

Child Trust Fund and looked after children

Guidance for Local Authorities (Scotland)

Contents

- 1. Introduction**
- 2. CTF and looked after children**
- 3. Role and Duties of the Local Authority**
- 4. Information required by HM Revenue & Customs**
- 5. Parental Responsibility and the Accountant of Court**
- 6. Changes in Parental Responsibility**
- 7. Additional Duties after 31 August 2009**
- 8. Sending the Return to the Child Trust Fund Office**
- 9. Other Issues**
- 10. Further Information**

Annex A – Local Authority Unique Reference Numbers and Child Trust Fund Office Contacts

Annex B – Sample form for information request to Child Trust Fund Office for provider details to make top up payments

Annex C – Sample form for the supply provider details to Local Authority to make top up payments.

1. Introduction

- 1.1 This guidance sets out the responsibilities of local authorities in relation to looked after children and the Child Trust Fund (CTF).

What is the Child Trust Fund?

- 1.2 The CTF is a long-term savings and investment account for children. The scheme forms part of the Government's broader programme to improve outcomes for children and young people, and its welfare agenda of encouraging saving and investment.
- 1.3 The CTF will provide all children and young people with a financial asset which can have a significant impact on their opportunities in the future. Children will receive financial education in school. The CTF - an asset every young person will have – will be used as a real life example in lessons about finance and developing financial capacity.
- 1.4 Children who are born on or after 1 September 2002 are eligible for a CTF if Child Benefit has been awarded for them, they live in the UK and they are not subject to immigration restrictions.

2. CTF and looked after children

- 2.1 As outlined above, CTF accounts are normally linked to an award of Child Benefit. Child Benefit is not normally payable for children whilst they are being looked after so the Government has put in place regulations to ensure that looked after children do not miss out.
- 2.2 If a Child Benefit award is made for a child before they become looked after then they will be eligible for a CTF account in the usual way – i.e. a CTF voucher will have been sent to the Child Benefit claimant. But where a child goes into care without a Child Benefit award or where there is no one appropriate with parental responsibility, and would otherwise be eligible for the CTF, HM Revenue & Customs will open a CTF account for the child. The role of the local authority is **to help identify those children who do not have a CTF account or who have no one appropriate with parental responsibility.**

3. Role and duties of the local authority

- 3.1 Local authorities have a statutory duty to provide some basic information to the Child Trust Fund Office (CTFO) about the looked after children in their care to ensure they receive their CTF account.
- 3.2 There are two broad processes that local authorities have to follow in respect of children born on or after 1 September 2002:
- the identification and provision of information on children **who come into their care for the first time since 6 April 2005**, and
 - the identification of looked after children with **no one (or no one appropriate) with parental responsibility.**
- 3.3 The Child Trust Fund Office will use this information to identify any children who do not have a CTF account and ensure that one is opened for them. Where there is someone appropriate with parental responsibility, HM Revenue & Customs will write with details of the child's account. Where there is no one (or no one appropriate) with parental responsibility, HM Revenue & Customs will arrange for the Accountant of Court to manage that child's CTF account. Information provided by local authorities will be strictly protected. HM Revenue & Customs staff work within strict information protocols.

Legislative framework

- 3.4 The legislative framework of the scheme is set out in:
- Section 16 The Child Trust Funds Act 2004
 - Child Trust Funds Regulations 2004 (SI 1450) as amended.

Regulations 33 and 33A of the Child Trust Fund Regulations as amended by Regulation 14A of the Child Trust Fund (Amendment) Regulations (SI 2676) set out the duties of local authorities.

The Child Trust Fund (Amendment No.2) Regulations (SI 3382), 21 December 2004, sets out the remit of the Accountant of Court.

- 3.5 Specifically, Regulations 33 and 33A of the Child Trust Funds Regulations 2004 set out the local authorities' responsibilities in respect of looked after and accommodated children. For the purposes of these Regulations, "looked after and accommodated children" are as defined by Part 2 and section 22 of the Children (Scotland) Act 1995. Any child that qualifies as a looked after child within this definition must be reported. This includes children who are looked after and placed in voluntary homes for adoption, those on short break care, those in respite care and children who are looked after under an interim care order. The regulations can be accessed at <http://www.legislation.hmsso.gov.uk/si/si2004/20041450.htm>
- 3.6 The regulations and the guidance are based on The Children Act 1989 and the Children (Scotland) Act 1995.

4. Information required by HM Revenue & Customs

- 4.1 Local authorities are required to make a return to the Child Trust Fund Office (CTFO) in HM Revenue & Customs on a monthly basis. Each monthly return period runs from the 7th of a month to the 6th of the next, and the local authority has 10 days from the end of the return period to send in their return. Returns are therefore due before the 17th of each month.
- 4.2 The information required is a statement for each child (born on or after 1 September 2002 and entering that local authority's care for the first time since 6 April 2005) covering:

- Name of the local authority
- Address of the local authority
- Name of the local authority officer responsible for the return
- Unique Identifier for the local authority
- Child's full name, gender and date of birth
- Home Office reference number, if applicable
- Date the child first came into the local authority's care
- Birth parent details
- Parental responsibility details

- In addition, local authorities should report any child in their care born on or after 1 September 2002 whose circumstances change so that they no longer have any one appropriate with parental responsibility (see section 5 below).

Unique Identifier

- 4.3 Each local authority already has a unique identifier used by HM Revenue & Customs for other tax purposes. This number is used for CTF purposes too. Annex A provides a list of the unique reference numbers.

Child's full name, gender and date of birth

- 4.4 It is important that the full, accurate name, gender and date of birth of a child is given to help CTFO to identify each child. HM Revenue & Customs will check whether the child already has a CTF account. A child can have a similar name as others born on the same day. If the child's name has changed or they are known by more than one name local authorities should include this information on the return.

Home Office Reference Number

- 4.5 Children who are subject to immigration controls and who have a time limit on their stay in the UK are not eligible for the CTF. Local authorities may be looking after some children in this category. Only children who have been recognised as refugees and granted settlement (indefinite leave to remain) will be eligible for a CTF account. Children who are granted discretionary leave or humanitarian protection will not be eligible.
- 4.6 If you are aware that the child has a time limit on their stay in the UK please provide details in the additional information box on the return. These children should also have a Home Office reference number, which the Home Office provides to local authorities so they can apply for funding for the child. If you know the Home Office reference number, this should be provided on the return.

Birth Parent Details

- 4.7 There have been some difficulties in tracing some of the children that are on returns from local authorities. In order to help the tracing process, local authorities should provide details of the child's birth

mother (name and address) if possible, or birth father. There may be circumstances where it would be inappropriate for a local authority to provide this information, (for example where children are given up at birth and the parents want no contact), in which case this part should be left blank.

- 4.8 **These details will not be used for correspondence** and will not be passed on.

Parental Responsibility Details

- 4.9 CTFO will open a CTF account for looked after children who were not part of a Child Benefit award before entering care and therefore will not have received a CTF voucher. CTFO therefore require information (full name and address) about someone with parental responsibility for the child. This should be provided for each child. CTFO will contact the person named by the local authority with details of the account, unless told not to do so by the local authority (see 4.11 below).
- 4.10 If there is no one or no one appropriate with parental responsibility (see below for the five conditions where someone is deemed inappropriate for CTF purposes), then the local authority must show which of the five conditions applies and provide a correspondence name and address. In most cases, it is most appropriate to use a contact within the local authority who would be able to pass on any correspondence to the child or the child's current carer.
- 4.11 It has come to light that there are circumstances where, although a person with parental responsibility for a child does not fit into any of the five conditions where someone is deemed inappropriate for CTF purposes, the local authority does not think it suitable for this person to be contacted about the child (e.g. a court order has not yet been obtained by the time the local authority sends in its monthly return). A tick-box has been added to the return which local authorities should use in these circumstances. This box should only be used where there is a genuine concern about this person being contacted about the child.

Death of a child

- 4.12 If a child dies whilst in local authority care and before the local authority has sent in a return about that child, then the local authority should still send in the above information about the child, as the CTF money may still be payable. In addition, local authorities should include the date of the death of the child and the name and the name and address of his/her personal representative.¹

¹ A person who has the authority to administer a deceased individual's estate (e.g. an executor named in a will or a person with Letters of Administration from a court).

Additional Information

- 4.13 There is a space on the return for any additional information that local authorities feel would be helpful for the CTF Office to know. This could be used if a local authority has its own reference number for a child. Where appropriate, this information will be passed to the Accountant of Court for help in managing the account or for ease in contacting the local authority about a particular child.

5. Parental Responsibility and the Accountant of Court

- 5.1 Only a person with **parental responsibility** for a child can manage that child's CTF account. Parental responsibility is held by:
- a. the child's mother;
 - b. the child's father, provided
 - he was married to the mother at the child's date of birth or subsequently, or
 - he has (re-)registered the child jointly with the mother, or
 - one of the parents (re-)registered the child on production of a statutory declaration made by the other parent;
 - c. any person who has acquired parental responsibility by virtue of a court order (e.g. a Residence Order), a formal parental responsibility agreement, by adopting or by being appointed guardian for the child.
- 5.2 The vast majority of looked after children will have someone with parental responsibility that can manage their CTF account for them, even if they are not currently living with them. However, there are a few circumstances where there is no one with parental responsibility (e.g. orphans with no legal guardian), or there is someone with parental responsibility but it would be inappropriate for him or her to manage the CTF account (e.g. where contact has been restricted because of abuse).
- 5.3 Although local authorities do sometimes have parental responsibility for looked after children they are excluded from managing CTF accounts by section 3(8) of the Child Trust Funds Act. In these cases where there is no one or no one appropriate (apart from the local authority) with parental responsibility, the Accountant of Court will manage the CTF accounts of these children. The Accountant of Court will try to take into account and respect any cultural or religious upbringing or wishes of the child when deciding what type of CTF account to select for the child.

5.4 For a child to be treated as having no one or no one appropriate with parental responsibility, they have to be looked after by a local authority and at least one of the following conditions must apply, as set out in the regulations.

5.5 **The six conditions where there is no one, or no one appropriate, with parental responsibility:**

Condition 1: where there is no person, or no person other than the local authority, who has parental responsibility for the child.

Condition 2: where it is part of the care plan for the child that the child will live indefinitely away from the home and will not have face to face contact with any parent having parental responsibility for the child.

Condition 3: where an order has been made under section 34(4) of the Children Act 1989 authorising the local authority to refuse to allow contact between the child and a person with parental responsibility and there is no one else in a position to manage the child's CTF account.

Condition 4: where the Court of Protection has appointed a receiver for a person with parental responsibility or determined that such a person is a 'patient' for the purposes of section 7 of the Mental Health Act, and there is no one else in a position to manage the child's CTF account.

Condition 5: where the child has been lost or abandoned (within the meaning of section 20(1)(b) of the Children Act 1989) and there is no prospect for the foreseeable future of reunification. (This includes children who are given up at birth whose parents want no contact.)

Condition 6: 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.

5.6 The Accountant of Court will take over the management of these CTF accounts. This means that they have the ability to move the CTF account to a different provider or change the type of CTF account if they feel this is necessary and for the benefit of the child. Having taken control of a CTF account, the Accountant of Court will write to the child explaining their role as registered contact and giving contact details.

5.7 The Accountant of Court will send a copy of the annual statement to the child, so that the child and its carers are aware of the account, in case they would like to contribute to the account. The Accountant of Court will write to a child when they move a child's CTF account. They will explain why they have moved the account and let the child and its

carers know the new provider of the account. The child or the child's carer could also contact the Accountant of Court with any queries about the account. The child and its carers can express their preferences but all decisions about selection and management of accounts lie with the Accountant of Court depending on what he thinks is best for the child.

- 5.8 There will be occasions when the Accountant of Court will need to contact the local authority for further information, for example where someone with parental responsibility becomes available. The contact named on the return sent to the CTF Office will be passed onto the Accountant of Court for such queries.

Circumstances where the Accountant of Court ceases to act

- 5.9 The role of the Accountant of Court ceases
- when the child reaches 16 years of age, or
 - if the child dies, or
 - if someone with parental responsibility becomes available and applies to take on the role of registered contact.
- 5.10 All children become responsible for their own CTF account when they reach the age of 16. The Accountant of Court will write to the child in the months before their sixteenth birthday and help them take control of their account.
- 5.11 The role of the Accountant of Court ceases if a child dies. The child's personal representatives will deal with the CTF as part of administering the child's estate. If the child has no one to act as the personal representatives the Treasury Solicitor² will administrate the child's affairs.
- 5.12 If, once the Accountant of Court has taken over control of a child's CTF account, someone appropriate with parental responsibility becomes available (e.g. someone acquires parental responsibility under a residence order) it would then be best if they were able to manage the Child Trust Fund.
- 5.13 A child's circumstances may change either while they are looked after and accommodated or sometime after they leave. If they are still being looked after the person should be directed to the Accountant of Court. Once they have confirmed the person's identity, the Accountant of Court will contact the local authority to confirm that the person has parental responsibility. Once this is established they will take the necessary steps to relinquish their role and to allow the person with parental responsibility to take on being registered contact.

² Farrer and Co in Duchies of Cornwall and Lancaster

- 5.14 If the child is no longer looked after, the Accountant of Court will verify the person's identity. They will contact the local authority to confirm whether or not this person had parental responsibility at the point the child stopped being looked after and whether anything has arisen to the local authority's knowledge that would prevent that person exercising parental responsibility. If the local authority does not know the person the Accountant of Court will undertake further checks to satisfy themselves as to the person's credentials.

6. Changes in Parental Responsibility

- 6.1 As set out in Regulation 33A, local authorities should also inform the CTF Office as part of their monthly return, when a child's circumstances change so that they no longer have anyone appropriate with parental responsibility (i.e. they fall within one of the 5 conditions set out at paragraph 5.5).
- 6.2 This is not just for the children who local authorities report when they first come into their care, but for all children of CTF age who are being looked after by that local authority.
- 6.3 The information required for these children is the same as when a child is first reported (as set out in section 4) and local authorities should indicate that this is a change of circumstances return in the additional information box.
- 6.4 The CTF Office does not need to be informed when a child gains someone appropriate with parental responsibility, e.g. when a child is adopted.

7. Additional Duties after 31 August 2009

- 7.1 The Government will make further contributions to CTF accounts on eligible children's 7th birthdays. This will come into force after 31 August 2009, when the first children turn 7.
- 7.2 For returns for periods after 31 August 2009, local authorities will be required to provide on their monthly return, details of every child born on or after 1 September 2002 who was being looked after on their 7th birthday.

8. Sending the return to the CTF Office

- 8.1 Each local authority will need to nominate an officer who will be responsible for the contents of the return sent to the CTF Office. They will also have a role to play in any follow-up queries that may arise from that return. This could cover queries from the CTF Office about the details of a particular child or from the Accountant of Court.

- 8.2 The monthly return should be faxed on:
0191 225 1282
- 8.3 On receipt of the faxed return, the CTF Office will check it to see there are the correct number of pages. If there are any discrepancies they will contact the local authority liaison officer.
- 8.4 The fax machine is located within the secure environment of the CTF Office within a secure site at Waterview Park in Washington.
- 8.5 The CTF Office routinely acknowledge when a fax has been received so that local authorities know a fax has been successfully sent. Local authorities may want to keep a receipt from their own fax machines as proof of sending.
- 8.6 HM Revenue & Customs are working on secure e-communication between the CTF Office and local authorities. It is proving difficult to find a method that is secure enough to send child's details.

The consequences of not supplying a return

- 8.7 The audit team in HM Revenue & Customs will be in touch with the relevant local authority about why a return has not been made and will offer to help them to make a return.
- 8.8 HM Revenue & Customs expect that all local authorities will want to ensure that children in their care do not miss out on the CTF. In the worst case children might consider seeking redress from local authorities if they discover at a later date that the authority's failure to fulfil its obligations has disadvantaged them.

9. Other Issues

CTF Account Details

Extra Payments (top ups) for Looked After Children

- 9.1 The Department for Children Schools and Families will be funding Local Authorities to make top up payments of £100 into the CTF accounts of some looked after children. The guidance setting out the criteria for these payments is available at the following link:
- This will be made available following its issue from the Scottish Government.
- 9.2 Local Authorities may also decide to further top up a child's CTF account beyond this centrally funded top up.

A maximum of £1200 can be deposited in a child's CTF account in any year by any third party, for example parents and family. Any extra payment by local authorities will count towards this overall annual limit.

How do you find out CTF account details?

- 9.3 If the Local Authority has previously made an extra payment into a child's CTF account, the local authority can consult their own records to get details of the child's CTF account. For any child for whom the CTF account details are not known by the local authority they can be found out by contacting a person with parental responsibility, (as defined in section 5.1 of this guidance); and if that does not produce the information needed they can contact HMRC.
- 9.4 A request should be faxed and contain a numbered list detailing the child's name, date of birth and if known their unique reference number and date first entered care to the normal fax numbers used. Contact for questions to HMRC about this issue is 0191 224 7018 / 0191 224 7073. HMRC will return by fax a numbered list showing just the account provider details and the child's unique reference number which the local authority can then use to contact the provider directly to get account details. Please see annexes B and C for the forms to use.

Terminal illness and early access

- 9.5 The general rule is that that no money can be withdrawn from a CTF account until the child holding the account is 18. The exception to this is where the child is terminally ill. The Government wants children who are terminally ill to be able to benefit from the money in their CTF accounts. The rules relating to access for terminally ill children are in The Child Trust Funds (Amendment) Regulations 2004.
- 9.6 The CTF uses the definition of "terminally ill" in section 66(2) of the Social Security Contributions and Benefits Act 1992: a person is "terminally ill" if at that time he suffers from a progressive disease and his death in consequence of that disease can reasonably be expected within 6 months.
- 9.7 The regulations give Local Authorities the power to make a terminal-illness claim if they have parental responsibility for a child. If a local authority is considering making a claim to access funds in a CTF, they should contact their CTF Office contact who will be able to advise them how best to proceed.

Children who have died whilst being looked after

- 9.8 The proceeds of a child's CTF account form part of their estate and in common with their other property pass under the rules of intestacy.

Local authorities do not need to inform the CTF Office when a child dies in their care, unless that child has not been reported previously (and was born on or after 1 September 2002).

When a looked after child changes local authority

- 9.9 If a looked after child moves to another local authority area, the local authority with legal responsibility for the child remains responsible for the CTF returns. Where the new local authority has legal responsibility, it will need to make a return that the child has entered its care.

When a child leaves the care of a local authority

- 9.10 When a child leaves its care, a local authority should encourage the child or the new carers of the child to take an interest in their CTF account. The Pathway Plan co-ordinated by the young person's adviser currently maps out a route to independence for care leavers including assessing and meeting their financial needs.
- 9.11 Like parents, local authorities are responsible for assessing and meeting the financial needs of 16-17 year old care leavers. The local authority must keep in touch with care leavers until they are at least 21, or later if they are still being helped with education or training. These young people should be able to rely on the same arrangements for financial help as other 18-21 year olds. The responsible local authority should continue to provide assistance with the costs of education or training.
- 9.12 Local authorities do not need to inform the CTF Office when a child leaves their care.

Adoption

- 9.13 When a child is adopted a local authority should either provide the adopting parents with the account details of the child's CTF if they have them or encourage the new parents to contact the CTF Helpline to get the details of the child's CTF account so that they can take an active role in the account.
- 9.14 There is a factsheet about adoption and fostering available on the HM Revenue & Customs website which local authorities could pass as appropriate – <http://www.hmrc.gov.uk/ctf/la-info.htm>
- 9.15 Intra-country adoption - Where a child is being adopted from abroad, the local authority should ensure the child falls within the definition of a looked after child for CTF purposes before reporting this child to the CTFO.

Short break / Respite Care / Interim Care Orders

- 9.16 Children who are looked after by a local authority under the short

break/respite care provisions/interim care orders fall within the definition of looked after for the purposes of the CTF. The local authority must make a return for them the first time they become looked after by that local authority. It is not necessary for the same local authority to make a return for the same child each time they become looked after and accommodated.

- 9.17 Children being looked after under an interim care order where the child is still living at home should not be reported to the CTF Office.

Child Benefit Compliance

- 9.18 If the Child Trust Fund Office can see a Child Benefit claim has been awarded when they are informed that a child is looked after for the first time, they will notify the Child Benefit Office who may investigate further to ensure that Child Benefit rules are being complied with.

Financial Education

- 9.19 In general, looked after children will receive financial education in relation to their CTF account through the school system, in the same way as other children. As children get older, local authorities could direct children in their care to the dedicated CTF website www.childtrustfund.gov.uk. This will provide more information about the CTF and financial education. There is also a section on this website for children who are too old to qualify for the CTF.

10. Further Information

- 10.1 This guidance is intended to help local authorities to complete the returns required by statute. Further information on the Child Trust Fund is available on the HM Revenue & Customs website <http://www.hmrc.gov.uk/ctf/>. Information for parents and carers can be found at www.childtrustfund.gov.uk. Or the local authority officer responsible for making returns can contact the CTF Office.

Named CTFO contact

- 10.2 CTF Office staff act as contacts for individual local authorities. A list of CTF Office contacts is attached to this guidance at Annex A.

Unique Identifiers and CTF Office Contacts

	Unique Identifiers	CTF Office Contact
Aberdeen City	10518	You can contact any of the named officers below who will be able to assist you with your query: Michael Beattie, - 0191 224 7073 Diane Lawless, - 0191 224 7073 Wendy Borsberry - 0191 224 7073 Colleen Wilkinson - 0191 224 7073 Karen Brown - 0191 224 7018 Joanne Robson - 0191 224 7018
Aberdeenshire	15784	
Angus	10070	
Argyll & Bute	10519	
Clackmannanshire	10355	
Comhairle Nan Eilean Siar	12205	
Dumfries & Galloway	15785	
Dundee City	10742	
East Ayrshire	15786	
East Dunbartonshire	15787	
East Lothian	12061	
East Renfrewshire	12178	
Falkirk	11258	
Fife	15026	
Glasgow City	10083	
Highland	11899	
Inverclyde	10388	
Midlothian	11979	
North Ayrshire	15598	
North Lanarkshire	15789	
Orkney Islands	12303	
Perth & Kinross	10288	
Renfrewshire	10593	
Scottish Borders	15790	
Shetland Islands	12383	
South Ayrshire	10349	
South Lanarkshire	15934	
Stirling	10641	
The City Of Edinburgh	10534	
The Moray Council	12630	
West Dunbartonshire	15788	
West Lothian	10759	

**INFORMATION REQUEST TO CHILD TRUST FUND OFFICE FOR
PROVIDER DETAILS**

NAME OF LOCAL AUTHORITY:

LOCAL AUTHORITY UNIQUE ID NUMBER:

LIAISON OFFICER:

Child	Surname	Forename	Date of Birth	Unique CTF Reference Number (if known)	Date Child First Entered Care
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

SUPPLY PROVIDER DETAILS TO LOCAL AUTHORITY

NAME OF LOCAL AUTHORITY:

LOCAL AUTHORITY UNIQUE ID NUMBER

LIAISON OFFICER:

Child's Number on list provided by the LA	Forename	Unique CTF Reference Number	Name of Provider	Address of Provider	Provider Helpline Number
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					