



Child Trust Fund

# Statistical Report 2010

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

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## 1) Introduction

This report sets out the operational statistics for the fifth year of operation of the Child Trust Fund, from 6 April 2009 to 5 April 2010. We have also published a full detailed distributional analysis alongside this report.

On 24 May 2010 the Government announced that it intended to reduce and then stop government payments to Child Trust Fund accounts. Parliament has now passed the Regulations necessary to introduce the first stage of these changes with effect from August 2010 and the final changes are due to be introduced through a Bill laid before Parliament on 15 September 2010.

Children born after 2 January 2011 will not be entitled to a Child Trust Fund account. Child Trust Fund accounts for children born between 1 September 2002 and 2 January 2011 will continue to run until the child reaches the age of 18.

This report covers the period to April 2010, before the changes to the scheme announced by the new Government on 24 May 2010. During that period the scheme operated as follows: shortly after Child Benefit was awarded a voucher was sent to the parents or carers of each eligible child so they could open a CTF account with a financial provider. An additional government payment was made into the CTF accounts of children from lower income families. Further government payments were made into CTF accounts where a child reached age 7, was subject to a Disability Living Allowance award after 5 April 2009, or was being looked after by a local authority

## 2) Child Trust Fund Providers and Distributors

Child Trust Fund Providers must be authorised by the Financial Services Authority and be 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](http://www.childtrustfund.gov.uk).

When a parent does not use their voucher within 12 months, HM Revenue & Customs will open an account for the child. 16 providers currently offer these Revenue Allocated Accounts which are allocated to providers on a strict rotation basis.

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 2009	5 April 2010
Providers	71	78
Distributors	72	71
Total	143	149

## 3) Child Trust Fund Accounts

Table 2 below shows the number of vouchers issued for children born between 1 September 2002 and 5 April 2009. 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

<b>Table 2 - Vouchers issued and accounts opened by year of birth.</b>				<i>1000s</i>
<b>Date of birth of child 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	419	307	73%	112
6 April 2003 - 5 April 2004: £268	732	549	75%	183
6 April 2004 - 5 April 2005: £256	740	557	75%	183
6 April 2005 - 5 April 2006: £250	747	544	73%	203
6 April 2006 - 5 April 2007: £250	764	554	73%	209
6 April 2007 - 5 April 2008: £250	781	569	73%	212
6 April 2008 - 5 April 2009: £250	773	568	73%	205
<b>All</b>	<b>4,955</b>	<b>3,649</b>	<b>74%</b>	<b>1,306</b>

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. Where HM Revenue & Customs open an account for a child this will be a stakeholder account.

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 2010.

Table 3 - Type of account and asset value

<b>Table 3 - Type of account and asset value</b>					<i>1000s</i>
<b>Type of account</b>	<b>Number of accounts (thousands)</b>	<b>Percentage of all accounts</b>	<b>Value of assets held in accounts (£ millions)</b>	<b>Percentage of assets in all accounts</b>	
Stakeholders	3,876	77%	2,431	74%	
Non-stakeholders	1,135	23%	855	26%	
<i>Cash only</i>	890	18%	595	18%	
<i>Other</i>	244	5%	260	8%	
<b>All</b>	<b>5,010*</b>	<b>100%</b>	<b>3,286</b>	<b>100%</b>	

Non-stakeholder 'shares' 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:

- the provider returns upon which these figures are based include all accounts opened with providers by 5 April 2010, not just those for children born on or before 5 April 2009, and;
- some vouchers issued to children born towards the end of financial year 2009-10, 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 2010, in which case they would not appear in Table 3.

#### 4) Additional payments to children in lower income families

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 as at 5 April 2010, 34% of Child Trust Fund accounts 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.

<b>Table 4 : Number and percentage of children entitled to the additional payment by birth year</b>				<i>1000s</i>
<b>Date of birth of child.</b>	<b>Accounts opened as at 5th April 2010</b>	<b>Entitled to additional payment</b>		
1 September 2002 - 5 April 2003	412	147	36%	
6 April 2003 - 5 April 2004	720	220	31%	
6 April 2004 - 5 April 2005	728	232	32%	
6 April 2005 - 5 April 2006	733	235	32%	
6 April 2006 - 5 April 2007	748	253	34%	
6 April 2007 - 5 April 2008	760	262	34%	
6 April 2007 - 5 April 2009	655	245	37%	
<b>All</b>	<b>4,757</b>	<b>1,594</b>	<b>34%</b>	

## 5) Children looked after by Local Authorities

Each month, local authorities (including Health and Social Services Trusts in Northern Ireland) 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.

For the year to 5 April 2010, 15,610 children were reported to HM Revenue & Customs by local authorities as coming into care for the first time.

For the year to 5 April 2010, HM Revenue & Customs opened 2,604 Child Trust Fund accounts for looked after children. This differs from the 15,610 figure above because some children already had a Child Trust Fund account when they became looked after.

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 48,768. This figure covers all children born from 1 September 2002 to 5 April 2010, 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.

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.

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	<b>Total</b>
Cases referred from 01 September 2002 to 5 April 2006	3,515	43	112	<b>3,670</b>
Cases referred for the year to 5 April 2007	1,350	41	86	<b>1,477</b>
Cases referred for the year to 5 April 2008	1,515	17	39	<b>1,571</b>
Cases referred for the year to 5 April 2009	1393	2	32	<b>1,427</b>
Cases referred for the year to 5 April 2010	1746	5	77	<b>1,828</b>

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

The Child Trust Fund Office manages the day-to-day work on the Child Trust Fund. Staffing levels in the Child Trust Fund Office were

- 53 staff at 5 April 2009
- 52 staff at 5 April 2010

The Child Trust Fund Helpline handles enquiries from customers on most aspects of the Child Trust Fund and the Health in Pregnancy Grant.

The most common types of Child Trust Fund enquiry concerned: entitlement/eligibility for a CTF, duplicate voucher requests and requests for claim pack/leaflets

The average staffing level on the Child Trust Fund and the Health in Pregnancy Grant Helpline during 2009/10 was 39.

## 7) Marketing the Child Trust Fund

In 2009/10 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](http://www.childtrustfund.gov.uk)), Baby TV, online search, radio, direct mail reminders and information packs.

## 8) Administration

The overall costs for the Child Trust Fund for 2009/10 are set out below.

Table 6

	<b>Million</b>
Information technology	£2,011,609
Staffing costs	£2,200,000
Communication costs	£1,141,967
<b>Total</b>	<b>£5,353,576</b>

Table 7 details the outturn cash expenditure in 2008/09 and 2009/10 along with the forecast cost to the Exchequer of Child Trust Fund accounts through to 2013/14. The forecast incorporates government contributions to CTF reducing from August 2010 and stopping from January 2011. The forecast assumes that CTF accounts in place when government contributions have ceased will continue enjoying tax free investment growth until each child takes their money on their 18<sup>th</sup> birthday.

Table 7

2007/08	£260m
2008/09	£260m
2009/10	£360m
2010/11	£220m
2011/12	Negligible
2012/13	Negligible
2013/14	Negligible