

The Share Foundation welcomes the National Audit Office report on Child Trust Funds

14th March 2023

The National Audit Office has today published its [comprehensive report on Child Trust Funds](#) following extensive discussion with HM Revenue and Customs, The Share Foundation, and the account providers' trade association, TISA. It concludes that insufficient priority has been given to keeping track of this huge scheme, which has provided over six million young people with starter capital accounts.

It has confirmed that the accounts of very significant numbers of young adults with Child Trust Funds remain unclaimed, a problem that The Share Foundation has been seeking to remedy for the past five years. The most recent HMRC statistics in the NAO report relate to April 2021, just over six months after the oldest CTF recipients turned 18 and were therefore able to withdraw their money. The NAO acknowledges the current TISA estimate of 45% of matured Child Trust Funds remaining unclaimed. With one third of all CTF owners now aged 18 or over, this means that the current number of unclaimed adult Child Trust Funds is over 900,000, with a total value of c. £1.8 billion.

The report points towards the many lessons that should be learnt from this first large-scale inter-generational rebalancing initiative, and The Share Foundation hopes that both the Public Accounts Committee and the Treasury Select Committee will look carefully at the NAO's objective analysis in order to ensure that future arrangements are more effective in their delivery.

Some of the points we would draw out include:

- Governments need to ensure that long-term initiatives such as the Child Trust Fund receive a consistently strong level of oversight throughout their life in order to ensure effective delivery at maturity, irrespective of the different political complexions that may apply.
- If accounts are opened on behalf of non-responding families (this was the case for 28% of Child Trust Funds, particularly affecting low-income families), communication and training must be maintained throughout the childhood years in order to connect them and build awareness of the account and its benefits.
- Consideration should be given to any future schemes of inter-generational rebalancing being carried out on a targeted, rather than universal basis, so that use of public money is focused on young people from disadvantaged and low-income backgrounds.
- Bearing in mind that so many unclaimed adult Child Trust Funds belong to young people from low-income families, it is abhorrent to read that there are plans which could see these funds released into the dormant account scheme in due course. We must maintain the effort to link these accounts with their owners so that they receive the benefit set aside for them.

We look forward to contributing to further analysis of the National Audit Office findings, and we are currently exploring independent routes for surveying the scheme's effectiveness for those young people who have found their accounts through our <https://findCTF.sharefound.org> search facility, which has already united 32,000 young people with their accounts. The NAO notes that the Government has no plans to carry out such research itself in the public sector.

Various comments are made in the report about account providers, including reference to the estimated £100 million annual fees being received for their administration. We hope this income, which largely results from the 1.5% maximum charge permitted on Stakeholder accounts (but which excluded the opportunity to set minimum fees, which might have resulted in a lower ad-valorem maximum), is not deterring account providers from actively working to reduce their unclaimed adult CTF rates. We would welcome further dialogue for their direct participation in the findCTF search facility and The Tracing Group.

Finally, we are grateful to the NAO for including our comments in their extensive analysis. There are many references to our work in the report, including to the detailed analysis of The Share Centre's HMRC-allocated account base which I undertook personally between 2018 and 2020 in my former capacity as its executive chairman.

Links to our programme for helping young people age 16-20 to find their CTF accounts include:

<https://findCTF.sharefound.org> – the main search facility

<https://www.sharefound.org/talkCTF> – a summary of the situation, together with materials needed for running events locally for young people

<https://www.CTFAmbassadors.org.uk> – for those wishing to help further with our search programme

And, for our work on Child Trust Funds and Junior ISAs for young people in care, please visit www.sharefound.org where you can also find our report on reconciliation of CTF accounts transferred from the Official solicitors/Accountants of Court in 2017.

Meanwhile our key life skills programme can be found at:

<https://www.sharefound.org/stepladder-of-achievement> – for young people in care

<https://www.shareradio.co.uk/help-guides/managing-my-money/> – for all young people with Child Trust Funds

This 2019 Westminster Hall debate may also be of interest:

<https://www.sharefound.org/ctfdebate>

The Share Foundation is a registered charity founded in 2005. During its first six years it made additional contributions to Child Trust Funds opened for young people in care. When the scheme was closed in 2011, The Share Foundation campaigned successfully with Action for Children and Barnardo's for a replacement Junior ISA scheme to be introduced for young people in care. It has been administering that scheme since its inception in 2012 on behalf of the Department for Education, and it has just had its contract renewed for a further four years. The Share Foundation is based in Aylesbury, Buckinghamshire with a dedicated team of 12 people who work with all 211 local authorities throughout the United Kingdom.

Contact: Gavin Oldham OBE
Chair of Trustees at The Share Foundation
gavin.oldham@sharefound.org
07767-337696