EXPLANATORY MEMORANDUM TO

THE CHILD TRUST FUNDS (AMENDMENT) REGULATIONS 2011

2011 No. 781

1. This explanatory memorandum has been prepared by H.M. Revenue and Customs and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Select Committee on Statutory Instruments.

2. Purpose of the Instrument

2.1 These Regulations amend the Child Trust Funds Regulations 2004 (S.I. 2004/1450).

2.2 They remove some of the reporting requirements on local authorities, following the ending of Child Trust fund eligibility for children born after 2 January 2011 by the Savings Accounts and Health in Pregnancy Grant Act 2010.

3. Matters of special interest to the Joint Select Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 This instrument is being made to implement a policy change to the Child Trust Fund, namely to remove some of the requirements for local authorities to make returns of children who become 'looked after' (in England, Wales and Northern Ireland) or 'looked after and accommodated' (in Scotland) by them.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy Background

- ***What is being done and why***

7.1 All children born between 1 September 2002 and 2 January 2011 are eligible for the Child Trust Fund, as long as they live in the UK and are not subject to immigration control, and are the subject of a child benefit award.

7.2 To ensure that children who are ‘looked after’ (in England, Wales and Northern Ireland) or who are ‘looked after and accommodated’ (in Scotland) by a local authority do not miss out, local authorities are currently required to make monthly returns, including ‘nil’ returns of all children born on or after 1 September 2002. Where the child does not have a Child Trust Fund account, HM Revenue and Customs is required to open an account for them, and where there is no one, or no one who is appropriate, with parental responsibility for the child other than the local authority, the Official Solicitor (or in Scotland, the Accountant of Court) is the person who has authority to manage the account on the child’s behalf.

7.3 With the ending of Child Trust Fund eligibility for children born after 2 January 2011, there is no need for local authorities to make such returns in relation to looked after or looked after and accommodated children born after that date. The changes made by these Regulations remove that requirement.

7.4 However, so that the Official Solicitor can manage the appropriate accounts of children born between 1 September 2002 and 2 January 2011, local authorities will continue to have to make monthly returns of information about looked after children who are under the age of 16 and where there is nobody, or nobody who is appropriate, with parental responsibility in relation to the child.

7.5 The changes made to regulations 33 and 33A of the Child Trust Fund Regulations 2004 by these Regulations therefore remove the general requirement for local authorities to make monthly returns but still require returns of information to be made in specific cases for looked after (or looked after and accommodated) children so as to enable the Official Solicitor (or the Accountant of the Court) to take on the management of the relevant accounts.

8. Consultation Outcome

8.1 A formal consultation was not undertaken.

9. Guidance

9.1 The rule changes implemented by this instrument will be incorporated into H.M. Revenue and Customs’ Child Trust Fund guidance for local authorities. The Guidance Notes are available at HM Revenue & Customs: Child Trust Fund and Local Authorities and Health and Social Services Trusts.

10. Impact

10.1 There is no impact on business.

10.2 The impact on the public sector is negligible. Local authorities will have much reduced reporting requirements, and the number of Child Trust Fund accounts managed by the Official Solicitor is unlikely to increase, overall.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating Small Business

11.1 There is no impact on small business.

12. Monitoring and review

12.1 H.M. Revenue and Customs will monitor, and review, local authorities' compliance as part of the routine activity of processing returns.

13.Contact

Pete Whalley at the H.M. Revenue & Customs Tel: 0151 472 6020 or email: peter.whalley@hmrc.gsi.gov.uk can answer any queries regarding the instrument.