House of Commons

Committee of Public Accounts

# Child Trust Funds

## Sixty-Seventh Report of Session 2022–23

*Report, together with formal minutes relating to the report*

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# Summary

Billions of pounds are sitting in the Child Trust Fund accounts of millions of young people currently aged 12 to 20. The value of unclaimed accounts is potentially over £1.7 billion, with a large part of it likely to have been forgotten about by everyone except the financial institutions profiting from it. A long time has elapsed since the Child Trust Fund scheme was set up and closed to new entrants and it is no longer a government priority. We heard from The Share Foundation on how Child Trust Funds can greatly help young people, particularly those from less wealthy backgrounds, but HM Revenue & Customs (HMRC) has failed to apply sufficient effort to getting the most from the government's significant investment in the scheme.

The government put £2 billion into Child Trust Funds, which are tax-free savings accounts, for over 6 million children, with the laudable aims of giving all young people a pot of money when they reach 18, promoting financial literacy and teaching good savings habits. HMRC managed the setting up of the accounts well and transferred the funding to the scheme effectively. However, once the bulk of its administrative involvement ended in the early 2010s, it failed to plan for the long term. Several government departments have a role in making the scheme succeed, but HMRC has failed to coordinate efforts and has made no attempt to promote the scheme's wider objectives. Consequently, much less has been achieved from the government's £2 billion investment than could have been possible. HMRC has little corporate memory or evidence of real learning from the scheme and has no intention of re-evaluating its future.

According to the trade association representing the providers of Child Trust Funds, in Spring 2023, 42% of 18-to-20-year-olds—almost a million young adults—had not claimed their savings. While many may have chosen not to claim it yet, it is likely that many may not know about the accounts or have lost track of them. A high proportion of these accounts are likely to belong to young people from low-income backgrounds, those who need it most. Providers are experiencing difficulties contacting many account holders and HMRC is not doing enough to help them. Furthermore, the families of young adults without mental capacity are finding it costly and complicated to access their Child Trust Funds via the Court of Protection and its equivalents. Young people's legal rights are paramount, but HMRC as advocate for the scheme has a responsibility to work with the Ministry of Justice and its equivalents in the home nations to find a less daunting process.

# Introduction

Child Trust Funds are tax-free savings accounts that were set up for all eligible children in the UK who were born between 1 September 2002 and 2 January 2011. Anyone, for example parents or other family members, can add to children's savings by paying money into their accounts. Young people can choose to take over managing their account at 16 years old and can access the funds at 18 years old. The first young adults with Child Trust Funds reached the age of 18 in September 2020. In April 2021, the total value of all Child Trust Funds was £10.5 billion, and the average account value was £1,911.

Government launched the Child Trust Fund scheme in 2005, backdating it to include children born since September 2002, and announced its closure to new entrants in 2010. Around 6.3 million accounts were set up, into which government paid £2.0 billion. 72% of accounts were set up by parents and guardians using a voucher sent to them by HM Revenue & Customs (HMRC). HMRC set up the remaining 28% of accounts on children's behalf when their parents or guardians did not do so within a year of the voucher being sent.

HMRC is responsible for the administration of Child Trust Funds. It published an interim evaluation of the scheme in 2011. Other organisations are responsible for savings and assets policy or are involved in ensuring access to the scheme for specific groups of young people. In 2017, HMRC and the Department for Education transferred responsibility for managing Child Trust Funds belonging to children in local authority care with no 'responsible adult' to a charity called The Share Foundation.

# Conclusions and recommendations

1. **The Child Trust Fund scheme is not reaching many of the people it was designed to help.** According to the account providers' trade association, in Spring 2023, 42% of 18-to-20-year-olds—almost a million young adults—had not claimed the savings in their matured Child Trust Funds. According to The Share Foundation, the value of unclaimed accounts is now over £1.7 billion. Many children and young adults whose Child Trust Funds were set up by HMRC are now unaware of the Child Trust Fund's existence, and providers are experiencing difficulties contacting many account holders. The evidence available to try and establish exactly how many young people may have lost track of their investments in Child Trust Funds is limited, and many young people may have consciously chosen not to claim their savings yet. However, it is likely that a high proportion of the unclaimed money belongs to young people from low-income backgrounds, those who need it most, as a higher proportion of these accounts were set up by HMRC many years ago. HMRC has increased its communications since 2018 but acknowledges Child Trust Fund account holders are not its usual audience, and that there are lessons to be learnt on how government communicates with disengaged groups.

   **Recommendation 1:** ***HMRC should do more to find and contact young people who have not claimed their Child Trust Funds, to ensure they are aware they have an account and know how to access their money.***

   ***HMRC should:***

   - ***Give more support to providers to help them trace account holders.***
   - ***Work with other departments that might also have ways to raise awareness of Child Trust Funds among young people, for example, the Department for Education.***

2. **Providers are charging fees for passively managing many Child Trust Funds and some could do more to connect young adults with their accounts.** Providers can charge fees up to a cap of 1.5% per year on 'stakeholder' accounts, the most common type of Child Trust Fund account, which equates to nearly £30 per year on a typical account and up to £100 million a year across all accounts. The Share Foundation described the charges as "very high indeed for fund management", but HMRC claimed the charges are less than the annual growth of these investments. Providers are making even more money from some Child Trust Funds in other ways, for example, other types of Child Trust Fund have no cap on fees. The Share Foundation described a case in which a provider had asked the charity to pay £20 for a single account statement, which it declined to do. In many cases, providers are likely to be incurring very few costs from managing Child Trust Funds and to be making profits off savings mostly composed of government money. We heard that four providers have actively engaged with the Tracing Group—a commercial service for tracing the owners of dormant accounts—to set up a Child Trust Fund register. However, some providers are not doing enough to link up forgotten accounts with their owners.

**Recommendation 2: *HMRC should work in partnership with other parts of government to ensure that all providers are incentivised to establish contact with all young people whose Child Trust Funds they manage, and so that they earn fair fees, proportionate to their level of activity.***

3. **The Child Trust Fund scheme is not easily accessible for the families and carers of children and young people lacking mental capacity.** The Ministry of Justice estimates that between 63,000 and 126,000 young people may not have the mental capacity to access and manage their matured Child Trust Fund when they reach adulthood. Instead, their family or carer must apply for legal authority to access and manage it on their behalf. However, the Court of Protection (covering England and Wales) approved only 15 such applications during 2021. Financial deputyship rules in Scotland and Northern Ireland are comparable to the rules in England and Wales, meaning similar issues are likely to have arisen. Fees are waived if families are only applying to access a Child Trust Fund but there are other barriers – we heard examples of a six-page GP letter being needed as part of the process, and the Downs Syndrome Association told us that low awareness about banking safeguards among parents it supports is a barrier to accessing their children's Child Trust Funds. HMRC emphasised to us that the owners of matured Child Trust Funds are adults, and the law needs to protect their interests. Providers, the Ministry of Justice and HMRC are aware of the issue. HMRC said its guidance explains what people need to do. Some providers have, at their own risk, allowed families of young people without capacity to access funds in a Child Trust Fund up to £5,000.

**Recommendation 3a: *In its Treasury Minute response, the government should set out what steps different bodies, including the Ministry of Justice and its equivalents in the home nations, are taking to help the families of young people who lack mental capacity to access their Child Trust Funds without excessive bureaucracy and cost.***

***b) the government should include in the response statistics on how many people have used, successfully or otherwise, the current options available in each nation and set out the impact of the specific steps the government has taken so far to help these families, such as fee waivers.***

4. **The objectives of the Child Trust Fund policy have not been achieved, but there is still time for HMRC to act.** After establishing the scheme, HMRC showed little interest in achieving the wider objectives planned from government's £2 billion investment. It regards the Child Trust Fund policy as having ended in 2011 when the new government closed the scheme to new entrants, despite the scheme being very much live and most accounts yet to mature. Its focus has been on raising awareness of Child Trust Funds and not on the other policy objectives. Disappointingly, the scheme has not been used to support young people's financial education and improve financial literacy. The Share Foundation believes that only about 25% of students leave school saying that they have been adequately prepared in financial awareness. The duty to implement the policy was not fully HMRC's but it did not establish the partnerships with other departments and organisations needed to implement and achieve the policy's objectives. HM Treasury has not given HMRC dedicated funding for the scheme, nor supported it to do more with Child Trust

Funds. We are concerned that Child Trust Funds will become another example of a legacy financial product that is not given the necessary attention by government to succeed against its aims over the long term.

**Recommendation 4:** ***HMRC should:***

***a) act immediately to ensure that the most is made from the Child Trust Fund scheme. In its Treasury Minute response, it should set out how it will work with other government departments, including DfE, the MoJ and HMT, and other organisations to plan and implement activity which addresses all four of the Child Trust Fund policy's objectives.***

***b) make an assessment of whether similar issues are likely to affect other tax-free savings accounts the government is currently planning, promoting, and/or making contributions towards, such as lifetime ISAs and Junior ISAs for children in care. The government should work with other stakeholders to adapt how it implements these schemes to help protect the long-term benefits and enable better management over the full lifetime of such schemes.***

5. **HMRC does not collect the data from providers needed to plan timely action to improve young people's engagement with their accounts and assess whether its actions are working.** HMRC's understanding of Child Trust Fund accounts that have matured but are yet to be claimed is nearly two years out-of-date: its most recent estimate is based on data collected in April 2021, just seven months after the first accounts matured. It intends to publish its next set of statistics in summer 2023 based on data from April 2022. It told us it cut back its monitoring and compliance activity on the scheme from 2013, when the risk of tax loss from people opening Child Trust Funds they were not entitled to had fallen significantly. Consequently, since then HMRC has not been actively protecting Child Trust Fund customers (although the standard protections provided by the FCA still apply) or monitoring providers' behaviour. HMRC has also not kept its records on Child Trust Funds up to date, affecting the effectiveness of its tracing tool.

**Recommendation 5:** ***HMRC should:***

***a) improve the timeliness of its data collection and statistical releases, to present a more accurate and up-to-date assessment of the scheme.***

***b) use this improved understanding of the status of Child Trust Funds to target activity to improve young people's awareness and management of their accounts.***

6. **HMRC is not planning to re-evaluate the scheme or learn lessons from its implementation that could help in the design or improvement of similar schemes.** HMRC published an interim evaluation of the scheme in 2011 but has not reassessed the scheme since young adults first started claiming their money from matured accounts, which was in 2020. It claims there is no "particular appetite" for further evaluation. It told us that only ministers can decide if an evaluation of the scheme should be undertaken, with which we disagree. HMRC told us that its involvement in initiating evaluations is centred on advising ministers on the tax system, including areas it believes require further analysis. HMRC told us that from a policy perspective it learns lessons from previous work and creates 'playbooks' for

future policies. However, it is unclear to us how HMRC officials can give ministers comprehensive and up-to-date advice without sufficient evaluation of its schemes. It told us that government has learnt lessons from the experience of introducing Child Trust Funds, including on how to approach groups with very different levels of engagement with a universal scheme, but it has provided no detail of how those lessons have been learnt or where that learning has been captured. The engagement of the Share Foundation to manage Child Trust Funds on behalf of children in care has given a focus to those accounts and should be a lesson for HMRC on how to make its schemes work well for hard-to-reach groups.

**Recommendation 6:** ***HMRC should, at the appropriate time within the next 24 months, evaluate the scheme to understand what has been achieved from government's £2 billion investment and what impact it has had on the lives of young people and identify lessons that would benefit similar schemes in the future, particularly around how to design and implement a scheme that works well for vulnerable groups.***

# 1 Access to Child Trust Funds

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from HM Revenue & Customs (HMRC) and The Share Foundation regarding the Child Trust Fund scheme.[1]

2. Child Trust Funds are tax-free savings accounts that were set up for all eligible children in the UK who were born between 1 September 2002 and 2 January 2011. Anyone, for example parents or other family members, can add to children's savings by paying money into their accounts. Young people can choose to take over managing their account at 16 years old and can access the funds at 18 years old. The first young adults with Child Trust Funds reached the age of 18 in September 2020. In April 2021, the total value of all Child Trust Funds was £10.5 billion and the average account value was £1,911.[2]

3. Government launched the Child Trust Fund scheme in 2005, backdating it to include children born since September 2002. HMRC approved a range of banks, building societies, credit unions, friendly societies, other mutual societies and equivalent organisations to provide Child Trust Funds. All of these providers are regulated by the Financial Conduct Authority. Overall, around 6.3 million accounts were set up, into which government paid £2 billion. 72% of accounts were set up by parents and guardians using a voucher sent to them by HM Revenue & Customs (HMRC). The voucher allowed them to open an account for the child with a Child Trust Fund provider of their choice. HMRC set up the rest of the accounts on children's behalf when their parents or guardians did not do so within a year of the voucher being sent. Government announced the scheme's closure to new entrants in 2010.[3]

4. HMRC is responsible for the administration of Child Trust Funds. It published an interim evaluation of the scheme in 2011. Other organisations also have roles in the scheme, for example, the Department for Education and the Ministry of Justice are involved in ensuring access to the scheme for specific groups of young people, for example those in care. In 2017, HMRC and the Department for Education transferred responsibility for managing Child Trust Funds belonging to all children in local authority care with no 'responsible adult' to a charity called The Share Foundation.[4]

## Reaching young adults

5. In trying to establish exactly how many young people may have lost track of their investments in Child Trust Funds, the NAO found that government's evidence is limited.[5] The Share Foundation told us that, according to an estimate from the account providers' trade association TISA, in Spring 2023, 42% of 18-to-20-year-olds—almost a million young adults—had not claimed the savings in their Child Trust Funds. In August 2022, the unclaimed rate among the oldest group, who have had the option to claim their Child Trust Fund for over a year, was still around 27%.[6] The Share Foundation estimated that given an unclaimed rate of 42%, and an average account value of £1,900, the value of

1 C&AG's Report, Investigation into Child Trust Funds, Session 2022–23, HC 1197, 7 March 2023
2 C&AG's Report, paras 1, 3, 1.7, 4.2
3 C&AG's Report, paras 1, 6–7, 1.2, 1.9
4 Qq 64, 69; C&AG's Report, paras 1.3, 1.9, 4.13
5 Qq 24–25; C&AG's Report, para 19
6 Q 24; C&AG's Report, para 4.4

unclaimed accounts is now over £1.7 billion. It compared this estimated amount to the £35 million raised by the BBC's Children in Need appeal in 2022 – there is 50 times that amount potentially sitting unclaimed in Child Trust Funds. According to The Share Foundation, given the cost-of-living pressures on young people at present, finding and accessing a Child Trust Fund can be hugely beneficial, enabling them to get started in adult life. We heard that having a Child Trust Fund "makes a world of difference" to care leavers especially.[7]

6. HMRC set up about 1.7 million Child Trust Fund accounts (28% of all accounts) after parents did not do so within 12 months of receiving a Child Trust Fund voucher. Around half of these accounts (887,000) were for children in low-income families. According to The Share Foundation, many children and young adults whose Child Trust Funds were set up by HMRC are now unaware of the Child Trust Fund's existence. It is therefore likely that a high proportion of the unclaimed money belongs to young people from low-income backgrounds, those who need it most.[8]

7. HMRC told us that some young people may have consciously chosen not to claim their savings yet, but The Share Foundation told us that accounts typically go unclaimed because the young person does not know that the money is there and the account provider does not have their current address.[9] Providers are experiencing difficulties contacting many account holders.[10] HMRC has increased its communications since 2018. In 2020, it ran a social media communications campaign that led to peaks in enquiries. It also issued press notices in September 2021, prompting a feature on the Martin Lewis Show, and in October 2022, prompting 82 press articles and an eight-fold increase in queries to its 'Find My CTF' service. However, HMRC acknowledges Child Trust Fund account holders are not its usual audience, and that there are lessons to be learnt on how government communicates with disengaged groups.[11]

## Providers' charges and stewardship of the accounts

8. Providers can charge fees up to a cap of 1.5% per year on 'stakeholder' accounts, the most common type of Child Trust Fund account, which The Share Foundation described as equating to nearly £30 per year on a typical account. HMRC does not track how much providers are charging. The NAO found that the largest providers are likely to be charging the maximum rate and estimated that providers could be earning collectively up to £100 million per year through charges on Child Trust Funds. The Share Foundation described the charges as "very high indeed for fund management", but HMRC claimed the charges are less than the annual growth of these investments.[12]

9. Providers are making even more money from some Child Trust Funds in other ways, as other types of Child Trust Fund have no cap on fees. Around 1.3 million Child Trust Funds (0.3 million stocks and shares accounts and 1.0 million cash deposit accounts) are not subject to the cap on fees. The Share Foundation described a case in which a provider had asked the charity to pay £20 for a single account statement, which it declined to do.[13]

7 Qq 24, 37, 56
8 Q 26, C&AG's Report, para 2.4
9 Qq 25, 26 and 34
10 Qq 40–42
11 Qq 28, 46–47, 55; Correspondence from HMRC to PAC dated 7 June 2023
12 Qq 33, 35, 37; C&AG's Report, para 3.8
13 Qq 35–36; C&AG's Report, Figure 2

10. In many cases, the providers are likely to be making profits off savings mostly composed of government money. From the start of the scheme until 2010, just over one-third of Child Trust Funds (37%) received additional payments into them other than from the government. More recently, in the 2020–21 tax year, 4.6 million Child Trust Fund accounts out of the 5.5 million accounts on which HMRC had data received no additional money. One of our witnesses, who had previous experience working at a Child Trust Fund provider, told us that providers are likely to be incurring very few costs from managing a typical Child Trust Fund.[14] Since April 2011, providers do not have to produce annual statements for accounts which have not received any payments (except for any from government) in the previous 12 months. However, providers are still required to provide statements in the year following the children's 10th, 15th and 17th birthdays.[15]

11. We heard that only four providers, out of around 55 in total, have been proactive and voluntarily worked in partnership with the Tracing Group—a commercial service for tracing the owners of dormant accounts—to set up a Child Trust Fund register separate to the one held by HMRC. The register contains details of around 60% of all Child Trust Funds and is proving to be an effective way for young people to trace their accounts. However, the Share Foundation told us that most account providers are not showing much enthusiasm for helping young people to trace their accounts.[16]

## Access for young people lacking the mental capacity to manage their savings

12. To access the Child Trust Fund of a young person who lacks mental capacity, their family or carer must gain legal authority to do so by applying to the Court of Protection for a deputyship order if living in England and Wales. The Ministry of Justice estimates that between 63,000 and 126,000 young people may not have the mental capacity to access and manage their matured Child Trust Fund when they reach 18. However, the Court of Protection approved only 15 such applications during 2021. HMRC told us it understands that financial deputyship rules in Scotland and Northern Ireland are comparable to the rules in England and Wales. Similar issues are therefore likely to have arisen across the United Kingdom.[17]

13. Families have reported finding the deputyship application process difficult, time-consuming, and costly.[18] Fees are waived if families are only applying to access a Child Trust Fund but there are other barriers – we heard examples of a six-page GP letter being needed as part of the process. The Down's Syndrome Association told us that low awareness about banking safeguards among parents it supports is a barrier to accessing their children's Child Trust Funds. It explained the fee waiver does not apply if the young adult is still in education, and that many families believe they also need to pay for services of a solicitor.[19]

14. Providers, the Ministry of Justice and HMRC are aware of the issue. Some providers have, at their own risk, allowed families of young people without the capacity to manage

14 Qq 26, 35; C&AG's Report, para 8; HM Revenue & Customs, Annual savings statistics 2022, June 2022. See Child Trust Fund Tables, table 2: Subscriptions to CTFs.
15 C&AG's Report, para 1.8
16 Qq 33, 38–39, 43; C&AG's Report, paras 3.6, 4.10
17 Qq 50, 61, 79–80; C&AG's Report, para 4.13
18 C&AG's Report, para 4.13
19 Q 48–49, 51; CTF0001; C&AG's Report, para 4.13

the fund themselves to access funds in a Child Trust Fund up to £5,000. The Ministry of Justice recently consulted on a scheme to allow easier access to small funds. Many respondents suggested allowing applicants to demonstrate their suitability to access a young person's small funds, such as a typical Child Trust Fund, by proving that they have already been given authority by government to manage the same young person's benefits or other accounts. The Ministry of Justice decided not to proceed with the proposals.[20] HMRC emphasised to us that the owners of matured Child Trust Funds are adults, and the law needs to protect their interests, finding a balance between safeguarding vulnerable young adults and helping the people who have their best interests at heart to manage their assets. It told us that its guidance explains what people need to do.[21]

20 Qq 48, 51–52; Ministry of Justice, Mental Capacity Act: Small Payments Scheme: Consultation response; May 2023

21 Q 52

# 2 Learning from the Child Trust Fund scheme

## Achieving the scheme's policy objectives

15. HMRC regards the Child Trust Fund policy as having "ended in 2011", and as an "old scheme" as opposed to an existing scheme.[22] This is despite the scheme being very much live, as most young people who benefitted from the scheme have not yet reached the age at which they can access their Child Trust Fund.[23]

16. HMRC saw its role as setting up of the accounts and transferring government funding into them, which it believes it did effectively.[24] The Child Trust Fund scheme's policy objectives also include helping people understand the benefits of saving and investing; encouraging parents and children to develop the habit of saving and engage with financial institutions; and building on financial education.[25] HMRC's told us it has not particularly had a role in financial education, although it has included information about Child Trust Funds in the materials it provides to its 'tax ambassadors', who visit schools to teach young people about tax.[26] HMRC has no plans to examine whether the Child Trust Fund scheme has had an impact on financial literacy, and nor does any other part of government. The Share Foundation told us that it believes only about 25% of students leave school saying that they have been adequately prepared in financial awareness. We expressed concern about HMRC's lack of curiosity about whether the policies it is implementing are working.[27]

17. HMRC made clear its view that the duty to implement the policy was not fully its responsibility. HM Treasury has not given HMRC dedicated funding for the scheme. The Share Foundation believes that HM Treasury is not allowing HMRC to do more with Child Trust Funds, despite some in HMRC wanting to do so. However, HMRC has not established effective partnerships with other departments and organisations involved in Child Trust Funds, a step which it acknowledges is needed to implement and achieve the policy's objectives.[28]

18. We are concerned that Child Trust Funds will become another example of a legacy financial product that is not given the necessary attention by government to succeed against its aims over the long-term. We have noticed in other projects that legacy products often have very high fees because they are under no real scrutiny.[29]

## Monitoring the scheme

19. HMRC's understanding of accounts yet to be claimed is nearly two years out-of-date: its most recent estimate of the number of Child Trust Fund accounts yet to be claimed

22 Qq 27, 86; Hansard, HC written answer, Child Trust Fund, UIN 181783, answered 24 April 2023
23 Q 1; C&AG's Report, para 4.2
24 Qq 69, 94
25 Q 72 ; C&AG's Report, para 4.15
26 Qq 72–75
27 Qq 66, 89, 92–93
28 Qq 44, 81–82, 94
29 Qq 34, 87

is based on data collected in April 2021, seven months after the first accounts matured. It told us that it intends to publish its next set of statistics in summer 2023 based on data from April 2022.[30]

20. HMRC receives annual returns from providers with information about Child Trust Funds, including the number of accounts held and the number that have not been accessed by their owners. It told us that in the period when new accounts were being opened it received fortnightly returns from providers, but it cut back its monitoring and compliance activity on the scheme in 2013.[31]

21. HMRC judged that, by 2013, the risk of tax loss from people opening Child Trust Funds they were not entitled to had fallen significantly. Few Child Trust Funds were opened after this point. We questioned whether HMRC had also assessed the risk of Child Trust Funds being mismanaged, such that young people might be losing money. HMRC told us that it has not been actively protecting Child Trust Fund customers or monitoring providers' behaviour, although the standard protections provided by the Financial Conduct Authority still apply.[32]

22. HMRC has not kept its records on Child Trust Funds up to date, affecting the quality of its tracing tool. This means young people trying to trace their accounts through the Government Gateway are receiving data from HMRC that have not been updated since their account was originally opened, typically around 18 years ago. It is likely that the provider for many of these accounts will have changed, as the NAO found the number of Child Trust Fund providers has reduced from 74 in April 2011 to 55 in February 2023, due to providers merging or exiting from the market. HMRC acknowledged that some people need further assistance to interpret the responses they get from HMRC about their Child Trust Funds.[33] It has no way of knowing how many queries to the service resulted in someone successfully finding their Child Trust Fund. Young people using the Government Gateway need to verify their identity, which The Share Foundation told us many find challenging.[34]

## Evaluation and learning from the scheme

23. HMRC has not published an evaluation of the scheme since 2011. It has not reassessed the scheme now that young adults are claiming their accounts, stating that there is no "particular appetite" for this.[35] The Share Foundation described "quite a bit of international interest" in the outcomes of the Child Trust Fund scheme, and told us Bristol University has approached it about conducting survey research into young people who have found their Child Trust Funds through the independent Child Trust Fund register.[36]

24. HMRC told us that from a policy perspective it learns lessons from previous work and creates 'playbooks' for future policies. While we are glad to hear that HMRC does this, we expressed concern that it is in a position to offer advice to ministers only on how to implement a scheme similar to Child Trust Funds, rather than on whether the

30 Q 24; C&AG's Report, para 3.3
31 Q 30; C&AG's Report, para 4.2
32 Qq 30–33; C&AG's Report, para 3.5
33 Qq 44, 85; C&AG's Report, para 10
34 Qq 44, 93; C&AG's Report, para 4.8
35 Qq 64–65, 86
36 Q 65

evidence suggests such a scheme would be an effective use of taxpayers' money.[37] HMRC told us that government has learnt lessons about implementing a universal scheme from the experience of Child Trust Funds, including about the importance of partnerships, and about how to approach groups with very different levels of engagement. However, it provided no detail of how those lessons have been learnt or where that learning has been captured.[38]

25. The engagement of the Share Foundation to manage Child Trust Funds on behalf of children in care has given a focus to those accounts. The Share Foundation told us about the disciplined handover process it has introduced to ensure that when young people whose accounts it manages approach the age of 18, they are made aware of their account and are offered financial awareness training to help them to manage their savings effectively.[39]

26. When we questioned HMRC on what would trigger it to evaluate the scheme, it told us that it would need ministers to request it. We queried the extent to which looking at the impact of a scheme is a political policy decision, as opposed to a decision for officials, and expressed concern at how little evaluation is done across government. HMRC noted that its involvement in initiating evaluations is centred on its role advising ministers on the tax system, including areas it believes require further analysis.[40] It cannot identify how much it typically spends on evaluation as it does not track these costs separately from general policy and programme delivery costs. It spent £5.9 million on external research in 2022–23, of which it estimates around one-third was on evaluation. In comparison, its operational (DEL) spending limit for the same year was £7.1 billion.[41]

37 Qq 87–88

38 Qq 55, 82, 94

39 Qq 56–57

40 Qq 86–88

41 Correspondence from HMRC to PAC dated 7 June 2023; HM Treasury, Central Government Supply Estimates 2022–23: Main Supply Estimates, HC 396, June 2022, page 356

# Formal minutes

## Wednesday 19 July 2023

Members present:

Sir Geoffrey Clifton-Brown

Olivia Blake

Ashley Dalton

Mr Jonathan Djanogly

Mrs Flick Drummond

Sarah Olney

Anne Marie Morris

## Child Trust Funds

Draft Report (*Child Trust Funds*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 26 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Sixty-seventh of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

## Adjournment

Adjourned till Thursday 7 September at 9.30am.

# Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

### Thursday 18 May 2023

**Jim Harra CB**, First Permanent Secretary and Chief Executive, HMRC; **Emily Antcliffe**, Director of Individuals Policy, HMRC; **Gavin Oldham**, Chairman and founder, The Share Foundation; **Anthony Walker**, Director of Operations, The Share Foundation Q1–95

# Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

CTF numbers are generated by the evidence processing system and so may not be complete.

1 Down's Syndrome Association (CTF0001)

# List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

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| 4th | Use of evaluation and modelling in government | HC 254 |
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| 6th | Department of Health and Social Care 2020–21 Annual Report and Accounts | HC 253 |
| 7th | Armoured Vehicles: the Ajax programme | HC 259 |
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| 12th | Management of PPE contracts | HC 260 |
| 13th | Secure training centres and secure schools | HC 30 |
| 14th | Investigation into the British Steel Pension Scheme | HC 251 |
| 15th | The Police Uplift Programme | HC 261 |
| 16th | Managing cross-border travel during the COVID-19 pandemic | HC 29 |
| 17th | Government's contracts with Randox Laboratories Ltd | HC 28 |
| 18th | Government actions to combat waste crime | HC 33 |
| 19th | Regulating after EU Exit | HC 32 |
| 20th | Whole of Government Accounts 2019–20 | HC 31 |
| 21st | Transforming electronic monitoring services | HC 34 |
| 22nd | Tackling local air quality breaches | HC 37 |
| 23rd | Measuring and reporting public sector greenhouse gas emissions | HC 39 |
| 24th | Redevelopment of Defra's animal health infrastructure | HC 42 |
| 25th | Regulation of energy suppliers | HC 41 |
| 26th | The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system | HC 44 |
| 27th | Evaluating innovation projects in children's social care | HC 38 |

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| 28th | Improving the Accounting Officer Assessment process | HC 43 |
| 29th | The Affordable Homes Programme since 2015 | HC 684 |
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| 31st | Managing central government property | HC 48 |
| 32nd | Grassroots participation in sport and physical activity | HC 46 |
| 33rd | HMRC performance in 2021–22 | HC 686 |
| 34th | The Creation of the UK Infrastructure Bank | HC 45 |
| 35th | Introducing Integrated Care Systems | HC 47 |
| 36th | The Defence digital strategy | HC 727 |
| 37th | Support for vulnerable adolescents | HC 730 |
| 38th | Managing NHS backlogs and waiting times in England | HC 729 |
| 39th | Excess Votes 2021–22 | HC 1132 |
| 40th | COVID employment support schemes | HC 810 |
| 41st | Driving licence backlogs at the DVLA | HC 735 |
| 42nd | The Restart Scheme for long-term unemployed people | HC 733 |
| 43rd | Progress combatting fraud | HC 40 |
| 44th | The Digital Services Tax | HC 732 |
| 45th | Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22 | HC 1254 |
| 46th | BBC Digital | HC 736 |
| 47th | Investigation into the UK Passport Office | HC 738 |
| 48th | MoD Equipment Plan 2022–2032 | HC 731 |
| 49th | Managing tax compliance following the pandemic | HC 739 |
| 50th | Government Shared Services | HC 734 |
| 51st | Tackling Defra's ageing digital services | HC 737 |
| 52nd | Restoration & Renewal of the Palace of Westminster – 2023 Recall | HC 1021 |
| 53rd | The performance of UK Security Vetting | HC 994 |
| 54th | Alcohol treatment services | HC 1001 |
| 55th | Education recovery in schools in England | HC 998 |
| 56th | Supporting investment into the UK | HC 996 |
| 57th | AEA Technology Pension Case | HC 1005 |
| 58th | Energy bills support | HC 1074 |
| 59th | Decarbonising the power sector | HC 1003 |
| 60th | Timeliness of local auditor reporting | HC 995 |
| 61st | Progress on the courts and tribunals reform programme | HC 1002 |

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| 62nd | Department of Health and Social Care 2021–22 Annual Report and Accounts | HC 997 |
| 63rd | HS2 Euston | HC 1004 |
| 64th | The Emergency Services Network | HC 1006 |
| 65th | Progress in improving NHS mental health services | HC 1000 |
| 66th | PPE Medpro: awarding of contracts during the pandemic | HC 1590 |
| 1st Special Report | Sixth Annual Report of the Chair of the Committee of Public Accounts | HC 50 |
| 2nd Special Report | Seventh Annual Report of the Chair of the Committee of Public Accounts | HC 1055 |

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| 5th | COVID-19: Government Support for Charities | HC 250 |
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| 7th | Adult Social Care Markets | HC 252 |
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| 10th | Overview of the English rail system | HC 170 |
| 11th | Local auditor reporting on local government in England | HC 171 |
| 12th | COVID 19: Cost Tracker Update | HC 173 |
| 13th | Initial lessons from the government’s response to the COVID-19 pandemic | HC 175 |
| 14th | Windrush Compensation Scheme | HC 174 |
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| 25th | The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system | HC 633 |
| 26th | Lessons from Greensill Capital: accreditation to business support schemes | HC 169 |
| 27th | Green Homes Grant Voucher Scheme | HC 635 |
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| 29th | The National Law Enforcement Data Programme | HC 638 |
| 30th | Challenges in implementing digital change | HC 637 |
| 31st | Environmental Land Management Scheme | HC 639 |
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| 34th | Local Government Finance System: Overview and Challenges | HC 646 |
| 35th | The pharmacy early payment and salary advance schemes in the NHS | HC 745 |
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| 47th | Academies Sector Annual Report and Accounts 2019/20 | HC 994 |
| 48th | HMRC's management of tax debt | HC 953 |
| 49th | Regulation of private renting | HC 996 |
| 50th | Bounce Back Loans Scheme: Follow-up | HC 951 |
| 51st | Improving outcomes for women in the criminal justice system | HC 997 |
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| 6th | Excess votes 2018–19 | HC 243 |
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| 19th | Restoration and renewal of the Palace of Westminster | HC 549 |
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| 28th | The Nuclear Decommissioning Authority’s management of the Magnox contract | HC 653 |
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| 30th | The production and distribution of cash | HC 654 |
| 31st | Starter Homes | HC 88 |
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| 35th | Improving Broadband | HC 688 |
| 36th | HMRC performance 2019–20 | HC 690 |
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| 38th | Managing colleges’ financial sustainability | HC 692 |
| 39th | Lessons from major projects and programmes | HC 694 |
| 40th | Achieving government’s long-term environmental goals | HC 927 |
| 41st | COVID 19: the free school meals voucher scheme | HC 689 |
| 42nd | COVID-19: Government procurement and supply of Personal Protective Equipment | HC 928 |
| 43rd | COVID-19: Planning for a vaccine Part 1 | HC 930 |
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| 49th | COVID-19: housing people sleeping rough | HC 934 |
| 50th | Defence Equipment Plan 2020–2030 | HC 693 |
| 51st | Managing the expiry of PFI contracts | HC 1114 |
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