CLA Savings Draft Protocol

Background

As corporate parents the council wish to ensure that the financial interests of children and young people in their care protected. The protocol advises on the process to be followed for

- Child Trust Fund /Junior ISA awarded by DfE
- Compensation Payments
- Savings made on behalf of the child by the council

1. Types of monies held

A	**Criminal Injury Compensation**
I	In relation to money (an award) to people who have been physically or mentally injured because they were the blameless victim of a violent crime, now administered by the Criminal Injuries Compensation Authority (CICA) - current scheme introduced on 27/11/12.
Ii	What follows is guidelines issued by the CICA for payments to individuals under the age of 18 when the award was accepted; - CICA will put the money into an interest-earning deposit account in the young person's name up to the age of 18 when the amount (incl interest earned) will be paid out. - CICA will consider a request from a parent or guardian to make the payment to a Child Trust fund, a Junior ISA or another type of account where the full value of the payment is protected until 18 years of age. CICA will not meet any additional costs if the parent or guardian chooses one of these options. - If holding the funds, the CICA will allow advances, if needed, towards education or welfare of the young person, upon evidence – normally a receipt – proving that the monies have been used for the purposes intended. - CICA will consider making a full payment if the young person is aged 16 or 17 years of age, and living independently. - If the CICA receive evidence that shows that it will not be in the young person's best interests to be given the payment as a lump sum upon turning 18, the CICA may give further consideration to the use of an annuity or a trust at that time. - CICA guidance. http://www.justice.gov.uk/downloads/victims-and-witnesses/cic-a/how-to-apply/cica-guide.pdf
Iii	The conditions above relate to the current scheme (d. 27.11.12) and apply to any application made on or after that date. If an application was made before then different rules may apply.

Iv	Islington Childrens Services currently hold CIC awards for a number of young people all awarded prior to the current scheme.
v	These current awards are held in an LBI account and accrue interest periodically. Advances from the accounts to the young person are made upon application by an authorised officer. Finance complete R85 ('getting your interest without tax taken off') forms and submit to the HMRC on an annual basis so the award held/paid remains tax exempt.
	LBI's approach to this type of award: (i) For all existing awards – funds to remain in an Islington 'interest bearing' account and administered accordingly. Funds to be released in full pending notification from an authorised officer. (ii) The use of the existing LBI account is deemed the most effective route as current client numbers and total sums are fairly minimal. (iii) For new awards – request should made to the CICA to hold and administer funds on behalf of the young person (see guidelines above) (iv)

B	**Young Person's Savings**
I	A sum of £5 per week will be 'saved' for a child looked after who has been in care for at least six months, regardless of the type of placement The monies will be deposited into the young person's individual CTF or Junior ISA twice a year. The scheme start date was 1 April 2012 and will be known as the **Young Person's Pledge Bursary.**
Ii	The scheme start date is to be kept at 1 April 2012 – Finance, at the time of writing, are arranging for backdated 'savings' to be deposited to the childs relevant account.
iii	This arrangement will ensure that each young person, who meet the scheme criteria, will have a lump sum 'saving' balance at the age of 18 which will have received growth ***(note 1)*** in excess of current high street account interest rates and tax free.
Iv	If a young person meets the scheme criteria, the final lump sum allowance will be adjusted back to the 1 April 2012 or the data the young person became looked after, whichever is later. This is to ensure that the full monies invested-are passed on to the individual.
	LBI's approach to the 'pledge' award (i) A separate account will be used to hold applicable 'saving' funds. (ii) Deposits and withdrawals are applied and reconciled quarterly. (iii)Sums will be transferred to a young person's CTF or JISA at 6 month intervals.

C	**Child Trust Funds (CTFs)**
I	A Child Trust Fund (CTF) is a long-term tax-free savings account for young people. All young people eligible for a CTF account should now have one. If a young person is CLA they received a CTF if they were looked after by the council before 3 April 2011 and also met the eligibility criteria for non CLA. Funds invested belong to the young person but cannot be taken out until they are 18. Up to a maximum of £3720 a year ***(note 2)*** can be added to the account.
Ii	CTFs have been already set up for 43 Children Looked After and have been applied the applicable government voucher. LBI's pledge to 'top up' the account with £100 is to be honored (not yet applied at the time of writing)
Iii	Government ceased to provide a voucher for CTFs for applicants born after 1 January 2011.
Iv	Statements of account - does depend on which provider the account is held with, but in the majority an annual statement would be the norm, showing a balance per young person.
v	For JISA and CTF – the provider of the account will contact each YP six months before the date of their 18th birthday with details of how to access the funds. Each YP will already have a letter on file showing their account details.
Vi	When a young person ceases to be looked after: It is expected that Child Trust Fund Providers will operate a similar practice for the change in account details to that of Junior ISA accounts. The local authority are not obliged to send regular CLA cohort reports to CTF providers but do have a responsibility to inform CTF providers of any changes to the young person's status.
	LBI's approach to the CTF award (i) Any other 'savings' in respect of an individual pre 18 yrs old, excluding the CICA, will automatically be deposited in the young person's CTF where set up, up to a maximum of £3,720 per annum ***(note 2).*** (ii) If a young person savings exceed the annual allocation, then sums will be deposited on annual basis until such time that the balance is transferred in its entirety.

D	**Junior Individual Saving Accounts**
I	The government introduced Junior ISAs in Autumn 2011 with the intention of replacing the previous CTFs. The new account would be backdated to ensure that no child born too late to get a CTF missed out on the new tax free savings programme. The Government has agreed to provide £200 for every eligible looked after child in the UK to enable an account to be opened in the first place.
Ii	Childrens Services are currently undertaking a piece of work, with The Share Foundation (www.sharefound.org) ensuring a Junior ISA set up for all young people who do not currently hold a CTF.
iii	Junior ISAs are long term, tax-free savings accounts for children. A child can have a Junior ISA if they: • are under 18 • live in the UK • weren't entitled to a Child Trust Fund (CTF) account There are 2 types of Junior ISA: • a cash Junior ISA, i.e. you won't pay tax on interest on the cash you save • an Investment (stocks and shares) Junior ISA, i.e. your cash is invested and you won't pay tax on any capital growth or dividends you receive. • A maximum of £3720 a year ***(note 2)*** can be added to the account
Iii	Accounts for Islington young people will be held in Investment JISAs.
Iv	Only parents or a guardian with parental responsibility can open a Junior ISA for under 16s. Children aged 16 and 17 can open their own Junior ISAs (with appropriate support from the authority.)
v	Funds invested belong to the young person but cannot be taken out until they are 18, although a person can take 'control of their account at 16 *(see source documents)* . Up to a maximum of £3720 a year ***(current allowance)*** can be added to the account
vi	A young person can only have a CTF or a Junior ISA, they are not entitled to have one of each. It is not possible to transfer CTFs into JISAs or vice versa.

Vii	The Share Foundation (who administer the accounts on behalf of LBI) will provide a quarterly statement, held in the Business Support Unit in Children's Services, showing the current account balance and performance.
viii	For JISA and CTF – the provider of the account will contact each YP six months before the date of their 18th birthday with details of how to access the funds. Each YP will already have a letter on file showing their account details.
ix	When a child stops being looked after before the age of 16, the local authority should inform the Share Foundation (account broker) to ensure the person with parental responsibility for the child is aware of the account and encourage them to take the necessary steps to assume control of the account. If the child leaves care aged 16 or 17, either they or their parent could assume control of the account, if the child has not already done so (funds are still held in account until the young person reaches 18) <u>Change in surname following adoption</u> - If the Share Foundation are advised of a change of surname by the local authority, they will update their records and advise the JISA provider of the change. If there is a change following the Share Foundation issuing a form to the new adoptive parents (which are sent on receipt of LA data confirming a child has left care), they must advise the JISA provider of the change when they submit the form to register themselves as the new responsible adult for the account and send copy documents which prove the change of name i.e. adoption certificate etc.
	LBI's approach to the JISA (i) Any other 'savings' in respect of an individual pre 18 yrs old, excl the CICA, will automatically be deposited in the young person's JISA where set up, up to a maximum of £3,720 per annum ***(note 2).*** (ii) If a young person savings exceed the annual allocation, then sums will be deposited on annual basis until such time that the balance is transferred in its entirety.

E	**Charity Accounts**
i	Occasionally a young person will be in receipt of funds provided via a particular Charity or voluntary agency. Normally the funds have a specific purpose, i.e. specific item of equipment etc. however this is not always the case. The funds are generally related to Children In Need as opposed to Children Looked After but the policy is still the same.

ii	Often the funds remain unused and in some cases are returned to the funding body.
	LBI's approach to a Charity/VA payment (i) Amounts are held on account (non-interest bearing) *for up to 3 months* (after receipt of payment) to be used as specified. (ii) Any funds remaining after the 3 months will be deposited into the young persons, CTF or Junior ISA or returned to the donating body if the donation was not child specific. (iii)If a young person does not have a designated CTF or Junior ISA then an effort will be made to alert the designated key worker to expedite the funds – if after 3 months the funds remain unused then they will be returned to the donating body.

F	**Additional savings**
I	Young people may choose to have a separate account. However they will be encouraged to save in their CTF or Junior ISA
Ii	If a carer is currently holding or proposes to save extra money for the young person, this can also be directed to the young persons savings instrument.
Iii	It is Islington's expectation that the carers will seek to ensure that any additional monies held, are done so in the interests of the young person and are given the maximum opportunity to accrue over time. This also applies to young people who have left care and are in other permanency arrangements i.e. adoption.
iv	On this basis Islington will provide young persons CTF or JISA account details to the carer upon request, who will then be able to make deposits into accounts individually. For external providers Islington can act as a broker to collect sums and direct to savings instruments.
	LBI's approach to additional savings (i) In house carers will be given the YPs Jisa/CTF account details and can made the deposits themselves. (ii) For external agencies finance can act as the broker, i.e. the agency will send a payment for savings made out to LBI we would then direct this to the YPs JISA or CTF.

G	Savings upon the age of 18
i	Upon the age of 18 a young person has the right of access to their funds in terms of a Child Trust Fund, Junior ISA and Criminal Injury Compensation Award. **LBI does not intend to hold onto savings beyond this age**.
ii	This makes it clear that once the young person/care leaver is 18, the account is theirs, however this should be "combined with financial education" which highlights the corporate parent's responsibility to teach young people how to manage the money that they will be responsible for when they turn 18.
iii	**<u>LBI's role as a Corporate Parent</u>** • To support a young person in opening a bank account of their own. • To educate that young person on how to manage and plan their finances • To provide a financial plan emanating from a proper financial assessment as part of pathway planning so the young person is clear what the financial assessment and policy is and what to expect • It would appear sensible to, as part of that financial assessment and the pathway plan, to assess the young person's capabilities with respect to financial planning and/or handling their finances so areas for improvement can be identified for education/instruction to enable the young person to independently manage their finances. • If the young person has mental health issues or learning difficulties and there is concern as to their capacity to manage their finances, a capacity assessment needs to be completed on this specific decision, the results of which will determine the next steps. This assessment should be completed in line with principles of the Mental Capacity Act 2005 and the Mental Capacity Act Code of Practice (Chapter 4).
	LBI's approach to funds upon a young person reaching the age of 18. (iv) Savings held to be released to an individual upon reaching the age of 18 unless indicated otherwise. (v) Financial guidance to be provided to the young person by the department where necessary.

Note 1 - Interest is variable.

Note 2 - Maximum contribution allowance for 2013/14 FY.

Office use only – notes to policy
As to how far LBI can go in restricting the use (if possible) of a young person's savings after they are 18, it would appear that unless there are issues of capacity, then a person over the age of 18 can manage their account as they see fit. The role of the corporate parent will be more to teach that care leaver best practice for financial management of their account and income/savings. Each young person is an individual and has individual needs and preferences – some may actually prefer for LBI to control their accounts and if consent is obtained for a reasonable purpose and reason, then this may be a particular arrangement which a young person could elect to invoke. The circumstances of the individual needs to be assessed in each case. It does not appear that once a personalised account is opened in the name of a competent care leaver aged over 18, that LBI can seek to restrict its usage, unless LBI become an appointee or Deputy for that young person's financial affairs.(In those circumstances the care leaver would lack capacity) Otherwise, any other non-corporate parent or carer could enjoy the same benefit of controlling their young person's bank account – usually where an adult's bank account is interfered with or its use restricted by another adult, it is generally a cause for concern.

Source documents:

CTF (HMRC)	*http://www.hmrc.gov.uk/ctf/la-guidance-england-wales1.pdf*
JISA (gov.uk)	*https://www.gov.uk/junior-individual-savings-accounts/overview*
Legal advice	*LB Islington*
CICA	*www.justice.gov.uk*
The share Foundation	*www.sharefound.org*