

Rt. Hon. Philip Hammond Esq., MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
Westminster
London SW1A 2HQ

8th June 2018

Dear Philip

Budget 2018: Incentivised Learning proposal for young people of families in receipt of Child Tax Credit

The attached presentation sets out our plans to sort out the muddle of Child Trust Funds and, in so doing, break the inter-generational cycle of deprivation for the most disadvantaged 17% of the United Kingdom population: families in receipt of Child Tax Credit.

There are three elements to redeeming the Child Trust Fund:

- A determined campaign to resolve the overall problem of the one million 'addressee gone away' Child Trust Funds: The Share Foundation, together with The Share Centre and in association with TISA, has already launched this programme - 20,000 posters (as enclosed) have been sent to the Head Teachers of all secondary schools throughout the United Kingdom. This initiative has been jointly funded by The Share Foundation and The Share Centre, and is being backed up with social media and email support from the Department for Education;
- The substantial progress we have already made for Looked After children and young people, for whose Child Trust Funds we took responsibility last October, having operated the Junior ISA scheme since 2012. The Child Trust Fund scheme, previously administered by the Official Solicitor, was in a state of total disarray when we took it on, with less than 25% of eligible accounts being on their records. This has now risen to 47%, and is improving at c. 14% per month.
- We now wish to move forward with our Budget proposal for young people of families in receipt of Child Tax Credit, where c. 400,000 of their Child Trust Funds are 'addressee gone away' (a 'lost' rate of 1:3), with a total value of £600 million. If our proposal is accepted, we will invite these young people to apply for our 'Incentivised Learning' programme, offering additional money into their Child Trust Fund (which we will locate if 'addressee gone away') in return for achieving a series of life skills, thereby giving them hope and opportunity for their future as an adult.

The enclosed proposal sets out the detail of our plan for this third element, and the evidence of our resolve and capacity to deliver it is demonstrated in the first two elements above.

We are happy to work with your officials to shape this Incentivise Learning proposal as you wish. Its maximum cost as described would be c. £500 million per annum, but this could be mitigated by:

- i. introducing a voluntary payment system for universal services (health, education, etc..) received by higher rate taxpayers;
- ii. reducing the incentive from the proposed maximum of £10,000 to a maximum of £5,000;
- iii. placing geographical limits or phasing on its roll-out.

The key imperative is to announce it this November so that we can have it operating by April 2019. The oldest Child Trust Fund recipient reaches adulthood in September 2020, so this schedule gives us just over one year to find their missing accounts.

It has been my aim to break the cycle of deprivation for the past 40 years, inspired by Sir Keith Joseph and the wish to introduce a more egalitarian form of capitalism. The Share Foundation has already proved what can be achieved with its Stepladder of Achievement for young people in care, and I believe it is now within our grasp to deliver this objective right across the most disadvantaged one sixth of the UK population.

I met on 22nd May with Rt. Hon. Oliver Dowden MP at the Cabinet Office to discuss the plan. He has advised me to seek policy approval from HM Treasury (Mel Stride is aware of the proposal) and to co-ordinate with the Department for Education (Nadhim Zahawi), and the Department for Work and Pensions (Kit Malthouse). So this is therefore my formal request that it be included in the 2018 Budget, and I'll be happy to work with your officials over the summer to prepare the detailed plans for its consideration and, hopefully, implementation.

I will be writing again with further proposals for your consideration, but wanted to submit this at the earliest opportunity so that there is sufficient time to put it in place.

With best wishes

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