics for the second year of the Child Trust Fund including voucher issue and account opening figures for eligible children. We are also publishing alongside this report, the full detailed distributional analysis.

In the year to 5 April 2007, HM Revenue and Customs issued a total of 756,000 Child Trust Fund vouchers, or approximately 60,000 per month.

Also in the year to 5th April 2007, parents opened 543,000 accounts, and HMRC opened a further 212,000 accounts where vouchers issued in previous years had expired. We continue to award additional payments to accounts of children in lower income families. To date 29% of all accounts opened have received such an award.

The HM Revenue and Customs network for CTF matters incorporates:

- a Child Trust Fund Office in Washington
- a dedicated Child Trust Fund Helpline
- a dedicated Child Trust Fund website ([www.childtrustfund.gov.uk](http://www.childtrustfund.gov.uk))



# Child Trust Fund providers and distributors

1.1 Child Trust Fund Providers must be authorised by the Financial Services Authority and have been approved by HM Revenue and Customs to provide Child Trust Fund accounts.

Some providers make Child Trust Fund accounts available to customers through other organisations, known as distributors.

An up-to-date list of providers and distributors can be found at [www.childtrustfund.gov.uk](http://www.childtrustfund.gov.uk)

14 providers have volunteered to offer Revenue Allocated Accounts. When a parent does not use their voucher within 12 months, HM Revenue and Customs will open an account for the child with one of these 14 providers, used in strict rotation.

1.2 Table 1 shows the number of organisations that had completed the approval process and were authorised to offer Child Trust Fund accounts at the dates shown.

**Table 1**

	5 April 06	5 April 07
Providers	40	44
Distributors	79	73
<b>Total</b>	<b>119</b>	<b>117</b>

# Account information

## 2.1 Vouchers issued and accounts opened at 5 April 2007

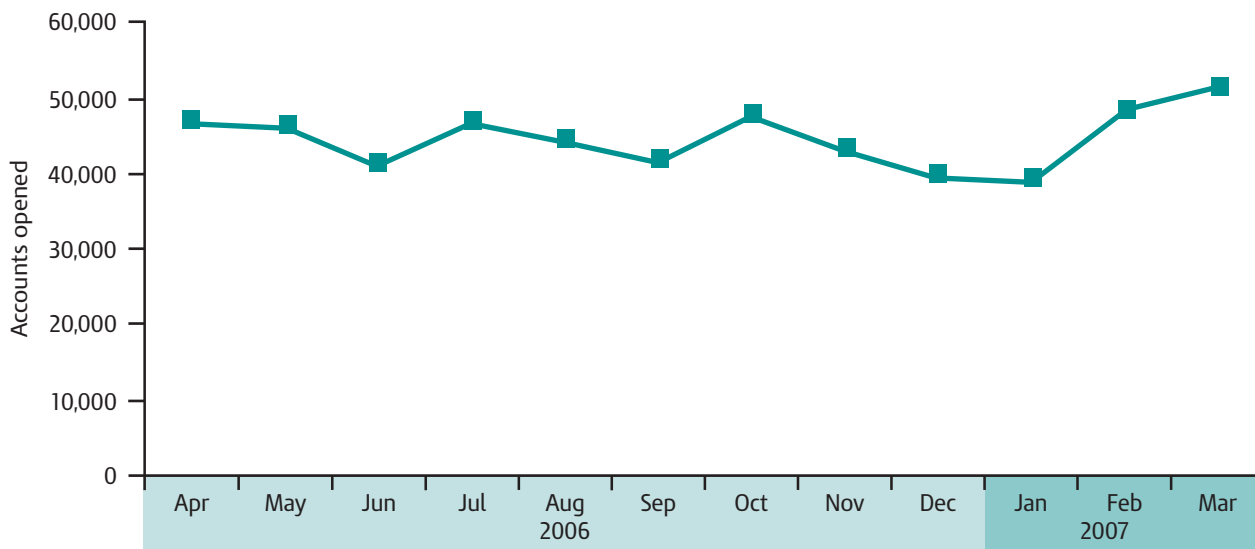
Table 2 shows the number of vouchers issued for children born between 1 September 2002 and 5 April 2006. It also shows the number of accounts opened with these vouchers by parents, and the number either pending opening or opened by HM Revenue and Customs (Revenue Allocated Accounts).

**Table 2 - Vouchers used by financial year of birth**

<b>Date of birth and voucher value</b>	<b>Vouchers issued</b>	<b>Accounts opened by parents</b>	<b>Accounts opened by HM Revenue &amp; Customs or not yet opened</b>
1 September 2002 - 5 April 2003 £277	406,784	302,950 (74%)	103,834
6 April 2003 - 5 April 2004 £268	709,792	541,588 (76%)	168,204
6 April 2004 - 5 April 2005 £256	715,288	548,931 (77%)	166,357
6 April 2005 - 5 April 2006 <sup>1</sup> £250	717,311	536,763 (75%)	180,518
<b>Total</b>	<b>2,549,175</b>	<b>1,930,262 (76%)</b>	<b>618,913</b>

2.2 Graph 1 shows the monthly rate at which vouchers were used to open Child Trust Fund accounts.

Graph 1 Voucher use by month



2.3 Table 3 contains information on the types of account opened since the start of the scheme and the total value of assets held in accounts, extracted from the provider annual returns from the year ended 5 April 2007.

Table 3 Type of account and asset value

	Number of accounts (thousands)	Percentage of all accounts	Value of assets held in accounts (£ million)	Percentage of assets in all accounts
Stakeholders	2,019	76%	1,001	76%
Non-stakeholders	630	24%	324	24%
Cash only	501	19%	236	18%
Other	129	5%	88	7%
<b>All</b>	<b>2,649*</b>	<b>100%</b>	<b>1,324</b>	<b>100%</b>

'Other' accounts include those that hold only non-cash assets and those that hold a mix of cash and non-cash assets.

\* This figure differs from the total of accounts shown as opened in Table 2 above because

- the provider returns upon which these figures are based include all accounts opened with providers by 5 April 2007, not just those for children born on or before 5 April 2006, and
- some vouchers issued to children born towards the end of financial year 2005-06, included in Table 2, which have not been used by parents before the 12 month expiry date, may not have been opened by HMRC before April 2007, in which case they would not appear in Table 3.

#### 2.4 Detailed Distributional Analysis.

In the first annual statistical report, HM Revenue and Customs announced that it would publish a Detailed Distributional Analysis including data on contributions to CTF accounts.

The Detailed Distributional Analysis has been generated from the CTF Providers' 2007 Annual Returns, matched to our CTF Administration system data, Child Benefit data, and New Tax Credits data. The tables provide a breakdown on aspects including contributions, type of account, additional payments, Government Office Region, family income and number of children.

The listing of the tables is available at [www.hmrc.gov.uk/ctf/stats.htm](http://www.hmrc.gov.uk/ctf/stats.htm)

#### 2.5 Detailed Distributional Analysis reconciliation.

The number of vouchers issued in a financial year will not correspond exactly to the number of children born in that year. This is partly because of the inevitable time lapse between birth and issue of voucher, and partly because HM Revenue and Customs issues vouchers to eligible children who were not born in the United Kingdom but who have since migrated to the United Kingdom; in these instances the Child Trust Fund voucher may be issued months or even years after the child's birth.

This statistical report details the number of vouchers issued each year. The quarterly take-up statistics published at [www.hmrc.gov.uk/stats/child\\_trust\\_funds/child-trust-funds.htm](http://www.hmrc.gov.uk/stats/child_trust_funds/child-trust-funds.htm) are arranged by the date the voucher was issued. The Detailed Distributional Analysis contains data on Child Trust Funds analysed by reference to the date of birth of the child and relates to children born on or before 5th April 2006. Due to migration this will include a slightly larger cohort than that implied by the number of vouchers issued up to 5th April 2006.



# Additional payments to children in lower income families at 5 April 2007

3.1 Table 4 shows the number of children entitled to the additional payment paid to those in lower income families. To be eligible for the additional payment, a child must be in a family receiving Child Tax Credit and with a household income less than the Child Tax Credit income threshold, applicable to the child's birth year. Payments are made directly into a child's Child Trust Fund account.

The table shows that at 5 April 2007, 29% of Child Trust Fund children had been identified as entitled to an additional payment, since the beginning of the scheme.

**Table 4**

	Accounts opened as at 5th April 2007	Entitled to additional payment
<b>Totals</b>	<b>2,648,743</b>	<b>774,283 (29%)</b>

# Children looked after by local authorities

**4.1** Most children have Child Benefit claimed for them before they become looked after and will be eligible for a Child Trust Fund account in the usual way. For the small number of children who become looked after before Child Benefit is claimed for them, the Government has put special arrangements in place to ensure they do not miss out. Each month, local authorities (including Health and Social Services Trusts in Northern Ireland) are required to send details to HM Revenue and Customs of children who come into their care for the first time. Where a child does not already have a Child Trust Fund account, HM Revenue and Customs will open an account for the child.

**4.2** For the year to 5 April 2007, 8,711 children were reported to HM Revenue and Customs by local authorities as coming into care for the first time.

**4.3** For the year to 5 April 2007, HM Revenue and Customs opened 2,973 Child Trust Fund accounts for looked after children. This differs from the figure in 4.2 because some children already had a Child Trust Fund account when they became looked after.

**4.4** A breakdown by local authority of the total number of looked after children, who have been reported as being in the authority's care and for whom HM Revenue and Customs have ensured an account is open, is shown in the Appendix. The total number of cases listed in the breakdown is 15,728, covering all children born from 1 September 2002 to 5 April 2007. This figure includes those children who were issued a voucher before entering the care of a local authority, and where HM Revenue and Customs has opened an account once their voucher had expired.

**4.5** For the majority of looked after children, there is someone with parental responsibility available to manage their Child Trust Fund account. In the small number of cases where no one appropriate with parental responsibility is available, the Official Solicitor for England and Wales, the Official Solicitor for Northern Ireland or the Accountant of Court in Scotland will manage the account for the child, until someone appropriate is identified or the child reaches 16 years old, the age from which they can manage their account.

**4.6** Table 5 shows the number of cases referred from HM Revenue and Customs to each body

**Table 5**

	Official Solicitor for England and Wales	Official Solicitor for Northern Ireland	Accountant of Court for Scotland	<b>Total</b>
Cases referred from 1 September 2002 to 5 April 2006	3,515	43	112	<b>3,670</b>
Cases referred for the year to April 2007	1,350	41	86	<b>1,477</b>

# Child Trust Fund Helpline

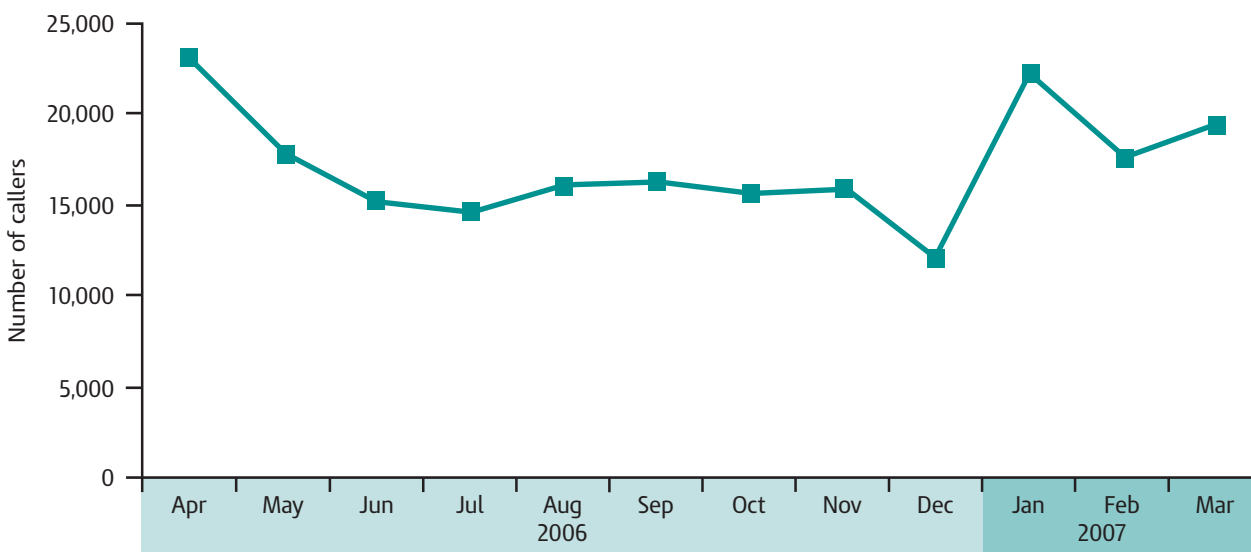
5.1 The Helpline is a dedicated Child Trust Fund service, open from 8am to 8pm every day other than Christmas Day, Boxing Day and New Year's Day. It aims to handle straightforward enquiries from customers on most aspects of the Child Trust Fund. Table 6 shows high-level information about numbers of calls to the Helpline.

Table 6

	Year to 5 April 2006	Year to 5 April 2007
Calls received	364,909	206,258
Calls answered	355,314	200,459
Calls abandoned by customers	9,595	5,799
% answered within 20 seconds	91.5%	94.3%
Average call time (minutes)	3:10	2:44
Calls referred to Child Trust Fund Office	7,189	3,735

5.2 Graph 2 shows the number of calls to the Helpline and how these varied during the period from April 2006 to April 2007. The peak in January 2007 in part reflects the interest generated by Child Trust Fund Week, which took place at the beginning of January.

Graph 2



5.3 The most common types of enquiry concerned

- Replacement vouchers - 23%
- Changes in circumstances - 17%
- Expired vouchers - 10%.

5.4 More urgent cases, such as those involving death or terminal illness were passed directly to the Child Trust Fund Office.

5.5 Staffing levels on the Helpline were

- 43 staff at 5 April 2006
- 36 staff at 5 April 2007.

These numbers varied during the year in response to the level of calls received.

# Child Trust Fund Office

**6.1** The Child Trust Fund Office manages the day-to-day work on the Child Trust Fund. This includes

- urgent enquiries passed on by the Child Trust Fund Helpline
- change of circumstance information supplied by customers
- issuing replacement vouchers
- liaison with the Child Benefit Office over eligibility for the Child Trust Fund
- liaison with the Tax Credit Office over entitlement to additional payments
- returns and enquiries from local authorities, the Official Solicitor and the Accountant of Court over looked-after children
- liaison with the Department for Work and Pensions over early access to Child Trust Fund accounts for terminally ill children
- correspondence and complaints
- outreach work, for example, the Child Trust Fund stand at Baby Shows.

**6.2** Staffing levels in the Child Trust Fund Office were

- 44 staff at 5 April 2006
- 54 staff at 5 April 2007.

There were minor fluctuations during the year in response to changing work levels.

# Marketing the Child Trust Fund

**7.1** The 2006/07 marketing campaign focused on targeting new parents to build upon existing awareness levels of the Child Trust Fund and to support them through the account-opening process. Communications were supported by the Child Trust Fund website ([www.childtrustfund.gov.uk](http://www.childtrustfund.gov.uk)) and information packs given to parents in advance of them receiving their Child Trust Fund voucher.

**7.2** There were several bursts of high profile activity:

- A burst of radio and women's press advertising ran in April/May, July, September/October 2006 to prompt parents to use their child's voucher and to provide practical help with the process of choosing and opening an account.
- A burst of radio and parenting press advertising ran in November/December 2006 to encourage parents, family and friends to consider making contributions to their child's Child Trust Fund account.
- In February 2007 HM Revenue and Customs undertook a pilot to test the impact of sending a reminder letter and factsheet to those parents where the child's voucher had been valid for 8 months, and was therefore nearing expiry

**7.3** Further activity ran throughout the year to provide both expectant and new parents with information on the scheme and how to open an account. This included

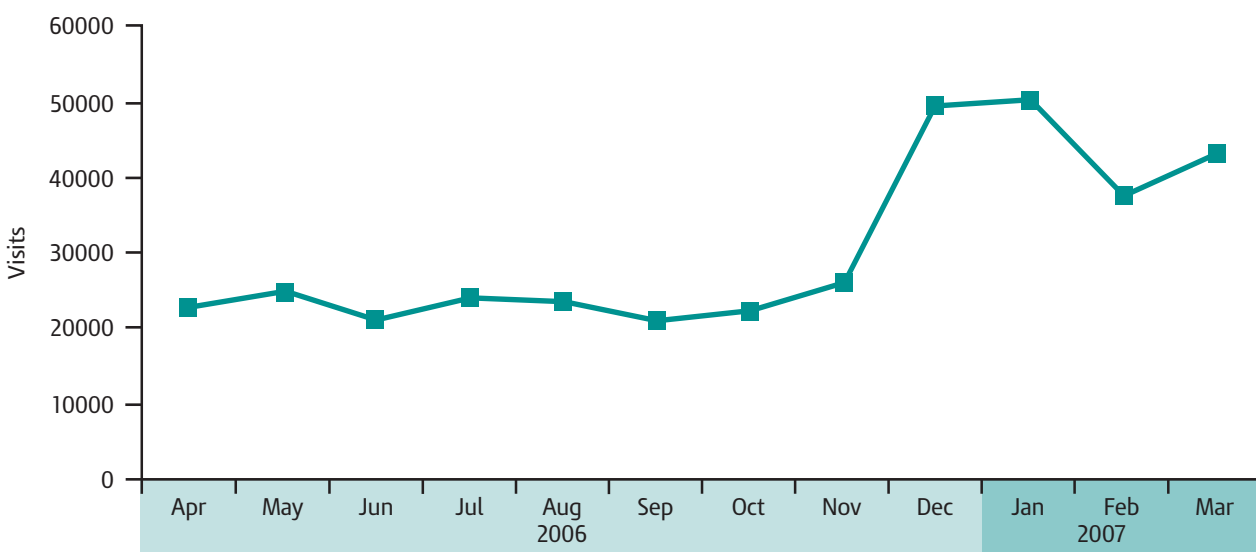
attendance at Baby Shows and advertising in parenting press, on TV screens in antenatal clinics and through partnership with parenting websites. Leaflets were also distributed via Bounty packs for new mothers.

HM Revenue and Customs has continued to develop links with partners in the voluntary and community sector and with other government departments to provide extra support to less financially confident parents. As part of this activity, a pilot was undertaken to train advisors from the voluntary sector to help provide extra support to parents about the Child Trust Fund.

**7.4** A Child Trust Fund Week was held in January 2007. Its aim was to encourage parents to make the most of their child's account. Organisations from the voluntary and community sector and Child Trust Fund providers participated in the Week. Activities and information displays supported parents. Radio advertising ran during the Week and media relations activity generated excellent editorial coverage in national and regional media.

**7.5** The number of visitors to the Child Trust Fund website ([www.childtrustfund.gov.uk](http://www.childtrustfund.gov.uk)) between April 2006 and April 2007 is shown in Graph 3.

**Graph 3** Child Trust Fund website



## 7.6 Tracking research

Research conducted amongst parents in February 2007 revealed that:

- 98% of eligible parents are aware of the Child Trust Fund
- 73% knew that they would be sent a voucher automatically
- 88% knew the initial amount is £250
- 88% knew that interest earned is tax free
- 78% knew that money can be withdrawn after the child's 18th birthday
- 75% knew that there are no restrictions on how money can be spent.

We will continue to monitor activity and use our learning to help inform Child Trust Fund marketing going forward.

7.7 Table 7 shows the total media spend (including any fees and excluding VAT) since the Child Trust Fund launched.

**Table 7**

	2005/06	2006/07
Television	£2,379,000	N/A
Press	£1,536,000	£600,000
Radio	£663,000	£1,050,000
Other media	£322,000	£1,110,000
<b>Total</b>	<b>£4,900,000</b>	<b>£2,760,000</b>

# Administration

**8.1** The overall costs and estimates for the Child Trust Fund are set out in Table 8. These figures include costs for all information technology, staff, communications (including media spend) and legal costs.

**Table 8**

2004/05	£49m
2005/06	£31m
2006/07	£19.1m
2007/08	£10.1m
2008/09	£7.2m
2009/10	£7.2m
2010/11	£7.2m

**8.2** Table 9 details the forecast cost to the Exchequer of Child Trust Fund accounts to 2012-13. The forecast incorporates the cost of the announced Government contribution to accounts at age 7, commencing in September 2009.

**Table 9**

2007/08	£240m
2008/09	£240m
2009/10	£340m
2010/11	£460m
2011/12	£490m
2012/13	£490m

**8.3** The Child Trust Fund has been designed so that the opportunities for fraud are minimal. The issue of Child Trust Fund vouchers is dependent on a successful Child Benefit claim and the fortnightly exchange of information with providers will identify the presentation of any fraudulent or duplicate voucher before payment is made. No fraudulent vouchers have been presented, nor is there any evidence of the wilful presentation of duplicate vouchers.

In terms of fraud and error, Child Trust Fund payments are based on successful Child Benefit and Child Tax Credit claims. The compliance strategies protecting these benefits protect related Child Trust Fund payments and where a Child Benefit claim is disallowed, or a Child Tax Credit claim re-finalised, arrangements are in place to recover any appropriate Child Trust fund payments.

# Appendix

Breakdown by local authority of all looked after children since the start of the Child Trust Fund scheme. HM Revenue and Customs ensure that a Child Trust Fund account opened for all these children.

Aberdeen City Council	110	East Ayrshire Council	48
Aberdeenshire Council	35	East Dunbartonshire Scottish Unitary	10
Angus Council	57	East Lothian Council	22
Argyll & Bute Scottish Unitary	9	East Renfrewshire Scottish Unitary	8
Armagh & Dungannon HSS Trust	19	East Riding Of Yorkshire Council	68
Barnsley Metropolitan Borough Council	98	East Sussex CC	108
Bath & North East Somerset	25	Essex County Council	262
Bedfordshire County Council	47	Falkirk Scottish Unitary	36
Birmingham City Council	444	Fife Council	86
Blackburn With Darwen Borough Council	67	Flintshire County Council	38
Blackpool Borough Council	102	Foyle HSS Trust	37
Blaenau Gwent	31	Gateshead Metropolitan Borough Council	72
Bolton Metropolitan Borough Council	116	Glasgow City Council	195
Bournemouth Borough Council	33	Gloucestershire County Council	84
Bracknell Forest Borough Council	9	Halton Borough Council	35
Bradford City Metropolitan Council	234	Hampshire County Council	210
Bridgend County	61	Haringey Council	93
Brighton & Hove Council	90	Hartlepool Borough Council	33
Bristol City Council	150	Herefordshire	24
Buckinghamshire County Council	62	Hertfordshire County Council	163
Bury metropolitan Borough Council	62	Highland Council	33
Caerphilly County Council	51	Homefirst Trust	43
Calderdale Metropolitan Borough Council	92	Inverclyde District Council	23
Cambridgeshire County Council	77	Isle of Wight English Unitary	26
Cardiff County Council	112	Kent County Council	225
Carmarthenshire County Council	36	Kingston Upon Hull City Council	158
Causeway HSS Trust	13	Kirklees Metropolitan Council	94
Ceredigion County Council	11	Knowsley Metropolitan Borough Council	62
Cheshire County Council	114	Lancashire County Council	316
City & County Of Swansea	110	Leeds City Council	295
City of Coventry	116	Leicester City Council	121
City of Newcastle	152	Leicestershire CC	70
City of Sunderland	106	Lincolnshire County Council	148
City of York Council	32	Liverpool City Council	120
Clackmannanshire Scottish Unitary	12	London Borough of Barking	73
Conway Borough Council	29	London Borough of Barnet	65
Cornwall County Council	137	London Borough of Bexley	35
Craigavon & Banbridge Com HSS Trust	18	London Borough of Brent	56
Cumbria County Council	102	London Borough of Bromley	45
Cyngor Gwynedd Council	23	London Borough of Camden	59
Darlington Borough Council	46	London Borough of Croydon	76
Denbigshire County Council	29	London Borough of Ealing	100
Derby City Council	93	London Borough of Enfield	57
Derbyshire County Council	71	London Borough of Greenwich	113
Devon County Council	116	London Borough of Hackney	86
Doncaster Metropolitan Borough Council	78	London Borough of Hammersmith & Fulham	66
Dorset CC	45	London Borough of Harrow	23
Down Lisburn HSS Trust	37	London Borough of Havering	36
Dudley Metropolitan Borough Council	96	London Borough of Hillingdon	65
Dumfries & Galloway Scottish Unitary	36	London Borough of Hounslow	95
Dundee City Council	82	London Borough of Islington	86
Durham County Council	128	London Borough of Lambeth	123



London Borough of Lewisham	93	Salford City Council	121
London Borough of Merton	27	Sandwell Metropolitan Borough Council	128
London Borough of Newham	106	Scottish Borders Council	38
London Borough of Redbridge	42	Sefton Metropolitan Borough Council	81
London Borough of Richmond Upon Thames	18	Sheffield City Metropolitan District Council	193
London Borough of Southwark	95	Shetland Islands Council	1
London Borough of Sutton	24	Shropshire County Council	34
London Borough of Tower Hamlets	83	Slough Borough Council	43
London Borough of Waltham Forest	60	Solihull Metropolitan Borough Council	36
London Borough of Wandsworth	63	Somerset County Council	110
Luton Borough Council	73	South & East Belfast HSS Trust	33
Manchester City Council	317	South Ayrshire Scottish Unitary	20
Medway Council	75	South Gloucestershire English Unitary	27
Merthyr Tydfil	32	South Lanarkshire Council	42
Middlesborough Council	78	South Tyneside Metropolitan Borough Council	99
Midlothian Council	33	Southampton City Council	65
Milton Keynes Council	35	Southend on Sea Borough Council	63
Monmouthshire County Council	18	Sperrin Lakeland HSS Trust	13
Neath & Port Talbot Welsh Unitary	31	St Helens Metropolitan Borough Council	97
Newport Welsh Unitary	68	Staffordshire County Council	140
Newry & Mourne HSS Trust	10	Stirling Council	11
Norfolk County Council	172	Stockport Metropolitan Borough Council	79
North & West Belfast health & Social Services Trust	53	Stockton-on-Tees Borough Council	76
North Ayrshire Council	37	Stoke on Trent City Council	125
North East Lincolnshire Council	46	Suffolk County Council	196
North Lanarkshire Council	56	Surrey County Council	125
North Lincolnshire Council	49	Swindon Borough Council	44
North Somerset District Council	36	Tameside Metropolitan Borough Council	77
North Tyneside Metropolitan Borough Council	68	Telford & Wrekin Council	47
North Yorkshire County Council	66	The City Of Edinburgh	90
Northamptonshire County Council	111	The Moray Council	12
Northumberland County Council	74	Thurrock Council	32
Nottingham City Council	127	Torbay Borough Council	52
Nottinghamshire County Council	99	Torfaen County Borough Council	45
Oldham Metropolitan Borough Council	104	Trafford Metropolitan Borough Council	34
Orkney Islands Council	3	Ulster Community & Hospital Trust	13
Oxfordshire County Council	92	Vale of Glamorgan	47
Pembrokeshire County Council	27	Wakefield Metropolitan Borough Council	98
Perth & Kinross Council	24	Walsall Metropolitan Borough Council	112
Peterborough City Council	99	Warrington Borough Council	55
Plymouth City Council	97	Warwickshire County Council	101
Poole Borough Council	20	West Berkshire Council	15
Portsmouth City Council	51	West Dunbartonshire Council	15
Powys County Council	22	West Lothian District Council	38
Reading Borough Council	32	West Sussex County Council	120
Redcar & Cleveland Council	48	Westminster City Council	51
Renfrewshire Council	54	Wigan Metropolitan Borough Council	94
Rochdale Metropolitan Borough Council	86	Wiltshire County Council	47
Rohndda Cynon Taff	95	Wirral Metropolitan County Council	149
Rotherham Metropolitan Borough Council	84	Wokingham District Council	7
Royal Borough of Kensington & Chelsea	45	Wolverhampton City Council	103
Royal Borough of Kingston Upon Thames	13	Worcester County Council	114
Royal Borough of Windsor & Maidenhead	11	Wrexham County	35
Rutland County Council	6	Ynys Mon/Isle of Anglesey	11

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Communications and Marketing

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