In Budget 2003 the Chancellor announced the introduction of the Child Trust Fund (CTF) and that accounts would be available from April 2005. Children born from 1 September 2002 are eligible for accounts if a child benefit award has been made for them, they are living in the UK and they are not subject to immigration restrictions.

However, Child Benefit is not normally payable for children while they are being looked after by a local authority. Special arrangements are therefore in place with Local Authorities to ensure that looked after children do not miss out on a Child Trust Fund account.

The Child Trust Fund will:

- help people understand the benefits of saving and investing;
- encourage parents and children to develop the savings habit and engage with financial institutions;
- ensure that in future all children have a financial asset at the start of adult life to invest in their future; and
- build on financial education to help people make better financial choices.

The Child Trust Funds Act 2004 received Royal Assent on 13 May 2004. This Act gives the Treasury power to make regulations in connection with various aspects of the CTF. The main CTF regulations, The Child Trust Fund Regulations 2004 were laid on 27 May 2004. Since then various amending regulations have been made. These are the Child Trust Funds (Amendment) Regulations 2004 (S.I. 2004/2676) laid on 14 October 2004, the Child Trust Funds (Amendment No 2) Regulations (S.I. 2004/3382) on 21 December 2004, the Child Trust Funds (Amendment) Regulations 2005 (S.I. 2005/1383) on 23 February 2005, the Child Trust Funds (Amendment No 2) Regulations (S.I. 2005/909) on 24 March 2005 the Child Trust Funds (Amendment No 3) Regulations on 6 December 2005, the Child Trust Funds (Amendment) Regulations 2006 (SI 2006/199) on 31 January 2006

On 10 October 2006, further regulations were laid before Parliament, which amend the arrangements for certain children looked after by Local Authorities, and makes a minor amendment to the regulations on the characteristics of the stakeholder account.
The attached Commentary provides an analysis of these regulations.

COMMENTARY ON INDIVIDUAL REGULATIONS

Citation and Commencement

Regulation 1 gives the title by which the regulations are to be known and the date on which the regulations come into force which is 31 October 2006.

Amendments to the Child Trust Fund Regulations 2004

Regulation 2 provides that the main Child Trust Funds Regulations 2004 (S.I. 2004/1450) shall be amended.

Regulation 3 amends Regulation 33 (3) of the main regulations to insert ‘(ea the full name and address of the child’s mother, if known (or failing that, the same information for the child’s father, if known), unless the local authority considers the child’s situation to be particularly sensitive;’.

Regulation 4 amends Regulation 33(4) to substitute “five” for “ten”.

Regulation 5 amends Regulation 33A(2) after Condition 5 by adding

“Condition 6

In England and Wales, an adoption agency or local authority has been authorised to place the child for adoption under section 19, or by a placement order under section 21, of the Adoption and Children Act 2002, or

in Northern Ireland, an Order has been made under Article 17 or 18 of the Adoption (Northern Ireland) Order 1987 to free the child for adoption.”

Regulation 6 amends Schedule paragraph 2(2)(ba) by adding ‘,except where cash is held temporarily on deposit in the course of dealing in investments under the account.’