



Child Trust Fund

Statistical Report 2012

**The operational statistics for the seventh year of operation of
the Child Trust Fund**

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1) Introduction

This report sets out operational statistics for the seventh year of operation of the Child Trust Fund, from 6 April 2011 to 5 April 2012. Detailed distributional analysis has been published alongside this report and is available at <http://www.hmrc.gov.uk/ctf/stats.htm>.

As part of its strategy to reduce the budget deficit, the Government has ended new eligibility for the Child Trust Fund, and reduced and then stopped government payments to accounts. As a result, no child born after 2 January 2011 has been entitled to a Child Trust Fund. However, from 1 November 2011, parents and carers have been able to save for their child's future in a Junior ISA.

Child Trust Funds continue for children born between 1 September 2002 and 2 January 2011. These accounts will mature between 2020 and 2029 as account holders reach the age of 18.

2) Child Trust Fund Providers and Distributors

Child Trust Fund providers must be approved by HM Revenue & Customs to offer accounts.

Some providers made Child Trust Funds available through other organisations, known as distributors. One consequence of the ending of new Child Trust Fund eligibility from January 2011 was that providers ceased to operate through distributors.

An up-to-date list of Child Trust Fund providers can be found at <https://www.gov.uk/child-trust-funds/account-providers>

Table 1 below shows the number of institutions approved by HM Revenue & Customs to offer Child Trust Funds.

Table 1

	5 April 2011	5 April 2012
CTF Providers	69	73

3) Child Trust Funds

For most of the period since the Child Trust Fund started, HM Revenue & Customs issued parents with a voucher following a successful Child Benefit claim, to enable them to open a Child Trust Fund for their child. If the parent did not open a Child Trust Fund, HM Revenue & Customs did so, and provided the parents with details of this account.

Table 2 below gives details of Child Trust Fund vouchers issued by HM Revenue & Customs for children born between 1 September 2002 and 2 January 2011, and provides details of the number of Child Trust Funds opened.

Table 2 - Vouchers issued by year of birth.				<i>1000s</i>
Date of birth of child and voucher value	Vouchers issued	Accounts opened by parents		Accounts opened by HM Revenue & Customs
1 September 2002 - 5 April 2003: £277	422	304	72%	118
6 April 2003 - 5 April 2004: £268	737	526	71%	211
6 April 2004 - 5 April 2005: £256	746	551	74%	195
6 April 2005 - 5 April 2006: £250	753	537	71%	216
6 April 2006 - 5 April 2007: £250	771	547	71%	224
6 April 2007 - 5 April 2008: £250	788	560	71%	228
6 April 2008 - 5 April 2009: £250	784	550	70%	234
6 April 2009 – 5 April 2010 £250	779	519	67%	260
6 April 2010 – 2 January 2011 £250 or £50*	566	373	66%	193
All	6,346	4,467	70%	1,879

* Children eligible between 1 August 2010 and 2 January 2011 were issued a voucher for £50. Children born after 2 January 2011 are not eligible for a Child Trust Fund.

The three types of Child Trust Fund are

- stakeholder;
- non-stakeholder shares; and
- non-stakeholder savings (cash option).

Some providers offer ethical and shari'a versions of the above products. Where HM Revenue & Customs opens an account for a child, this is a stakeholder account.

Table 3 below contains information on the types of Child Trust Fund opened and the total value of assets held in these accounts. This is extracted from provider annual returns supplied to HM Revenue & Customs for the year ended 5 April 2012.

Table 3 - Type of Child Trust Fund and asset value				
Type of account	Number of accounts (thousands)	Percentage of all accounts	Value of assets held in accounts (£ millions)	Percentage of assets in all accounts
Stakeholder	4,840	79%	3,665	75%
Non-stakeholder	1,301	21%	1,228	25%
<i>Cash only</i>	<i>1,044</i>	<i>17%</i>	<i>837</i>	<i>17%</i>
<i>Other</i>	<i>257</i>	<i>4%</i>	<i>391</i>	<i>8%</i>
All	6,141*	100%	4,893	100%

Note: because of rounding the totals in this table may differ from the sum of the component parts.

Non-stakeholder 'other' accounts comprise all non-stakeholder accounts that hold any non-cash assets.

**This figure differs from the total of vouchers issued shown in Table 2 above because it excludes accounts where the relevant voucher had not been used by the parent and had not expired at 5 April 2012.*

4) Additional payments to children in lower income families

Table 4 below shows the number of children entitled to the additional government payment for children in lower income families. This additional payment was triggered by a qualifying tax credits, income support, or job seeker's allowance award, and was made directly into a child's Child Trust Fund.

The table shows that as at 5 April 2012, 36% of all Child Trust Fund holders had been eligible for these additional payments.

Table 4 : Number and percentage of children entitled to the additional payment by birth year				<i>1000s</i>
Date of birth of child.	Accounts opened as at 2 January 2011	Entitled to additional payment		
1 September 2002 - 5 April 2003	417	149		36%
6 April 2003 - 5 April 2004	709	219		31%
6 April 2004 - 5 April 2005	737	237		32%
6 April 2005 - 5 April 2006	744	241		32%
6 April 2006 - 5 April 2007	762	260		34%
6 April 2007 - 5 April 2008	778	271		35%
6 April 2008 - 5 April 2009	771	322		42%
6 April 2009 - 5 April 2010	735	320		44%
6 April 2010 - 2 January 2011*	489	209		43%
All	6,141	2,228		36%

* Children eligible between 1 August 2010 and 2 January 2011 received an additional payment of £50

Note: because of rounding the totals in this table may differ from the sum of the component parts.

5) Children looked after by Local Authorities

Local authorities (including Health and Social Services Trusts in Northern Ireland) provide HM Revenue & Customs details of children in their care who were born between 1 September 2002 and 2 January 2011. Where these children did not already have a Child Trust Fund, HM Revenue & Customs open a stakeholder account on their behalf. 416 such accounts were opened in the year to 5 April 2012.

For the majority of children there is someone with parental responsibility available to manage their Child Trust Fund. In the small number of cases where there is no appropriate person with parental responsibility available, the Official Solicitor for England and Wales, the Official Solicitor for Northern Ireland or the Accountant of Court in Scotland manage the account for the child until an appropriate person is identified to manage the account, or the child reaches 16 years old - and can therefore manage their own account.

Table 5 below shows the number of cases HM Revenue & Customs referred to each body.

Table 5

	Official Solicitor for England and Wales	Official Solicitor for Northern Ireland	Accountant of Court for Scotland	Total
Cases referred from 1 September 2002 to 5 April 2006	3,515	43	112	3,670
Cases referred for the year to 5 April 2007	1,350	41	86	1,477
Cases referred for the year to 5 April 2008	1,515	17	39	1,571
Cases referred for the year to 5 April 2009	1393	2	32	1,427
Cases referred for the year to 5 April 2010	1746	5	77	1,828
Cases referred for the year to 5 April 2011	1840	26	128	1,994
Cases referred for the year to 5 April 2012	1397	10	66	1473

6) The Child Trust Fund Office and the Child Trust Fund Helpline

HM Revenue & Customs' Child Trust Fund Office manages day-to-day work on the Child Trust Fund. Staffing levels in the Child Trust Fund Office were

- 39 staff at 5 April 2011
- 15 staff at 5 April 2012

Staffing levels have declined substantially from the above figures during 2012-13, following the ending of government payments and new eligibility for Child Trust Funds.

The Child Trust Fund Office will close in May 2013 once HM Revenue & Customs' Child Trust Fund IT system has been decommissioned.

In addition to the Child Trust Fund Office, the HM Revenue & Customs' Child Trust Fund and Health in Pregnancy Grant Helpline handled enquiries from customers on most aspects of the Child Trust Fund. The most common types of enquiry concerned eligibility for a Child Trust Fund and requests for a duplicate voucher.

The average staffing level on the Helpline during 2011-12 was 17.

This Helpline closed on 31 December 2012 and was replaced by internet based customer support.

7) Administration

HM Revenue & Customs' administration costs in relation to the Child Trust Fund arise from staffing, information technology, stationery and marketing. The ending of eligibility for Child Trust Funds, and the ceasing of government payments to these accounts, has reduced these costs.

After the decommissioning of the CTF system and the closure of the Child Trust Fund Office in 2013, the major administrative cost for HM Revenue & Customs will arise from activities to support the 6.3m Child Trust Funds in existence, until these accounts mature between 2020 and 2029.

HM Revenue & Customs' administration costs for running the Child Trust Fund were around £5m a year. This annual cost is expected to reduce to approximately £2m from 2013/14.

Table 6 below provides the cost of Child Trust Fund government payments on a National Statistics basis. The first vouchers were not issued until January 2005, which is why the cost in the first year is higher than in subsequent years. The cost increased after 2008-09 with the introduction of additional government payments for children who reached the age of 7.

The fall in costs from 2010-11 onwards reflects the fact that government payments to Child Trust Funds were stopped or reduced after 31 July 2010, and ceased altogether for children born after 3 January 2011.

Table 6

2005-06	£444 million
2006-07	£257 million
2007-08	£212 million
2008-09	£296 million
2009-10	£387 million
2010-11	£341 million
2011-12	£ 86 million

A country and English regional breakdown for the period 2005-06 to 2009-10 can be found at http://www.hm-treasury.gov.uk/pesa2011_section4.htm