



Child Trust Fund

Statistical Report 2009





Foreword

Welcome to the 2009 Child Trust Fund Statistical Report. This report provides statistics for the fourth year of operation of the Child Trust Fund, from 6 April 2008 to 5 April 2009.

I am very pleased to present this year's statistical report highlighting the continuing successful delivery of the Child Trust Fund. The Child Trust Fund is a long term savings and investment account that is an integral part of the Government's savings strategy. It is designed to ensure that every eligible child, regardless of their background, has a financial asset at the age of 18 with which to help start their adult life. It also aims to promote financial education and strengthen the saving habit of children and their parents.

HM Revenue & Customs has issued over 5 million Child Trust Fund vouchers since the scheme started, and around £2 billion is now held in Child Trust Fund accounts up and down the country. The overwhelming majority of parents (74%) have actively opened their child's Child Trust Fund account themselves and around a quarter of accounts (24%) receive extra contributions from the child's parents, relatives and friends. These extra contributions have risen steadily in value so that on average £289 is now added to each account every year. It is very encouraging to see parents engaging so actively with their children's financial future, particularly given the financial challenges we have faced over the past year.

The Government is keen to ensure that the Child Trust Fund scheme provides universal help to all UK children and gives additional help to those who need it. This September the Government started making payments into 7 year-olds' Child Trust Fund accounts. Every 7 year-old gets £250, and those in low income families get a further £250. And we have recently announced that from April 2010, the Government will contribute an extra £100 each year into the accounts of all disabled children, with severely disabled children getting £200 a year. This recognises the fact that disabled children are likely to have greater financial needs in their adult life.

We have continued to use the Child Trust Fund to promote financial education. The 'My Money' programme provides a joined-up approach to financial education throughout a child's school years and uses the Child Trust Fund as a learning tool. The Government has also continued to work closely with voluntary and community sector organisations - such as Sure Start and the Centre for Economic and Social Exclusion - who provide extra help and information for those parents who might find choosing and opening Child Trust Funds for their children particularly daunting.

Families across the country are feeling the effects of the global economic downturn. We are already seeing the benefits of the action the Government is taking to support families with real help now over the past year. The Child Trust Fund is a long-term investment and is a continuing success story based around a partnership between the Government, parents and financial institutions aimed at helping to improve our children's financial future. I am pleased to be part of this partnership and look forward to helping to build upon its success.

Sarah McCarthy-Fry MP
Exchequer Secretary to the Treasury

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

A Child Trust Fund voucher for £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 £16,040 (the current income threshold) receive an additional £250 paid directly into their Child Trust Fund account. There is a further payment of £250 when children turn 7, again with an additional £250 for children in families on lower incomes. From April 2010 the Government will pay £100 a year to the Child Trust Fund accounts of disabled children, with severely disabled children receiving £200 a year.

Anyone can pay extra 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 three 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 & Customs opens a stakeholder Child Trust Fund account for those children whose vouchers expire after 12 months without being used. The provider writes to the parents when the account has been opened and parents can assume responsibility for the account at any time. They can change account provider, and they can also change the type of account HM Revenue & Customs has opened for them if they would prefer a different account type for their child.

In the year to 5 April 2009:

- HM Revenue & Customs issued a total of 823,504 Child Trust Fund vouchers, or almost 70,000 per month
- parents opened 552,438 accounts directly on behalf of their children, and
- HM Revenue & Customs opened a further 211,366 accounts where vouchers issued in previous years had expired.

HM Revenue & Customs continues to award additional payments to accounts of children in lower income families. To date 33% of all accounts opened have received such an additional payment.

The HM Revenue & Customs' network for Child Trust Fund matters incorporates:

- a Child Trust Fund Office in Washington
- a dedicated Child Trust Fund Helpline (0845 302 1470), and
- a dedicated Child Trust Fund website (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 & 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

When a parent does not use their voucher within 12 months, HM Revenue & Customs will open a stakeholder account for the child. 19 providers have volunteered to offer these Revenue Allocated Accounts which are allocated to providers on a strict rotation basis.

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 2008	5 April 2009
Providers	49	71
Distributors	74	72
Total	123	143

The significant increase in providers in the year to 5 April 2009 reflects a growth in Child Trust Fund provision through Credit Unions.

1.3 From April 2009 accounts could be opened without the voucher having to be presented to the provider. This new 'voucherless' account opening makes internet and telephone applications more straightforward.

Some providers continue to collect the voucher as part of their account opening procedures.

Seven providers currently offer voucherless opening, and 42 distributors provide access to providers that offer voucherless opening.

Account information

2.1 Vouchers issued and accounts opened at 5 April 2009.

Table 2 shows the number of vouchers issued for children born between 1 September 2002 and 5 April 2008. It also shows the number of accounts opened with these vouchers by parents, and the number either pending opening or opened by HM Revenue & Customs (Revenue Allocated Accounts).

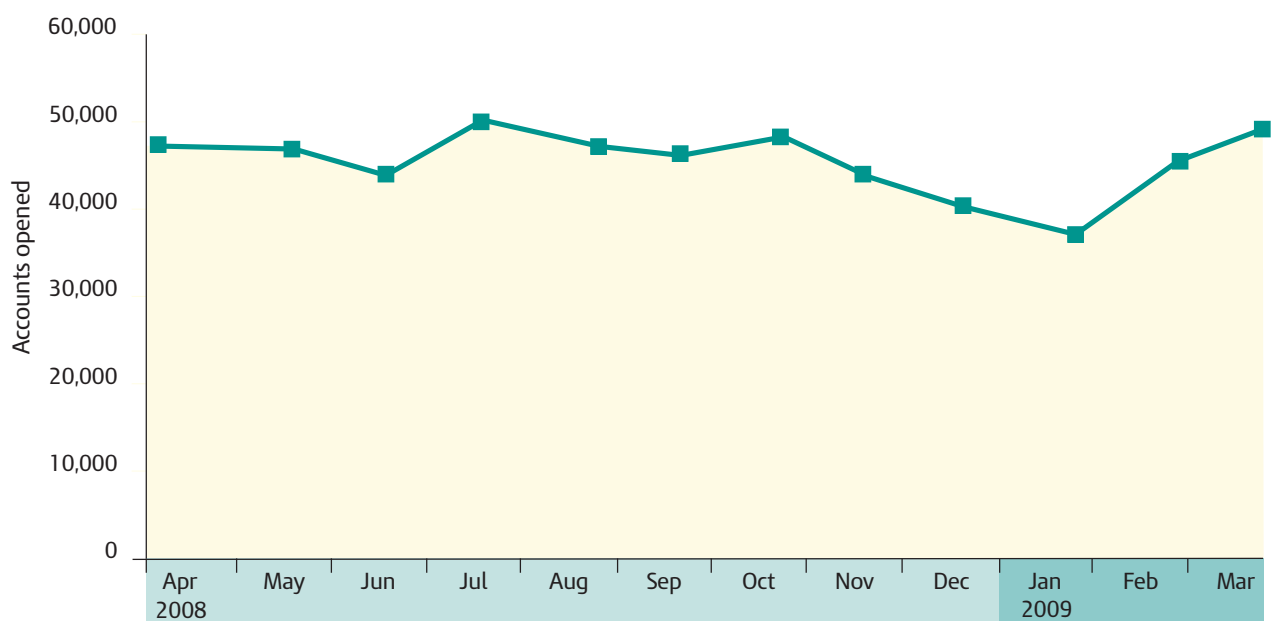
Table 2 - Vouchers issued and accounts opened by year of birth

Date of birth of child and voucher value	Vouchers issued 1,000s	Accounts opened by parents 1,000s (%)	Accounts opened by HM Revenue & Customs 1,000s
1 September 2002 to 5 April 2003: £277	415	305 (73%)	110
6 April 2003 to 5 April 2004: £268	726	545 (75%)	180
6 April 2004 to 5 April 2005: £256	733	553 (75%)	180
6 April 2005 to 5 April 2006: £250	739	540 (73%)	199
6 April 2006 to 5 April 2007: £250	754	550 (73%)	205
6 April 2007 to 5 April 2008: £250	769	569 (74%)	200
All	4,136	3,062 (74%)	1,074

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

This graph shows that parents opened around 46,000 Child Trust Fund accounts per month.

Graph 1 - Voucher use by month



2.3 Table three contains information on the types of account opened since the start of the scheme and the total value of assets held in accounts. This data is extracted from the provider annual returns from the year ended 5 April 2009.

Table 3 – Type of account and asset value

Type of account	Number of accounts (1,000s)	Percentage of all accounts	Value of assets held in accounts (£ million)	Percentage of assets in all accounts
Stakeholders	3,207	76%	1,369	69%
Non-stakeholders	1,004	24%	616	31%
<i>Cash only</i>	774	18%	468	24%
<i>Other</i>	230	5%	148	7%
All	4,211*	100%	1,985	100%

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

* This figure differs from the total number of vouchers issued shown in Table 2 above because

- the provider returns upon which these figures are based include all accounts opened with providers by 5 April 2009, not just those for children born on or before 5 April 2008, and
- some vouchers issued to children born towards the end of financial year 2008/09, included in Table 2, which have not been used by parents before the 12 month expiry date, may not have been opened by HM Revenue & Customs before April 2009, in which case they would not appear in Table 3.

2.4 Detailed Distributional Analysis

We are publishing alongside this report our third Detailed Distributional Analysis of Child Trust Fund accounts.

The Detailed Distributional Analysis has been generated from information from the CTF Providers' 2009 Annual Returns, matched to Child Trust Fund and Child Benefit administrative data. The tables provide a breakdown on aspects including contributions, type of account, additional payments, and geographical region.

The Detailed Distributional Analysis is available at 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 & Customs issues vouchers to eligible children who were not born in the UK but who have since moved here; 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 are arranged by the date the voucher was issued. The 2009 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 before 6 April 2008 with accounts opened by April 2009.

Additional payments to children in lower income families

3.1 Table 4 shows the number of children entitled to the additional payment paid to those in lower income families. Additional payments are made directly into a child's Child Trust Fund account.

The table shows that at 5 April 2009, 33% of Child Trust Fund children had been identified as entitled to an additional payment, since the beginning of the scheme.

Table 4 – Number and percentage of children entitled to the additional payment by birth year

Date of birth of child	Accounts opened as at 5 April 2009	Entitled to additional payment*	Percentage
1 September 2002 to 5 April 2003	409	146	36%
6 April 2003 to 5 April 2004	713	218	31%
6 April 2004 to 5 April 2005	720	229	32%
6 April 2005 to 5 April 2006	723	232	32%
6 April 2006 to 5 April 2007	736	250	34%
6 April 2007 to 5 April 2008	659	215	33%
All	3,959	1,289	33%

Individual cells have been rounded and therefore totals may not sum to their components.

* Child Tax Credits are the key method to identify entitlement to the additional payment and were introduced in April 2003. Therefore children born between 1 September 2002 and 5 April 2003 were assessed as to whether they were entitled to an additional payment using different criteria.

3.2 It will always be some months after the initial voucher is issued before the payment is made directly into the Child Trust Fund account. This is because additional payments cannot be made until the voucher has been used to open an account (or a Revenue Allocated Account has been opened) and the family's income for Tax Credit purposes has been finalised

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 & 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 & Customs will open an account for the child.

4.2 For the year to 5 April 2009, 11,445 children were reported to HM Revenue & Customs by local authorities as coming into care for the first time.

4.3 For the year to 5 April 2009, HM Revenue & Customs opened 2,332 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 The total number of children, who have been reported as being in a local authority's care and for whom a Child Trust Fund account has been opened is 33,158. This figure covers all children born from 1 September 2002 to 5 April 2009, and includes both those children who were issued a voucher before entering the care of a local authority, and where HM Revenue & 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 & Customs 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	1,393	2	32	1,427

Child Trust Fund Helpline

5.1 The helpline, previously dedicated to Child Trust Fund, has also been handling queries on Health in Pregnancy Grant since 5 January 2009. It is open from 8am to 8pm every day except Christmas Day, Boxing Day and New Year's Day. It aims to handle straightforward queries from customers on most aspects of Child Trust Fund and the Health in Pregnancy Grant.

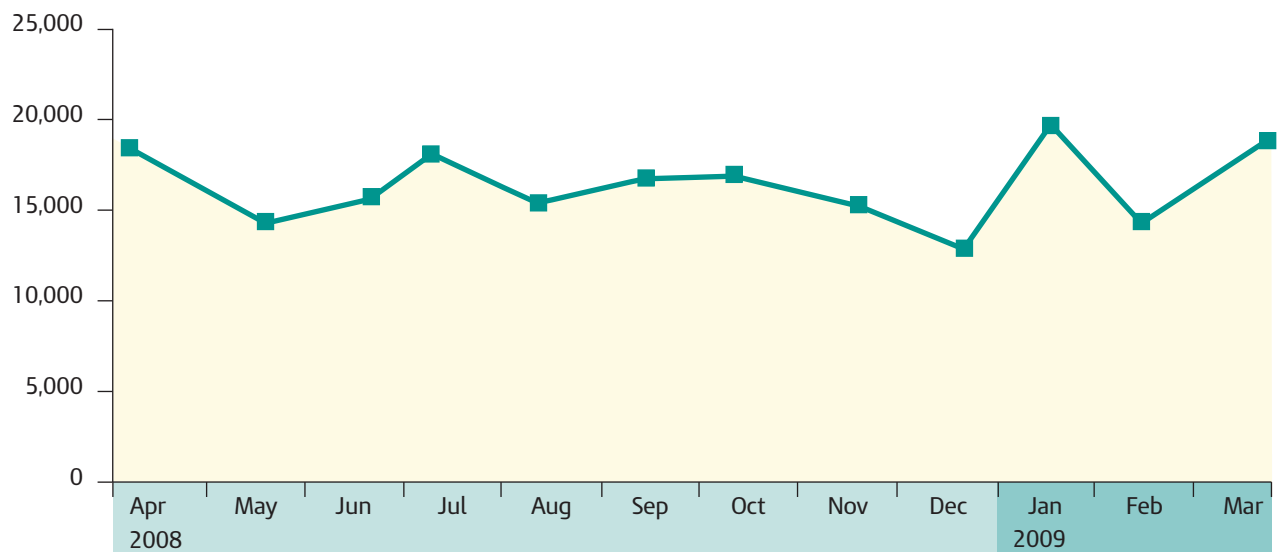
Table 6 shows high-level information about numbers of calls to the Helpline.

Table 6

	2007/08	2008/09
Received	202,201	208,534
Answered	197,069	202,817
Abandoned by customers	5,132	5,717
Answered within 20 seconds (percentage)	96.6%	95.9%
Average call time (minutes)	2.19	2.28

5.2 Graph 2 shows the number of callers to the helpline each month during 2008/09.

Graph 2 - Callers per month to the CTF Helpline



5.3 The most common types of Child Trust Fund enquiry concerned:

Entitlement/eligibility	22%
Duplicate voucher request	17%
Request for claim pack/leaflets	10%
Vouchers not received	9%

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

5.5 Average staffing level on the Helpline during 2008/09 was 40.

This number 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 and non-standard enquiries (for example, adoption, death of a child, and changes to child's date of birth) passed on by the Child Trust Fund Helpline
- change of circumstance information supplied by customers
- issuing replacement vouchers
- cleansing system data to ensure that people receive vouchers at the correct time and that correct identity data is held
- liaison with the Child Benefit Office over eligibility for the Child Trust Fund
- liaison with the Tax Credit Office over entitlement to additional payments
- liaison with financial providers regarding payment queries
- returns and enquiries from local authorities, the Official Solicitor and the Accountant of Court over looked-after children
- liaison with local authorities regarding the £100 annual top-ups paid by them to looked after children
- liaison with local authorities over eligibility for age 7 payments for looked after children
- liaison with the Department for Work and Pensions over early access to Child Trust Fund accounts for terminally ill children, and
- correspondence and complaints.

6.2 Staffing levels in the Child Trust Fund Office were:

- 57 staff at 5 April 2008, and
- 53 staff at 5 April 2009.

Marketing the Child Trust Fund

7.1 In 2008/09 the marketing campaign continued to target new parents to build upon existing levels of awareness 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) and information packs.

7.2 Throughout the year the marketing campaign provided Child Trust Fund information through a variety of different channels aimed at parents. This included attendance at Baby Shows, advertising in key parenting press titles, on TV screens in antenatal clinics, radio advertising, partnerships with the voluntary sector and commercial brands. Leaflets were also distributed via Bounty packs for mothers who had just had their babies in hospital.

In addition, HM Revenue & Customs has also used targeted radio advertising in the low take up areas to help raise awareness and generate understanding of the Child Trust Fund. In conjunction with this, HM Revenue & Customs sent out a reminder letter and step-by-step factsheet to all parents who had not opened their child's account 8 months after receiving the voucher.

7.3 In an attempt to increase awareness of all HM Revenue & Customs' entitlements during pregnancy and after the birth of a child, an integrated wrapper campaign known as Payments for Parents was introduced in September 2008 to

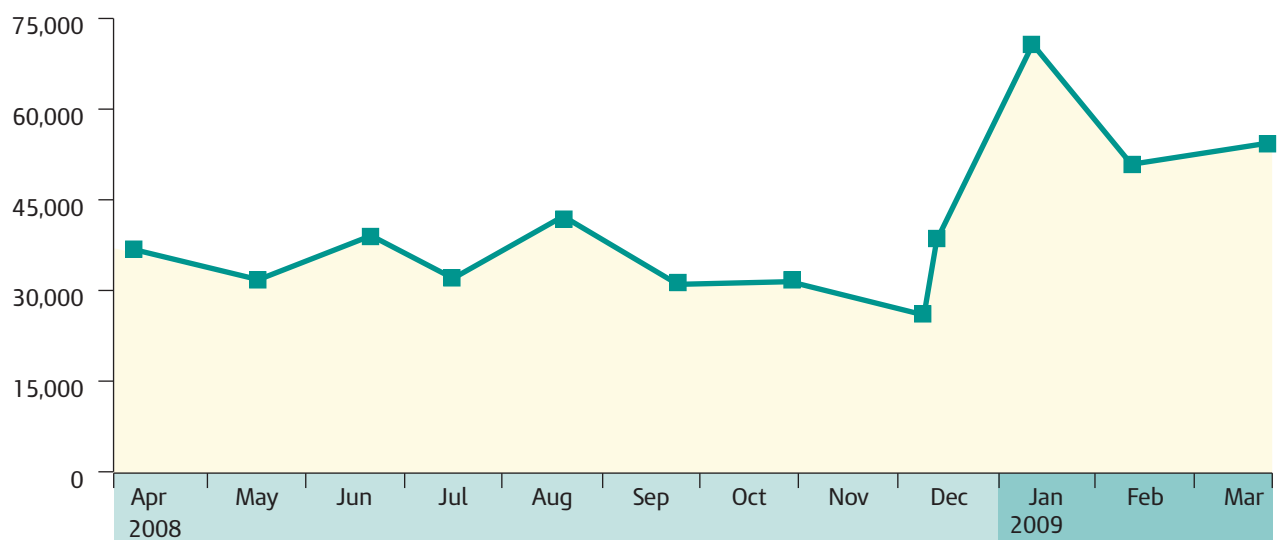
encourage new and expectant parents to claim what they are entitled to. The campaign wraps up information on Health in Pregnancy Grant, Child Trust Fund, Child Tax Credit and Child Benefit, as well as other Government entitlements such as Sure Start Maternity Grant and Healthy Start Vouchers from the Department for Work and Pensions and the Department of Health.

Looking ahead to 2009/10, we have very recently completed some extra marketing activities to mark the further payment that will be made by the Government to a Child Trust Fund account when a child reaches age 7. These payments began to be made from 1 September 2009. Our activities included:

- radio marketing (a way of gaining editorial coverage on radio stations)
- community messaging (radio stations adopting social, educational or moral messages)
- a survey which asked 5 and 6 year-olds what they wanted to be when they were older - the results of the survey were used to inform the radio marketing and community messaging, and
- partnership marketing - we worked closely with key partners to promote the CTF age 7 payments.

7.4 The number of visitors to the Child Trust Fund website (www.childtrustfund.gov.uk) between April 2008 and April 2009 is shown in Graph 3.

Graph 3 - Visits to Child Trust Fund website - April 2008 to March 2009



7.5 Tracking research

Research conducted amongst parents in March 2009 revealed that:

- 98% of eligible parents are aware of the Child Trust Fund
- 94% of those who have a voucher but haven't opened an account yet, said that they intended to do so
- 94% of eligible parents had seen/heard at least one strand of the campaign, and
- 81% recalled seeing the information booklet.

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

7.6 Table 7 shows the total media spend (including any fees and excluding VAT) in the last two years.

Table 7

	2007/08	2008/09
Television	N/A	N/A
Press	£110,500	£92,800
Radio	£675,200	£595,500
Other media	£914,300	£883,500
Total	£1,700,000	£1,571,700

Individual cells have been rounded and therefore totals may not sum to their components.

Administration

8.1 The overall costs for the Child Trust Fund for 2008/09 are set out below.

Table 8

	Million
Information technology	£1.7
Staffing costs	£1.5
Communication costs	£1.6
Total	£4.8

8.2 Table 9 details outturn cash expenditure in 2007/08 and 2008/09 along with the forecast cost to the Exchequer of Child Trust Fund accounts through to 2012/13. The forecast incorporates the cost of the Government contribution to accounts at age 7, which commenced from September 2009 and takes account of updated demographic and operational information. From 2010/11 the forecast also takes account of the Government's announcement that it will contribute an additional £100 a year to the CTF accounts of disabled children, with severely disabled children receiving £200 a year.

Table 9

	Million
2007/08	£250
2008/09	£250
2009/10	£380
2010/11	£520
2011/12	£540
2012/13	£550

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. The change to optional voucherless account opening will not increase the risk of fraud: parents will still be able to open only one Child Trust Fund account for their child, because every child has a unique reference number that can be used only once.

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.

