**West Sussex – Practice Guidance**

IROs are qualified social workers with at least five years’ experience, and who have acquired the right skills to carry out this role.

**Child Trust Funds and Individual Savings Accounts for Children in Care (including Children with Their Own Funds)**

**Child Trust Funds**

What is the Child Trust Fund?

The Child Trust Fund is a savings and investment account designed to give children born on or after 1 September 2002 and on or before 2 January 2011 a financial start in life and to help teach them the value of saving.

Who is Eligible?

Children born on or after 1st September 2002 and on or before 2nd January 2011 are eligible for the Child Trust Fund if child benefit has been awarded for them for at least one day before 4 January 2011, they live in the UK and they are not subject to immigration restrictions..

How does the Child Trust Fund work and how much is it worth?

For children born on or after 1st September 2002 and before 1st August 2010, a voucher worth £250 was sent to the child benefit claimant, with a further £250 for children of families on low incomes. For children born between 2nd August 2010 and 2 January 2011, the voucher was for £50, with a further £100 for children of families on low incomes A person with parental responsibility for the child could then open a Child Trust Fund account for that child with an approved Child Trust Fund provider, e.g. bank, building society etc.

If after a year, no one had opened an account, the Inland Revenue opened an account for the child.

Children whose 7th birthday fell between 1st September 2009 and 31st July 2010 received an extra payment on their birthday of £250 (plus an extra £250 for low-income families/in care).

Can Additional Payments be made?

Anyone can contribute to a Child Trust Fund up to the sum of £4000 per year.

Who can Access the Money in the Child Trust Fund?

Only the child can withdraw money from the fund when he or she reaches 18. The money belongs solely to the child despite the fact that the person with parental responsibility manages the money until the child reaches 16. Young people aged 16 and over can take over the management but cannot make withdrawals until they are 18.

Exceptions

In the case of terminally ill children, the person with parental responsibility can request permission to withdraw funds.

Child Trust Fund and Children Looked After

There were special rules for children looked after as child benefit is not payable to them whilst they are looked after. If a child benefit award had been made for a child before he or she came into care, (s)he was eligible for the fund account in the usual way.

Where a child came into care soon after birth, the Inland Revenue opened a Child Trust Fund account for the child. Even when the local authority had parental responsibility under a care order, they were not entitled to open or manage a Child Trust Fund account. Where possible, the parents of children looked after were encouraged and helped to take on this responsibility.

Roles and Responsibilities of Local Authority

Local authorities must make a return each month of any children looked after:

* Born after 31 August 2002 and before 3 January 2011, and under the age of 16 at the end of the return period who, in the period covered by the return, became looked after and have no one (apart from the local authority), or no one appropriate, with parental responsibility; or
* Were already looked after, but their circumstances have changed so that there is now no-one (apart from the local authority), or no-one appropriate, with parental responsibility.

This is so that the [The Share Foundation](https://sharefound.org/), who have been awarded the government contract, can manage these children's Child Trust Fund accounts that have been opened by HMRC.

For a child to be treated as having no-one, or no-one appropriate with parental responsibility; the [guidance](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/358155/Child_Trust_Fund_and_Looked_After_Children.pdf) indicates the child's parent is deemed eligible to manage the Child Trust Fund except in the following circumstances:

* Where the child lives permanently away from the parent with no face to face contact (including children whose plan is for adoption);
* Where there is a court order terminating their contact with the child;
* Where the parent is deemed to have significant mental health problems;
* Where the child is lost and abandoned and where there is no prospect for reunification.

Theguidance requires for the local authority to include any child's details that were not included on an earlier return for a period before or after 7 April 2011. When a child becomes looked after by WSCC, the Placement Finding Team notifies the relevant co-ordinator who submits the return.

**Junior Individual Savings Accounts (ISAs) for Children in Care**

Introduction

In November 2011, the Government announced a new scheme to support long-term savings for children looked after. Those who did not previously benefit from a Child Trust Fund (CTF), and have been Looked After for 12 months or more, received a £200 Government payment into a Junior Individual Savings Account (Junior ISA).

What are Junior ISAs?

Junior ISAs provide a tax-free way to save for under 18s. The money in a Junior ISA belongs to the child, but they can't take the money out until they are 18. They can then decide what they want to do with it. Because savings are locked into the account until the account holder's 18th birthday, Junior ISAs are for building long-term assets, rather than day-to-day savings.

Who can pay money into Junior ISAs?

Anybody can put money into a Junior ISA, up to the savings limit found [here](https://www.gov.uk/junior-individual-savings-accounts).For eligible looked after children, the Share Foundation will open the accounts, making a one-off initial payment of £200 (or pay this into existing accounts already held by looked after children). Additional payments can then be made by carers, relatives, local authorities or young people themselves.

Which Children Looked After are eligible?
All children in the UK who have been Looked After continuously for 12 months or more and who were not eligible for a Child Trust Fund (i.e. were born before 1 September 2002 or after 1 January 2011) will be eligible for the scheme. This includes children who are subject to a care order and who are accommodated under Section 20, whether in residential care, with a foster carer or at home.

Children Looked After born between 1 September 2002 and 1 January 2011 have previously received support for their long-term savings through the Child Trust Fund (CTF). They will keep their CTFs until their 18th birthday, when they can access their savings. Junior ISAs were designed to replace CTFs following the end of the CTF scheme. No one can hold both a CTF and a Junior ISA.

Administration of the Junior ISA scheme
The Department for Education has contracted [The Share Foundation](https://sharefound.org/)  to administer the accounts. The Share Foundation will open and manage accounts for looked after children. WSCC provide monthly data containing the required information needed for The Share Foundation to open the account. They then check eligibility, then draw down £200 per child/ young person from the Government to open the Junior ISA account. The Share Foundation will then inform WSCC once the account is opened and will then liaise directly with the carers and the young person, as appropriate, of their account.

Children over the age of 16 are responsible for managing their own accounts. Once their account is opened they will be able to make decisions about how best to look after their money for themselves, though they still will not be able to access their savings until they are 18. Once the young person reaches 18 each young person should have taken responsibility for their account. However, if it is not claimed, or if the young person’s decision is to continue to hold their savings as investment, the account turns into an adult Individual Savings Account and the ISA provider will not be able to accept instructions from anyone other than the young adults themselves.

As part of the scheme, the Share Foundation also support the financial education of looked after children at appropriate times so that they can understand how best to use the financial asset of their account. They lead the [Stepladder of Achievement,](https://stepladder.sharefound.org/) which is a tailor made programme for all Looked After Young People to develop financial know-how, improve reading and writing, working with numbers and life skills generally, to support young people to be better placed to achieve their aims in adult life. They also seek to raise additional funding from charitable sources for distribution to the accounts of all children looked after.

**Children with Their Own Funds**

Children looked after may also have funds of their own. Occasionally, for example as a result of an inheritance, these funds may be sizeable.

Administration of such funds will largely depend upon their size. Specialist legal and financial advice must be sought as necessary.

Bank Accounts
Bank accounts are usually opened and held in the name of an adult with parental responsibility as trustee for the child/young person. They can be easy access, fixed term or for regular monthly saving. Assuming that the child is not liable to pay income tax, then they will need to register to get interest on their savings tax-free by submitting [form R85](https://www.gov.uk/government/publications/income-tax-getting-your-interest-without-tax-taken-off-r85). Under the age of 16, the adult with parental responsibility will complete and sign the form on the child's behalf. From 16 years, the young person will need to complete a fresh R85 and sign it themselves.

Bank current accounts are not suitable for large sums of money. There is an annual limit on the amount of interest that may be earned by a child as a result of money paid in to the child's bank account by a parent/parent's civil partner. Beyond that limit the interest is liable to income tax at the rate applicable to the parent/civil partner. See [HMRC website](https://www.gov.uk/apply-tax-free-interest-on-savings) for further information.

Trusts
Larger sums of money (exceeding the annual limits for bank accounts/Junior ISAs) will need to be held in trust for the child/young person until they reach legal majority (age 18) or a later specified age.

Specialist legal advice should be sought on the drawing up of the trust deed and subsequent administration of the trust. Consideration will need to be given to matters such as the age at which the young person child can access the funds and who the trustees should be.

Criminal Injuries Compensation Authority Payments
Depending upon the size of the aware, the award would be paid into the Junior ISA or a trust fund would need to be set up.

See also: Practice Guidance on making Criminal Injuries Compensation Claims.

Income TaxChildren are liable for income tax in the same way as adults. However, income tax is not payable unless the young person's total taxable income per annum exceeds the tax-free Personal Allowance. For more information see the [HMRC website.](https://www.gov.uk/apply-tax-free-interest-on-savings)

**Reference Points;**

[**Statutory Guidance on Junior Individual Savings Accounts for Looked After Children**](http://www.education.gov.uk/aboutdfe/statutory/g00215131/savings-looked-after-children)

**Share Foundation**

[**Contribution Form for those wishing to make additional contributions into CTFs or Junior ISAs administered by The Share Foundation**](https://static1.squarespace.com/static/56bb4dc07da24f7d04ccbcf4/t/5bed5afa40ec9a14159832cf/1542281979091/27%2BJunior%2BISA%2BIndividual%2BContribution%2BForm.pdf)

[**Share Foundation: Guidance for carers on explaining money to children and young people and useful resources**](https://static1.squarespace.com/static/56bb4dc07da24f7d04ccbcf4/t/5750526c62cd94770030c8d1/1464881781923/JISA%2BGuidance%2Bfor%2BCarers.pdf)

[**Free Course on Managing Money**](https://www.open.edu/openlearn/money-management/managing-my-money/content-section-overview?active-tab=description-tab)

**Application Form for those wishing to make additional contributions to a Child Trust Fund/Junior ISA**