Agenda item 9

Cabinet – 12 September 2012

Junior ISAs for looked after children

Portfolio:	Councillor Rachel Andrew – Children's services
Related Portfolios:	Councillor C Towe, Finance and Personnel
Service:	Children's Specialist Services
Wards:	All
Key decision:	No
Forward plan:	No

1. Summary

The government announced the implementation of Junior Individual Savings Accounts in the 2011 budget. Minister for Children and Young People, Tim Loughton, announced that the Government will open a Junior Individual Savings Accounts for every young person who has been in care for more than a year. The first accounts will be opened on behalf of looked after children in 2012. The scheme will offer tax-efficient savings accounts that can be held in cash or shares and will mature and be accessible on the account holder's 18th birthday.

For every looked after child who is eligible and set up with a Junior ISA, £200 will be invested by the government.

The Department of Education awarded the contract to administer Junior ISAs to the Share Foundation, an independent charitable organisation. The Foundation has announced that the success of the project will be measured by the extent to which additional voluntary contributions can be harnessed to build on these starter funds, the effectiveness of financial education, smooth operational running and appropriate investment performance.

2. Recommendations

2.1 That cabinet approve that the council will work with the Share Foundation to set up Junior ISAs for all eligible looked after children.

2.2 Explore all opportunities to enable additional funds to be invested on behalf of Walsall's looked after children and bring a future report to Cabinet.

3. Report detail

- A Junior ISA is a long term, tax free savings account for children up until the age of 18.

- Junior ISAs were announced in 2011 budget. As the council is responsible for around 500 looked after children it needs to ensure that a junior ISA is set up for all looked after children who have been looked after for at least 12 months.

- A child is eligible if they live in the UK, are under 18 and do not already have a Child Trust Fund. Anybody can put money into a Junior ISA. The total limit for payments into Junior ISA's is £3,600 in each tax year. For eligible Looked After children, the Government 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 could then be made by carers, local authorities or young people themselves.

The Government is also hoping to be able to raise further contributions from people or organisations that want to support Looked After children. These contributions would be added to accounts.

- 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. The money saved in the Junior ISA can only be withdrawn when the child becomes 18. The scheme will provide financial education to help Looked After children make the best choices about what to do with their savings.

If a child leaves care before they reach 18 then the account responsibility will transfer to that of the new parent or guardian.

The benefits include

- Access to additional funds from the government and the Share Foundation.
- Better preparation through financial education and access to funds for when the looked after children reach the age of 18 and prepare to join the community.
- Minimal additional work for the local authority.

The risks of non participation include

- With the loss of additional funds if the local authority were not to participate then this would open the local authority up to potential claims at a later date.
- The local authority may also be accused of not providing its statutory requirement to provide support and assistance to ensure looked after children are prepared for adult life.

4. Council priorities

Junior ISAs will complement the Children and Young People's plan by providing a financial asset to vulnerable children to put towards costs associated with setting up home, transport or further education, and supporting these children in learning about saving, budgeting and managing money. This supports the economic and health and wellbeing council priorities.

5. Risk management

- The only risks to the council lie in non participation;
    - With the loss of additional funds if the local authority were not to participate then this would open the local authority up to potential claims at a later date.
    - The local authority may also be accused of not providing its statutory requirement to provide support and assistance to ensure looked after children are prepared for adult life.

6. Financial implications

There are no financial implications of supporting the recommendation of this report.

7. Legal implications

There are no legal implications other than those already covered in the report.

8. Property implications

There are no property implications related to this report

9. Staffing implications

There are no significant human resource implications related to this report

10. Equality implications

This report relates specifically to vulnerable children and young people under 18 years old, and promotes their inclusion in society.

11. Consultation

Background papers

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