

Lost opportunities

Parents' perspectives on how the two-child limit policy is affecting their children's early learning and development



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1. Executive summary

In 2017, the two-child limit (2CL) policy was instituted, whereby families in the UK do not receive additional Universal Credit or Tax Credit allowances for their third and subsequent children if they were born after 6 April 2017. The policy, affecting a large number of children in the UK, has resulted in a substantial reduction in family income for affected households. As of April 2023, 1.5 million children were living in a household affected by the 2CL, with families estimated to lose out on up to £3,235 per child per year.^{1,2}

As it is well known that lower family income is associated with poorer child development outcomes,³ we wanted to investigate how the 2CL policy might be affecting children's family environment and learning opportunities before they start school. Our qualitative study builds on existing evidence exploring how the 2CL affects parents' financial resources and employment opportunities.

Method

This qualitative study is part of a larger [mixed methods research project](#) that will also involve quantitative analysis of children's outcomes in the Early Years Foundation Stage Profile at the end of their first year of primary school. This analysis will be carried out by our collaborators at the Institute for Fiscal Studies (IFS) and will seek to understand the impact of the 2CL on the educational outcomes of children in larger families.

This qualitative study set out to understand families' lived experiences of the 2CL. We asked parents about their family and community context; about how the 2CL policy had affected them; about the differences they observed (if any) between the experiences of their younger children who were affected by the policy versus their older children; and about their youngest children's experiences before starting school, including their access to early education and childcare. We also asked parents about what difference would be made to their lives if they were to have access to additional financial support via the reversal of the 2CL policy.

We interviewed 35 parents who were affected by the 2CL, living across four local authorities in England (Bristol, Newham, Birmingham and County Durham). The study sample was ethnically diverse, split roughly equally between dual and lone parent

families and included parents with a range of employment statuses, although the majority were working part-time. The number of children living at home with parents in our sample ranged between three and five and they had a range of types of housing tenure, although the largest proportion were living in social housing.

The study was guided by a parent advisory group organised by the Child Poverty Action Group (CPAG), who ensured our research was conducted sensitively and was relevant to the lived experiences of families.

Key findings

The main themes that emerged from interviews with parents include: financial hardship for families, diminished opportunities for children to learn and play, lowered mental health for both parents and children, decreased parenting capabilities and constrained employment choices for parents.

Parents affected by the 2CL were experiencing severe financial constraints, which were having a far-reaching impact on their lives. Parents thought that the 2CL policy had negatively impacted their family's financial situation compared to their previous circumstances and those of similar families unaffected by the policy. Many parents in our study sample were struggling to afford basic necessities for their family, which had led to some parents getting into debt to cover their monthly living expenses. These findings echo those of previous studies.⁴

Parents reported that their children were also being adversely affected by their family's severely constrained finances. In comparison with their older siblings who had grown up in less impoverished circumstances, younger children affected by the 2CL policy had fewer toys, books and games and had fewer opportunities to take part in enriching activities, to socialise with peers or to attend formal childcare. Parents also explained that their older children were impacted by their limited family finances as there were generally insufficient resources available to meet all their children's needs. This had an adverse impact on their children's wellbeing as they were unable to take part in social activities with their peers such as trips into town or attending birthday parties.

The parents we interviewed showed impressive resilience in coping with severe financial pressures, as well as ingenuity and tenacity focused on increasing their families' financial resources and giving their children the support they needed to grow and develop. However, parents felt demoralised that these efforts were not

enough to compensate for the shortfall in their budgets, as they continued to struggle to afford basic living expenses, accumulated debts and, in some cases, were skipping meals and selling their belongings. We also learned that while many parents would like to improve their financial position by increasing their working hours, this was very hard to achieve due to challenges with accessing suitable and affordable childcare.

Parents affected by the 2CL told us that their family's insecure financial position was impacting on their own mental health and wellbeing. They described the mental toll caused by experiencing constant financial hardship and not being able to provide for their children. Parents affected by the 2CL often reported increased stress and worry, while some also described feeling guilty that their younger children couldn't experience the same opportunities as their older siblings. Some parents felt their financial difficulties made it challenging to be the parent they would like to be – one who is able to promote their children's interests and help secure a bright future for them.

Overall, when we asked parents for their views on the 2CL policy, they told us that they thought it was unfair; they felt that the policy punishes children and it reduces the investment parents can make in their children's early development. Parents thought the 2CL policy was unfair because it felt arbitrary and unavoidable; few parents had chosen to have an additional child while already receiving Universal Credit and knowing they would be affected by the 2CL. Some parents were affected by the policy as a result of unplanned or coerced pregnancies. More often, families moved onto Universal Credit because of relationship breakdowns, or other unexpected changes in circumstances after their children were born.

We asked parents what they would do if they were able to receive the child element of Universal Credit for all their children (approximately £250 per child per month). Parents said they would use the additional money to better make ends meet, as well as to provide their children with learning opportunities they were currently missing out on. Parents spoke about their desire to use additional financial support to:

- enrol their children in paid extracurricular activities and after school clubs
- pay for additional hours of formal childcare
- take trips to educational or fun play-based spaces and attractions

- secure tutoring or additional support for their children in difficult subject areas
- purchase educational toys or learning resources.

Conclusion

Two main theories have been proposed in the literature as explanations for the relationship between family income and child development.⁵ as summarised in ⁶ First, the investment model suggests that parents with a higher family income can invest more money in goods and services that benefit their children's development; and second, the *family stress* model suggests that parents living on lower incomes are more likely to be affected by stress, poor mental health and relationship conflict, which can have a negative impact on the parent-child interactions that are crucial for healthy child development.

This study provides evidence to support the likelihood that the 2CL policy could be having an adverse impact on children's early development via both scarcer family resources and increased family stress. In this study, parents affected by the 2CL told us that their financial challenges mean they have been less able to invest in educational resources and experiences that could benefit their children's early development. Parents also reported stress, worry and poor mental health, which they felt was potentially impacting negatively on their role as a parent. Some of the parents we interviewed were very concerned that their current financial challenges could be shaping their young children's lives in ways that could go on to limit their long-term life chances.

Next steps

The second strand of this research study, led by the IFS, will seek to analyse administrative data (comparing the outcomes of children born after the 2CL was brought in with their peers who were not affected), to investigate whether there is quantitative evidence of a relationship between children being affected by the 2CL and children's outcomes in the Early Years Foundation Stage Profile at the end of their reception year of school. We look forward to publishing the findings from our quantitative study later in 2024.

2. Introduction

2.1 The policy

In 2017, significant changes were made to how the benefits system operated for families with young children in the UK. The UK became one of the small number of nations internationally,^{7,8,9} alongside a dwindling number of US states,^{10,11} that apply a limit on the number of children for which families can receive a form of means-tested financial support.¹² More specifically, what is known as the Two-Child Limit (2CL) policy was instituted, whereby families in the UK do not receive means-tested support via [Universal Credit](#) or [Child Tax Credit](#) for their third and subsequent children born after 6 April 2017. With affected families estimated to be missing out on up to £3,235 per child per year, the policy has resulted in a substantial loss in family income for affected households.² The stated aims of the 2CL at the time of its introduction were to ensure that “benefit recipients face the same family planning decisions as those who support themselves solely through work” as part of a package of reforms to create a “fairer welfare system”.¹³ Limited exemptions to this policy apply, including if a child was conceived by rape, or if a child was born in a multiple birth.¹⁴ The policy applies to any children born after 6 April 2017, including to families who have an additional child while receiving benefits, and families who have become eligible for benefits as a result of a change in their circumstances.

The 2CL policy affects a large number of households in the UK. As of April 2023, 409,000 households were impacted by the policy, 1.5 million children were living in a household affected by the 2CL, and Child Poverty Action Group (CPAG) estimates that 1.1 million of those children were in poverty.^{14,15} In fact, the Resolution Foundation estimates that under a fully rolled out 2CL, whereby all families in the UK with three or more children who are claiming Universal Credit will be impacted by the policy unless exempt, 590,000 more children would be in relative poverty due to the limit.¹⁶ Given that the 2CL applies from birth, it affects children during an important phase of early childhood development.^{17,18} Research suggests that educational inequalities impacting disadvantaged children tend to widen over the course of children's participation in the education system,¹⁹ therefore any identified impact of the policy on children's early development could potentially continue during childhood and even last into adulthood.

Although official statistics on the ethnicities of families affected by the 2CL are not publicly available, it has been argued that the 2CL policy is likely to disproportionately affect particular religious and ethnic groups (including families with Bangladeshi, Pakistani, Black and mixed-ethnicity backgrounds) who are more likely to have larger families.^{20,21,22} It is also likely to disproportionately impact women, given that lone parent mothers are over-represented among Universal Credit claimants.^{23,24}

Looking across the UK nations in 2023, 11% of children in England and Wales live in households affected by the 2CL, 10% in Northern Ireland, and 9% in Scotland.²⁵ While the 2CL applies across the UK, social security policy is partially devolved to the Scottish Government. The introduction of payments such as the Scottish Child Payment and Best Start Grants are designed to support children in families in receipt of Universal Credit without a cap on the number of eligible children. This may help to mitigate the impact of 2CL on Scottish families.²⁶ Social security is not devolved to the Welsh Government, and campaigners have sought to highlight the policy's negative impact on Welsh families,²⁷ with some calling for an end to the policy.²⁸ However, with education policy being devolved and different early years services and policies in place in Wales, such as the Flying Start programme, families in Wales may have different experiences to those in other UK nations. Taking these differences across nations into account, this study has focused on the impact of the 2CL on families in England only.

It's important to note that the 2CL policy operates in addition to what is known as the 'benefit cap',²⁹ which is a limit on the total amount of financial support a family can receive. The cap was first instituted in 2013, also with the expressed aim to improve fairness in the welfare state and reduce spending.³⁰ In March 2022, researchers from the [Larger Families](#) study estimated that 110,000 children were affected by both the 2CL and the benefits cap.²¹ These policies have been found to interact with each other in such a way that larger families are more likely to be affected by at least one of these policies so that their overall income is reduced.³¹ Campaigners argue that these policies, especially when they operate together, have resulted in more children growing up in poverty. In February 2023, CPAG argued that reversing the 2CL policy could be one of the most effective means of addressing child poverty in the UK, potentially lifting 250,000 families out of poverty for the cost of £1.3 billion.³² The Resolution Foundation has estimated that abolishing the 2CL would cost £2.5 billion in 2024-2025.¹⁶

2.2 Previous evidence of how the 2CL policy and low family income affects families

The [Larger Families](#) project, a three-year mixed methods research initiative, is one of the most prominent studies currently investigating the impact of the benefit cap and the 2CL on families with three or more children. This research looks at the efficacy of these policies in achieving their implicit goals, while also examining the poverty profile of affected families, families' coping mechanisms and how the policy affects family wellbeing.

The researchers leading the Larger Families study argue that the implied policy aims of the 2CL are to encourage parents to move into paid employment and reduce fertility rates for low-income families that might otherwise have a third or fourth child. However, the current findings from the study cast doubt on the success of these aims. Researchers found that the 2CL has not led to more parents moving into paid employment, as impacted families did not experience an increase in working hours.^{4,33} Interviews with parents suggest that this is partially due to the barriers faced by parents in entering the workforce, including lack of access to childcare, health concerns and the inability to afford costs associated with entering work (such as buying interview clothes or transport costs).

The study found that the 2CL had very small effects on fertility rates for low-income families, and the researchers argue that this effect is much smaller than expected given previous trends.³⁴ Interviews with parents suggest that this is partially due to many families being unaware of the two-child limit until after their child was born, experiencing unintended pregnancies due to factors like failed contraception or abusive relationships, or changes in financial status that occurred after the child's birth.⁴

Finally, the study concludes that the benefit cap and 2CL together were having a negative effect on affected families. Families who participated in their study described experiencing severe financial hardship – this meant they were unable to afford basic necessities and accrued debt as a result of their limited income. This hardship was further exacerbated by the cost of living crisis and often contributed to parents having mental health difficulties, making re-entering the workforce even more arduous.²¹

The findings from the Larger Families study are concerning for many reasons, particularly given that existing evidence has shown a relationship between growing

up in financial hardship and poorer early educational and developmental outcomes for children.³⁵

While the relationship between families' financial resources and children's development is not yet completely understood, theoretical understanding of the relationship between family income and children's development suggests there are two main pathways by which a family's resources might influence child development:^{5, as summarised in 6}

1. The investment model: parents with a higher family income can invest more money in goods and services that are beneficial to their children's development, such as a healthy diet, good quality housing, extracurricular activities, educational resources and family trips.
2. The family stress model: parents with a lower family income are more likely to be affected by stress, poor mental health and relationship conflict, which in turn could reduce the quality of parent-child interactions, with a knock-on impact on children's development.

2.3 Overview of the current study

This research project, developed in collaboration between Nesta and the Institute of Fiscal Studies (IFS), aimed to build understanding of the role of family income in children's development, by investigating the impact of the 2CL on Universal Credit and Child Tax Credit on children's early developmental outcomes. We sought to build on the findings of the Larger Families study by focusing our qualitative research on the **child's early learning environment and parenting**, to add to what we already know about the financial context of families affected by the 2CL.

This research was planned as part of a [mixed methods study](#), which will also include an analysis by the IFS of routinely collected data held in the National Pupil Database linked to Hospital Episodes Statistics (ECHILD dataset). The forthcoming quantitative analysis by the IFS will aim to detect any differences in children's educational outcomes at age five in families who were affected by the 2CL, compared with similar families who were not affected.

In this part of the project we carried out qualitative interviews with parents to explore how larger families on low incomes experience the 2CL, and whether the limit has affected their ability to:

- provide a rich home learning environment
- access early educational opportunities for their children
- prepare and support their children's formal learning in nurseries and schools.

More specifically, our research questions were:

1. What are families' experiences of the two-child limit?
2. What are the experiences of families affected by the two-child limit in accessing childcare, nursery or preschool?
3. What are the experiences of families affected by the two-child limit in supporting their children's early learning and preparing for school?
4. How do families' experiences of the two-child limit vary by, for example, location, family structure, ethnicity, community assets?

3. Methodology

3.1 Research approach

In the summer of 2023, the Nesta research team conducted semi-structured interviews with parents in England who were impacted by the 2CL. Families were eligible for interviews if at least one of their children was born after 6 April 2017 and was excluded from receiving the child element of Universal Credit. We chose a qualitative approach to better understand the lived experiences of families first hand, with the aim of adding depth and explanatory power to the quantitative findings when these became available, and to allow the families to express their views and feelings about the policy.

The interview topic guide was developed from our research questions and included extensive prompting questions (see Appendix 4). To better ensure clear and sensitive framing of the questions, we refined the guide twice – first after piloting with parents of young children and second in collaboration with parent advisors.

To gain a comprehensive understanding of how parents in our study perceived the impact of the 2CL on their families, interviews prompted parents to share: 1) their

and their children's experiences of the policy, 2) any observed distinctions in supporting their younger children affected by the policy compared to their older children, and 3) what difference it might make to their lives if they were to receive additional financial support through the reversal of the 2CL policy.

Interviews were conducted online via video software, via telephone, or in person by the Nesta research team. All interviews were audio recorded with the participants' permission. The majority of interviews were led by report authors, but other Nesta team members also conducted interviews when necessary. Online/telephone interviews lasted about 45 minutes, while in-person interviews lasted approximately 60 minutes. Participants received thank you vouchers (£40 voucher for telephone interviews and £50 for face-to-face interviews) in acknowledgment of their time.

3.2 Parent involvement

As a part of our study governance and quality assurance, we prioritised the inclusion of individuals with lived experience of the 2CL. In collaboration with CPAG, we enlisted three parent advisors to contribute their expertise from the study's development onwards. The group, along with the qualitative research team and CPAG staff, met at key project stages to review various aspects, including qualitative research questions, parent-facing materials, recruitment strategy, topic guide, emerging analytic framework and written findings shared before publication. Numerous adjustments were implemented based on parent feedback, such as enhancing information in parent information sheets and incorporating additional interview questions about the social impact of the policy on children. As the parent advisory group became well-established, members also participated in project management group meetings, providing input into all project planning decisions. Parent advisors received remuneration for their time, and meeting practices adhered to best practices for participant involvement.³⁶

3.3 Participant sampling and recruitment

The sampling frame was designed to seek maximum variation in family characteristics likely to be affected by the 2CL policy. This included variation in ethnicity, geographical location, housing tenure, and dual-headed/single-headed households. The details of the sampling frame are in Appendix 1 and table 1. The target family sample was developed in partnership with our parent advisors, our study team within Nesta, CPAG and the IFS.

An external research recruitment agency carried out participant recruitment using three strategies: using their pre-existing participant database to contact individuals likely to be eligible for the study, posting advertisements on their study website (see Figure A1 of the Appendix), and employing community contacts for in-person interviews. Interested participants accessed an online portal to answer questions about family characteristics and whether the 2CL applied to their family. If eligible, they received study information in written and video formats (see Figure A2 of Appendix), followed by a phone call with the recruitment agency to confirm details and schedule the interview. Interpreting services were offered prior to interviews, although none were requested.

3.4 Participant demographics

A total of 44 participants were recruited, and 35 interviews were conducted. Of these interviews, 17 were in-person, 16 online and two were telephone interviews. Participant characteristics are summarised in Table 1 below. Overall, the sample was equally split between single-headed and dual-headed families and the group was ethnically diverse; white British was the largest single group (14), followed by mixed white/Black Caribbean (6), Pakistani (5), and Black African (5). Most families lived in major urban conurbations and in social housing, and the majority of parents we spoke to were mothers, in paid employment, and had three children. No parent we spoke to had more than five children living at home full-time, although some parents also had adult children or step-children who lived with them part of the week. Most of the families that we spoke to had only one child impacted by the 2CL; but six of the parents we spoke to had two children who were affected by the limit.

Table 1. Participant characteristics

Variable	Participant characteristics	Number of participants
Location	Birmingham	12
	Bristol	11
	Newham	6
	County Durham	6
Rural or urban location	Rural	7
	Urban	28
Ethnicity	White British	14
	White/Black Caribbean	6
	Pakistani	5

Variable	Participant characteristics	Number of participants
Ethnicity (continued)	Black African	5
	Bangladeshi	2
	Black Caribbean	1
	Mixed Black/African/Black Caribbean	1
	White other	1
Gender	Mother	33
	Father	2
Single/dual-headed households	Single	17
	Dual	18
Number of children living at home	3	21
	4	11
	5	3
Employment status	Working full time	2
	Working part time	18
	On zero hours contract	1
	On maternity leave	2
	Not in paid employment	12
Housing type	Social housing	18
	Owner-occupier	8
	Temporary accommodation	1
	Privately rented housing	7
	Living with extended family	1
Total number of participants		35

3.5 Ethics, data protection and safeguarding

The study received ethical approval from University of Cambridge Faculty of Education Research Ethics Committee. Ethical approval was sought to meet academic standards and ensure proper scrutiny of our ethics processes, given the sensitivity of the research topic and the potential vulnerability of our research population. The research team had all received safeguarding training, held current DBS checks, and followed a safeguarding protocol for participants and researchers.

As well as providing information in advance, time was given at the start of each interview to explain the study and answer any questions from participants. Consent was taken verbally or in writing (refer to Appendices 2 and 3) and was emphasised as an ongoing process during interviews. Sensitive topics were approached with

care, with breaks and support offered as needed. Where appropriate, participants were signposted to useful resources, such as free activities for young children in their area or online benefits checkers (see Appendix 4 for example). Interviews were audio recorded using encrypted devices and stored in an encrypted secure folder. Pseudonyms are used in this report to protect anonymity.

3.6 Analysis

All interviews were recorded and transcribed verbatim. The lead interviewers anonymised and quality assured transcripts and undertook the analysis using NVivo data analysis software version 14. The analytical process broadly followed Braun and Clark's (2006) six-stage thematic analysis.³⁷ A coding framework was developed from research questions and emergent themes, and the two lead interviewers compared early coding, and discussed and revised the framework. Each interview was coded by a single researcher (either author 1 or 2), but coding was informed by ongoing discussions between researchers and with the parent advisory group. Themes were refined collectively after all interviews were coded, and negative case analysis explored differences and disagreements in the sample.

To complement thematic analysis, we assigned case descriptors to identify participant features, facilitating comparisons between different groups. This allowed us to identify when and how the 2CL limit might be differently affecting groups of families within our sample. Descriptors focused on family demographics, location and family experiences. These were chosen based on factors identified from the thematic analysis but were also based on prior evidence of factors impacting family resilience.

3.7 Reflexivity

Researchers were reflexive in their practice. We considered and discussed our own positions: both of our lead interviewers came to the UK as migrants from middle income countries, Patricia was a lone parent to her children and Simran is of South Asian heritage. If asked, we shared details about our lives (for example whether we had children, and where we lived or were born) with interviewees. We made reflective notes after each interview and within the team discussed how our backgrounds and experiences influenced our approach to the interviews and to analysis. Our process is outlined in more detail in Appendix 6.

4. Results

This results section is structured into two sections: 4.1 shares insights into parents' lived experience of the 2CL policy in terms of the impacts they perceive in their day-to-day life; and 4.2 recounts parents' views and understanding of the 2CL policy. Overall, parents had a lot to say about the policy, which they found unfair, punishing and a hindrance to good child development. The major themes that emerged from interviews were: increased financial hardship, diminished opportunities for their children, constraints on their employment choices and lowered parenting capabilities and parent mental health.

4.1 Lived experience of the 2CL policy

For the families we spoke to, their experience of being affected by the 2CL was that they were living in profound financial hardship. Many families were unable to cover essential costs, were being pushed into debt to make ends meet and were living without a financial safety net.

In this section, we explore families' experiences of financial hardship and how the parents felt hardship affected their family. Specifically, we focus on the effects these hardships have on their children's early learning. Although the families in our study faced various financial constraints in addition to the 2CL, our discussions aimed to unpick how parents perceived the specific impact of the 2CL, either on its own or in conjunction with other factors.

4.1.1 Increased financial hardship

The implementation of the 2CL coincided with a time where families were already facing significant financial pressures, due to reductions in public assistance and intensified economic challenges. Many families spoke about how they were currently coping with the impact of inflation and the cost of living crisis.³⁸ For some families, the 2CL was just one of the substantial reductions in income they experienced in the last few years, whether due to their transition from legacy benefits to Universal Credit or as a result of losing work. Others were contending with a loss of local services and amenities for young children and made the point that when local services have been cut or reduced, parents' own financial resources

matter more. Ultimately, parents identified the 2CL as an additional, substantial reduction of their resources in an already precarious financial climate, which increased their family's financial hardship precisely when they were most in need of additional support.

Beth, a lone parent of five, employed part-time and with one child affected by the 2CL, summarised what the lack of 'extra help' from the 2CL means for her family:

"It [the 2CL policy] has had a big impact on our family. They haven't been able to access things that maybe they would've if we had got that extra help. Even down to their diet, like to have fresh fruit and vegetables every day, to give them their five a day, it's very expensive. Our shopping bills had to be cut down. They just haven't had as many experiences that I would've liked them to have. It's kind of like we've gone into poverty now."

For Beth, the 2CL influenced her family's descent into serious financial hardship, creating conditions where she was unable to meet some of her children's basic needs.

Challenges covering essential costs

Parents emphasised their difficulty managing essential expenses, such as groceries, utility bills, transport, council tax and rent. This financial struggle was felt by families where one or both parents were employed as well as those where no one was in paid employment.

Tiffany, an unemployed mother of three with one child impacted by the 2CL, spoke about how hard it was managing bills:

"There's not any money to cover everything. Finding money to cover food bills, everything. That's the only issue I have, is keeping this roof over my head, keeping the council tax paid, just keeping the bills down, which is difficult."

Maheen, an unemployed mother of three with one child affected by the 2CL, spoke about how the lack of financial support for her third child made a difference in coping with increased essential costs:

"Well, I guess, because we don't get any extra support for [my daughter], the little things add up. The extra clothes, extra money on food, nappies, wipes, everything adds up... It's like you're just more scrimping and saving kind of

thing, trying to make things work and hope that something big doesn't happen like all of a sudden you need to spend £200, £300 on something."

Across all household expenses, some parents were particularly worried about the cost of groceries and spoke about not always having enough to eat. Naisha, a mother of five employed part-time, with two children affected by the 2CL, described returning home to an empty fridge after giving birth to her youngest child:

"After I had the child, there was no food at home, there wouldn't be stuff like milk and bread for myself and I was like [sharp intake of breath], "Really?" It was a difficult time, especially at that time."

Similarly, Allyson, a lone parent of four employed part-time, with one child affected by the 2CL, spoke about how lessened welfare support, coupled with rising costs, has negatively impacted her ability to ensure her family has an adequate supply of food:

"Normally when I was on Tax Credits I would be able to go and get my weekly shop, I now have to do a monthly shop and you know what kids are like. By the time the first week is over there's no food left. So it's just crazy, like, having to buy in bulk and then everything is finished. It's like being a pauper."

Maira, an unemployed lone parent of four, with two children affected by the 2CL, made a direct connection between the 2CL and her children's poor health, as they were unable to afford the foods her children needed:

"So it's like the constant chop and change on what they can eat as well, which affects their health especially because they do have health issues as well in that sense. The strain is quite big. It feels like because of the limit, they're being limited on the freedom of just being able to be children at the end of the day."

Some parents also spoke about how their limited finances impacted on all their children's school preparation, namely in obtaining the supplies and uniforms their children need to attend. These parents spoke at length about how, overall, getting their children what they needed for school was stressful as they were so stretched for finances. Solai went on to tell us that she was unable to afford new school shoes for her son for the last few months, while Maheen spoke about not knowing where the money for all her children's school supplies would come from:

“We'll have to think about where we're going to get the money [for uniforms for two children] from. We don't really have much saved, we don't really have any savings. I'm not really sure exactly how... We're now gonna think about how we're gonna afford to purchase the things that we need for them, like a bigger size PE kit for the older one, and for this one now as well.”

For the parents we spoke to, being affected by the 2CL meant that they faced tremendous difficulty paying their bills, providing their family with adequate clothes and food and keeping a roof over their heads. Parents explained how the struggle for basic needs meant families were living a much lower quality of life.

No safety net and borrowing to manage

Since being affected by the 2CL, combined with additional pressures like the cost of living crisis, parents were experiencing increasing difficulties with meeting essential expenses. As a result, parents found themselves running out of money before the month's end and having little to no savings to rely on. Some were forced to take on debts as a result, intensifying their state of financial insecurity. Nadia, an unemployed mother of three, with one child affected by the 2CL, explained:

“The majority of the time I'm in debt, because I'm unable to afford what they need. And sometimes I do it because they're my kids. I want them to have a childhood, you know?”

While many parents like Nadia had to borrow money just to cover regular expenses, others found themselves needing loans to handle unexpected expenses or significant one-time costs, as they were unable to create savings that could give them a financial safety net. Parents accrued different types of debt, including arrears from rent and utilities, credit card debt and overdraft debt.

As an unemployed mother of five, with two children affected by the 2CL, Laiba said it “maybe would be a bit more easier” if she received benefits for all her children. She explained how debt was a common part of her reality, more so than before:

“I don't know whether my kids are eating more, or what it is, but it's just – it is really hard. I would say for the past year, every month I'm overdraft, overdraft. So it's barely getting by, to be honest with you.”

Parents also explained how borrowing money just to get by worsened their families' ability to be financially resilient in the future. It often took years to pay off debts and

was stressful to manage repayments alongside everyday expenses. Caro, a mother of four on maternity leave, with one child affected by the 2CL, talked to us about the debt she has, and the trap posed by this debt. She attributed some of the reason why she had needed to take on debt to the impact of the 2CL:

“I think [the 2CL] it's caused a lot of people to have debts, which they don't really need because you still have to feed a family [...] if you have that financial help or well, however small it is, you know that you have help towards a child, it will limit you going into debt, and also help people improve their credit, like your possibility of borrowing when it's really needed, but now you're borrowing because you're trying to manage the situation.”

Caro made the point that the 2CL can contribute to a situation in which families need to borrow money to survive, rather than borrowing money in exceptional circumstances.

In summary, families impacted by the 2CL have experienced increased financial hardship since the policy's implementation and told us they were now “barely getting by”. Parents thought the 2CL had contributed to their worsening financial circumstances, and had also reduced their ability to cope in the future because they had needed to take on debt.

4.1.2 Lost opportunities for children

The key aim of this study was to explore how the 2CL might be affecting children's early learning environment and their access to early education. Based on parents' accounts, we found that the financial constraints families affected by the 2CL were experiencing often meant their children were missing out on various types of enriching early life experiences. Many parents felt that their younger children, who do not receive the child element of universal credit, had less access to such opportunities compared with their older siblings at the same age.

Reduced access to formal childcare

Given the financial pressures on families, as well as the high cost of childcare, we found that many parents in our sample had to reduce or eliminate childcare costs for their youngest children. To do this, some families sourced childcare from their extended family members, reduced their working hours, worked during unsocial

hours or used only the hours funded by the universal or two-year old entitlement to access formal childcare.³⁹

Although working families can claim back up to 85% of childcare costs through Universal Credit (up to a maximum of £1,630.15 for two or more children),⁴⁰ parents in our sample often said that they were either unable to afford the 15% of remaining costs or were unable to cope with the shortfall in funds while they waited to be reimbursed. Parents explained it could take a long time to organise repayments due to complicated and inflexible rules around claiming back costs, and that past experience of errors meant they couldn't rely on refunds.

Beth told us how childcare would still be unaffordable for her, even if she claimed the majority of the costs back through Universal Credit:

"For them [her two youngest children] to go full time, it was at £1,000 a month each. Even then, I would still have to pay £600 out of my own money even if they [Universal Credit] gave me 70%. I wouldn't have been able to do that, especially because of the two-child limit, I would've definitely not been able to afford the extra."

Meanwhile, Faith, a lone parent of three, employed part-time, with one child affected by the 2CL, told us about the difficulties she faced claiming back childcare costs. One month the dates she paid nursery fees did not coincide with Universal Credit assessment periods, which meant that she wasn't paid back for months and got into debt as a result. She explained how difficult that debt would be to manage in the long term:

"So I'm now like eight grand in debt basically to the nursery and I don't know how that's ever gonna get paid back unless I do like a 50 quid a month pay plan for the rest of my life."

As a result of these difficulties and the need to cut costs, families who used formal childcare often relied solely on their free early education of childcare entitlement. This limited the local nurseries these families could access, so that parents sometimes encountered difficulty with securing formal childcare that was good quality and met their needs. Zainab, an unemployed mother of three, with one child affected by the 2CL, tried to find a funded place for her son in a suitable local nursery, but they had no spaces available. She said: "like a lot of mums have said, 'Oh, there's no point in even going 'cause they turn you from the door 'cause they are oversubscribed'."

Working parents expressed a particular dissatisfaction with the nursery options available to them when using free childcare, due to the nurseries' inflexibility with the hours they could use (this is further discussed as an obstacle to parent employment in Section 4.2.3).

Parents' difficulties with affording childcare, or securing suitable childcare places using their free childcare entitlement, ultimately led to children's attendance in formal childcare being delayed or reduced. Many parents we spoke to told us they started their younger children (who did not receive the child element of Universal Credit) in nursery later or enrolled them for fewer hours per week, when compared with their older siblings.

Lauren was a mother of three who worked part-time and had one child affected by the 2CL. She explained that she and her partner had decided to change their childcare arrangements for their youngest child due to lack of affordability: "with my middle child I had been to nursery for four days a week, but now with my youngest child it's only two [days], and then my mum has him for two [days]". Another mother, Lotte, had three children and worked part-time. She told us that with the 2CL affecting her third child, her family is now only able to afford to send one of her children to nursery at a time and this delayed her youngest daughter being able to start at nursery.

While we cannot know if children's reduced hours in formal childcare is entirely due to financial limitations caused by the 2CL, some parents indicated that if they received the child element of Universal Credit for their youngest children, they would increase childcare spending, similar to what they did for their older children. For example, Niamh explained how "I maybe would've seen about more hours if I had more money to spare because then it would've been easier to pay the initial costs and then get it back after".

However, there were also parents who felt otherwise, explaining that they wanted to enjoy their children's early years by spending more time with them at home, instead of using childcare.

Fewer enriching early learning experiences outside the classroom

Beyond formal childcare, parents affected by the 2CL also described how their family's financial hardship was impacting negatively on other aspects of their youngest children's early learning opportunities. They felt that their younger children

who did not receive the child element of Universal Credit had been less able to take part in extracurricular activities, go on fun and educational trips and have resources or toys to assist with learning, when compared with their older siblings. Evelyn, an unemployed lone parent of three, with one child affected by the 2CL, told us, echoing many parents in our sample: “I feel like the third one misses out a lot, you know, the experiences and the amount of money I used to be able to spend on just two of them”.

The most commonly mentioned difference between the early learning opportunities afforded to younger and older children (aside from childcare) was participation in extracurricular activities. Cost was the primary barrier to young children accessing these learning opportunities. Ultimately, it was not only disappointing for children affected by the 2CL that they couldn't access the same level of resources and experiences as their older siblings, but parents also saw this as a lost opportunity for their younger children to have fun, learn crucial life skills and meet developmental milestones. Caro explained that she wanted her baby to have access to more learning resources, as “learning is quite a good thing at an early stage because it tends to impact the brain.” Meanwhile, Maira spoke about how she already observed differences in her older and younger children's socioemotional development, and attributed this to her younger children's limited access to certain learning opportunities:

“My older two children were able to get more access to clubs and stuff like that so they are a bit more extroverted [...] with the younger two you can see that they're more – how can I explain it – they're more introverted as in like they're just more kept to themselves a bit more in that sense. Because they do not get the extra support on the things they want to do or play with, they are just more lacking in skills from my sense of what I could do as a child.”

Many parents saw the 2CL as related to missed opportunities for their younger children. For instance, Zainab explained that the absence of additional financial support for her youngest child limited their access to commonplace enriching early experiences:

“Because we haven't got that extra little bit of income, even simple things like going on days out, we're definitely doing that a lot less than we did with the first [child], even the second.”

In summary, for families in our sample, children affected by the 2CL are experiencing an early childhood that lacks the same enrichment as their older siblings. Parents attributed this difference in the home learning environment of children in the same family to an increase in financial constraints due to the 2CL. They also raised the concern that their youngest children losing out on learning resources and enriching experiences meant they hadn't received as much investment in their early development.

Lost opportunities for all children in the family

Parents in our sample told us that, with less money to go around, their older children also now had fewer enriching opportunities to grow and develop. Evelyn said that all of her children were being impacted by their inadequate income:

"Then the other two have to have less spent on them than they [normally] would. So, it's like dividing it into smaller amounts and none of them are really getting everything they need."

Maheen described the difficulty of trying to provide for all of her children and give them opportunities to grow and develop, while spreading the same resources across more children:

"And I try to be fair with all of them so they all get equal opportunities. I'll do classes for one, I'll make sure she gets her extracurricular stuff. I'll make sure the other one does it as well. I buy one thing for one, I need to get one...I need to make sure it's fair, that all of them get something of similar value. And it's difficult because then it's like you can't make all the ends meet."

Solai told us she was unable to afford 'little things', much less learning opportunities for all her children:

"I've been literally skimping. So, a lot of the activities, that's why when you said [what activities do you do with your children], I thought, oh I don't really... 'cause he'll [her second youngest child] will always say to me, 'Mummy, why are you broke?' [...] It's [Transitioning to Universal Credit and the 2CL] definitely having a knock-on effect because the activities we would have done, even little things, like, going out for a meal, just those little, kind of, treats or going to McDonald's after school or us saying, let's drive to [name of seaside town], petrol in the car, so, yeah, just the knock-on effect of those things, we're not really doing."

Lotte made a direct link between the 2CL and her children's learning, explaining that the lack of extra financial support for her third child "impacts education-wise." This is because "[I] don't have the money to take them places to experience education like science shows or museums and things like that." According to parents' accounts, the additional financial constraints imposed by the 2CL could be hampering the education and development of all children in affected households by decreasing their access to enriching activities.

Parents also discussed how they believed their low income was affecting their children's social development and emotional wellbeing. In many cases constrained family finances were reducing their children's opportunities to socialise, and this was affecting their older children as well as their younger children. Naisha, a mother of five, employed part-time and with two children affected by the 2CL, told us about her older son's distress that he could not attend his friend's birthday party:

"Because what happens is you get invited and you have to take a gift, isn't it, you can't go empty handed, you have to buy clothes for yourself, your child, it's like no, you can't do this[...] Because my older son...he obviously wants to go out, he wants to go to the friend's party [...] I have to explain to him that you can't because we don't have that kind of money. It's a hard decision to make when you want to see your child happy."

Naisha's story not only tells us about the extent to which some parents impacted by the 2CL may be having to cut spending, but also the degree to which their children might be denied normal social experiences, such as going to a friend's birthday party.

Solai, a part-time working mother of four, with one child affected by the 2CL, explained that her children were missing out socially, which had a knock-on impact on their wellbeing because they didn't have the same spending money as their peers:

"It [The 2CL] does affect the children. I do think it affects them mentally. They're definitely not the same as maybe their peers, as with parents, like, their confidence as well, like, I would definitely say my son might not want to go to town with his friends because he would need to ask me for money to get there or to spend when he's down there."

A few parents expressed concerns regarding their children being stigmatised or feeling different from others in their peer group, because they were not able to afford things that other children have. For Ruth, an unemployed mother of four with two children affected by the 2CL, this included the fear of her children being ostracised for not wearing branded school uniforms. She explained: “it’s difficult when you can’t afford it because [the children] just stick out like a sore thumb.”

Many of the parents in our study underscored the emotional toll of limited finances on their children. As well as encountering challenges in socialising and integrating with their better off peers, parents felt that their children’s awareness that they were missing out on enjoyable and significant experiences was having a negative impact on their wellbeing.

4.1.3 Lowered parenting capabilities and parental mental health

Another aim of our study was to understand how the 2CL might be influencing parenting in affected families. Parents in our study emphasised how financial stress, due to the 2CL and other financial constraints, was negatively impacting their capacity to be the type of parent they wanted to be. Parents spoke to us about how their role as a parent who could provide for their children was being undermined, their mental health was worsening and their ability to work was limited. Amid these negative experiences, parents’ unwavering tenacity in supporting their families was apparent.

Undermining parenting capabilities

Parents spoke aspirationally about the kind of parent they wanted to be – one who always provides for and supports their children and sets them on the path for success. However, our discussions made it clear that parents thought their constrained finances were limiting their ability to parent effectively in a number of ways.

Firstly, parents thought the 2CL was subjecting them to unnecessary financial stress, making it significantly harder to fulfil their role as a provider. Niamh explained how: “being a parent is stressful enough without having to worry about money and finances”. She said that removing the 2CL would “give the families more breathing space and it would help them to clothe and feed and educate their children better”, especially amid a cost of living crisis.

Secondly, the parents we interviewed who were affected by the 2CL had to focus on cutting their spending and therefore couldn't invest in their children's opportunities and futures in the way that they wanted to. Maheen expressed the wish to be: "genuinely invested in our kids, that they'll get a better life and maybe they could have more opportunities." She voiced concerns that her children would become stuck in their current reality of financial hardship: "whereas now it's like they've got this scrimping saving kind of mentality [...] It'll affect them in the long run. They'll just end up in the same cycle as us".

Finally, parents felt that the 2CL was having a disempowering effect on them, and undermining their role as a parent by reducing their ability to provide for their children. Naisha explained: "when it comes to [the] child the parents should feel that they're in power, they can help the child meet their needs". She felt the 2CL took this power away from parents – rather than "eliminating the problem, this [the 2CL policy] just causes more problems".

In summary, parents in our study expressed aspirations to be supportive providers and to guide their children to success. However, the 2CL was perceived as a hindrance to parents realising their capabilities, by creating additional financial stress, curbing investment in children's opportunities, and diminishing parents' agency. Parents were not only concerned about their current ability to fulfil essential parenting roles but they also worried about the lasting impact that growing up in financial disadvantage could have on their children's future wellbeing.

Harming parent wellbeing and mental health

Perhaps connected to the feelings of powerlessness Naisha described, parents in our sample discussed the strain that their financial hardship was placing on their mental wellbeing.

Throughout our discussions with parents about their experiences of the 2CL, stress emerged as a recurrent theme. Parents described how the challenge of providing for their children under increased financial pressures caused them constant stress and worry. Naisha experienced anxiety during her pregnancy as she tried to figure out how to cover the impending increased costs associated with having an additional child. Lotte felt stressed "trying to balance and juggle everything [...] we're not left with a lot at the end of the month". Tiffany explained how she was trying to protect her children from the stress caused by their financial circumstances:

“I can't show it to the kids, if you get what I mean. You have to just put a mask on and just carry on”.

Some parents discussed their concern about the knock-on effect of their poor mental wellbeing on their capacity to parent effectively. One of our participants was Bianca, a part-time working lone parent of three who had a chronic health condition. Bianca shared her experience of discovering while she was pregnant that her third child would be affected by the 2CL, and her fears that the stress she experienced during pregnancy might have impacted on her unborn baby:

“And then I was unhappy it affected my pregnancy, I was stressed, I was unhappy, worrying, which will probably have had an impact on him because he was inside me, growing.”

Evelyn also spoke about how the stress caused by financial pressures reduced her capacity to focus on practical tasks, such as accessing childcare:

“You actually feel more stressed, so you don't wanna try and sort anything outside; you're just trying to concentrate on surviving really with the amount of the money that you get.”

In addition to experiencing financial stress, many parents also described struggling to manage the guilt and sadness that comes with having to repeatedly deny their children, especially their youngest, opportunities, experiences or resources they can't afford. Lauren explained: “I do feel guilty, in effect, that he [her son] hasn't had the same experiences that the other two [children] have had because there's less money. We've had to tighten up.”

Some parents felt that their financial pressures had had a negative impact on their mental health or had exacerbated pre-existing mental health problems. Beth explained how hard it had been to cope with the 2CL as a lone parent raising five children in the aftermath of splitting up with her partner; this “put more pressure on because everything was on me then. There wasn't any other benefit. There was nothing else really to apply for. [...]so I ended up going through depression. I'm still kind of battling it now”.

Evelyn and a few other parents spoke about how mental health problems such as anxiety can make it even harder to effectively handle financial pressures:

"I suppose it impacts on you emotionally that you can't always do what you wanna do for the child and it's harder for me to juggle all the bills and everything else. You just have to really budget. I have anxiety as well, medical condition, so I'm not always good at budgeting and that makes it more difficult 'cause you don't get any extra money at all, you don't get any extra help with housing or any part of it really. I get £13 a week for the third child and that's it. So I have to use the other money for him really as well. So it does get you down."

Some parents mentioned how they had to make sacrifices and neglect their own needs to make sure their children could have what they needed. For many parents this meant they weren't able to eat properly or buy clothes when they needed them. Naisha explained that she was "eating less, even maybe skipping some meals, not buying clothes". Maira explained how "as a parent you don't want to deprive your child in any way. [...] because of the financial strain, sometimes I cut back on my own meals, or I cut back on my own needs in certain areas just to make sure that my children are provided for at the end of the day". Parents' prioritisation of their children's needs meant that, in many cases, their own most basic needs were not being met, with inevitable impacts on their own wellbeing.

Parents' ingenuity and resilience

Despite facing immense financial pressures and experiencing a range of negative effects on their wellbeing, parents displayed a high level of resilience and tenacity to provide for their families. Sharmin, a part-time working father of four, with one child affected by the 2CL, told us how determined he was to manage: "the electric is killing me and the food prices, god almighty. It's too much. But guess what, [...]. I'm coping. I'm managing, [...] I'm managing, I have to, there's no other way. I have to manage, I have to put food on the table".

Sharmin's determination was echoed throughout our sample, and the parents we spoke to shared a range of strategies to make ends meet. They described how they found different ways to maintain a tight budget and cut spending to the bone as well as to increase their income. This included:

- limiting their travel, outings, food and clothes shopping

- sourcing cheaper alternatives for childcare, food, school supplies and clothing, such as buying second-hand or buying from lower-quality and cheaper brands
- selling assets, such as jewellery
- accessing charity provision or financial help from others
- planning far in advance to purchase necessities for their family (such as school uniforms)
- finding or creating free activities for their children
- finding ways to reduce additional costs on days out (such as packed lunches)

Overall, discussions with parents about the strategies they employed highlighted the significant time and effort they invested in trying to make ends meet for their family. For example, Naisha spoke about how she planned to manage the additional costs associated with a newborn (who would not be eligible for the child element of Universal Credit due to the 2CL): “more thinking, more planning about where I'm gonna get nappies from. Are there places where I can get nappies for free? Clothes – there's places like churches and stuff that give donations, they have food donation, they have clothes donation. So try to pick and find those places”.

Beyond their children's basic needs, parents were also determined to support their children's learning as best as they could. Many parents understood the value of investing in their children's early years and tried to help them access a range of experiences. Zainab explained: “it's important for children to have these opportunities so that it helps them when they start school”. Parents tried to take an active role in their children's learning by reading to them and building their early literacy skills, exploring nature and giving them opportunities for experiential learning, as well as painting and drawing.

While many parents showed a strong commitment to promote their children's learning, there were limits to what they could achieve in their extremely challenging financial circumstances and they highlighted to us a range of ways their children had lost out on key early learning opportunities (as seen in Section 4.1.2). The majority of parents expressed a strong desire to do more for their children, and said that this would be best facilitated through greater financial support and better access to local services for children and families, including good-quality childcare.

Despite their best efforts, the parents we spoke to were often feeling stretched and overwhelmed and fearful of what the future might hold for them and their families. For example, Maheen feared that it was only going to get harder to make ends meet as her daughter grew up:

“For us it's been difficult. It's becoming increasingly difficult as our littlest one, she's getting older and older, so her needs and her requirements and her expenditure has become more. [...] like it's starting to creep in more and more that it's actually quite a big toll.”

In summary, parents in the study highlighted the mental strain of financial hardship, yet demonstrated resilience through a range of coping strategies. They emphasised the urgent need for increased support and improved access to services to enable better outcomes for their families.

4.1.4 Constraints on parents' employment choices

In response to these severe constraints on family income, an obvious solution might seem to be for parents to increase their income via paid employment. However, we learned from parents in our sample that they faced a range of barriers to entering or reentering the workforce.

Among those who were not in paid employment, a few were unable to work because of poor health or disabilities, or because there were simply no job opportunities near to them. Some mothers also chose not to work, or reduced their paid hours, because they felt their very young children needed their care or they wanted to spend more time with them during their earliest years.

However, the most frequently mentioned constraint on employment choices for parents in our study was the lack of affordability, availability and suitability of childcare. In order to enter the workforce, parents needed to source childcare. As mentioned in Section 4.1.2, formal childcare was often unaffordable and inaccessible to parents in our sample.

Moreover, parents in our sample emphasised that when childcare costs were taken into account it often was not financially viable to return to work; this was particularly the case for families with more than two young children not yet at school. For instance, Ruth told us she would like to return to work but felt it was “impossible” with four children including a baby, as the childcare funding available to her fell short of

her family's need. She explained how the funding available to her only covered 85% of her childcare costs, "so when you're really barely making ends meet [...] realistically £500 [85% of childcare costs], it's not going to cover that for me to go back into work [...], we've looked into the cost of that already".

Thus, families can potentially be affected simultaneously by the benefit cap, the 2CL, and the limits on how much of their childcare costs can be reimbursed via Universal Credit. Working out whether work pays in these circumstances is complex for parents and many like Ruth have calculated that it is unaffordable to work. Additionally, as explained in Section 4.2.2, several parents reported the challenges of reclaiming childcare costs through Universal Credit. Trudi explained how, altogether, these challenges mean that it is financially unrewarding to be in work. After paying upfront for her youngest child's nursery fees for two mornings a week, they are "left with 100, 200 pounds, if that, after going to work all month and it is gutting". Additionally, after receiving 15 payments of Universal Credit, she found that 12 payments were incorrect, and "it took several weeks to get the money back what we'd paid for the nursery".

When families chose to rely exclusively on government-funded childcare hours due to the challenges involved in claiming back childcare costs, the insufficiency and inflexibility of government-funded childcare hours were also a barrier to parents in our sample being able to work. Maira explained that the 15 hours of childcare they were entitled to for their youngest child (offered in three-hour blocks) were not enough to enable her to work part-time:

"She goes in [to nursery] three hours. There is no employer that will employ [me] for three hours, and then the travel and then, even with the support of family and friends, it's just not ideal anyway, so that it's put me in a position where I can't even work and I'm still not even getting enough to help my children."

Parents told us that the types of nursery places available via government-funded entitlements were limited by what the providers were willing to offer. Terms were often dictated by the nurseries rather than the families' needs: parents could only have exactly 15 or 30 hours, only half days or only whole days, term-time only, or particular days, etc. This inflexibility often left working parents in our sample with childcare at times they couldn't use it, or without childcare when they did need it.

For some parents affected by the 2CL, the complex (and insufficiently generous) system of childcare subsidies makes it very hard for them to afford the childcare they would need to allow them to work and traps them in poverty. Ruth explains:

“Fair enough it’s our choice to have the children, don’t get me wrong there, but when they’re putting so many roadblocks in our way to get to work...it’s not long I’ve been out of work and I would love to go back but, financially, it’s not looking like it’s going to happen unless I get a job at home.”

4.1.5 Factors mitigating or exacerbating the effect of the 2CL

Parents described a variety of different factors they thought either lessened or worsened the impact of the 2CL and limited finances on their families. Our analyses also revealed instances where particular groups of participants were more or less likely to mention specific challenges they were facing. The main examples of demographic and contextual factors that appeared to either mitigate or exacerbate negative effects of the 2CL are summarised here.

Access to neighbourhood and community resources

Some parents benefited a great deal from access to support in their community; for example, they could access free household goods from a local charity or church. Some parents also named free local services such as libraries, baby and toddler groups, stay and plays and provision by schools or community groups as opportunities to broaden their children’s experiences and early learning opportunities, despite limited finances. However, the majority of parents we spoke to had little or no access to free local activities and amenities. Tiffany told us that raising her youngest child was different compared with her older children because there was “literally nothing to do”. Parents living in rural areas particularly emphasised challenges with accessing community support. Lotte explained that funding cuts to after-school activities meant that “there’s nothing, nothing for children to do, definitely in the countryside, nothing”.

Support from extended family

Parents who had support from extended family (including financial support, gifts of food, clothes or childcare), said that this helped them to cope with their limited incomes. For example, Bianca, a lone parent of three with one child affected by the 2CL, was battling a chronic illness that hindered her ability to work. Bianca explained

that substantial financial, emotional and practical support from her extended family made a huge difference to her ability to cope: “I’ll come home and my mum’s put stuff in the fridge or the freezer [...] They help out with childcare, especially when I’m in pain”. Some parents also described how being able to borrow money from their family members allowed them to make ends meet when things were especially tight. Amelia said:

“My mum still, like, helps. ‘Mum, have you got a tenner? Mum, have you got £20?’ Then I’m like to the kids, like, ‘Ring nanny, see if she’s got £20’ like to put [on] electric and things like that.”

Ultimately, parents who didn’t have access to this type of family support explained how difficult it was to manage without it. For example, Anna explained that her parents lived too far away to provide childcare to help with high costs, while Maheen felt isolated because she lived far away from her family.

Lone and dual parent households

Compared with parents in dual-parent households, lone parents in our sample were more likely to mention experiencing financial insecurity as a result of the 2CL. They spoke about being in debt, food insecurity and difficulties meeting basic expenses more so than parents in dual-parent households. Many lone parents also directly spoke about the challenges of being one person and providing enough. Faith, a lone parent of three, told us that, given her experience of coming from a dual-headed family and still struggling financially, she “can’t fathom the idea that I might be able to provide enough”.

Family size

In families of all sizes, parents reported adverse impacts of the 2CL on their family’s financial capabilities and resources. However, families with four or five children seemed to be facing greater financial difficulties and food insecurity compared with families with three children. Parents with more children were also more likely to comment that it was hard to provide enriching activities (including family outings) due to the high costs involved. Laiba explained: “having five kids, every time you try to book something, like just a normal activity, just taking them somewhere fun, it comes up to, like, £100, more than £100. It’s just not doable. You can’t do it”.

Children with additional needs

Around a third of the parents we spoke to mentioned that at least one of their children had additional needs, although not all children had received a formal diagnosis. Parents who had children with additional needs said that this caused additional expense. For example, Beth had to spend more on her son's clothes and personal hygiene due to his additional needs. Parents also explained that they had more difficulties in accessing suitable early childhood education and enriching learning opportunities for their children with additional needs.

Parent disability

Nine parents we spoke to disclosed having a disability. These parents described how managing on a very low income could be particularly challenging in the context of their disability. For example, some parents had difficulty budgeting and managing financial stress when coping with mental health difficulties or experienced a reduced ability to work due to long-term illness.

Minority ethnic families

We chose our sampling strategy to ensure that particular minority ethnic groups were represented and we could learn from their experiences of the 2CL. Some parents with Black or mixed children mentioned having difficulty finding services and education for their children that were diverse and representative. For these families, this compounded the broader problem of lost opportunities for their children. Faith told us: "there are not currently any really accessible inclusive spaces that I feel like I can take my children to. I generally take them out of [the] area to do stuff like that". Faith also explained that she felt under pressure to spend money to ensure her children were well turned-out at all times, out of fear of racial prejudice that could lead to her family being judged: "like white mums have the privilege of going to a playgroup with their kid looking messy and wearing odd socks and odd shoes and look a bit quirky and cool. Like if Black mums do it, we get more concerned, we get more referrals to social services".

Parent employment

Regardless of employment status, parents were likely to report that they were experiencing substantial challenges in making ends meet. However, a higher proportion of unemployed participants mentioned they had trouble affording basic necessities and had to maintain a very tight budget. Unemployed parents were also

more likely to report that their children had limited early learning opportunities, such as extracurricular activities, toys and trips, and this was particularly likely for the younger children affected by the 2CL.

4.2. Parents' views on and understanding of the two-child limit policy

Across the interviews, we were struck by how strongly parents felt about the 2CL policy. Many articulated their wish for the 2CL to be modified or reversed, arguing that the policy is unfair and punishing to children. We also learned that the 2CL was likely to be reducing parents' ability to invest in their children's early development; if they were not affected by the 2CL, then parents would spend this additional income on improving their children's quality of life and offering more enriching learning opportunities.

4.2.1 An unfair policy

Parents' views on the fairness (or unfairness) of the policy were often quite nuanced and showed a strong awareness of the wider public discourse on welfare spending. Several parents commented that they understood the need for some restraint on welfare spending overall, and that there was a need for the Government to consider the fairness of the welfare system as a whole. However, parents also felt that it was deeply unfair that the policy did not take into account families' individual circumstances, or show compassion for the suffering experienced by larger families who were now living in severe poverty. The tension between these perspectives is illustrated in Dior's statement:

"So I think I get that there are people that just having kids and having kids and having kids why they've put this two children limit in place, but I think it needs somebody with human compassion to just be able to look and be like, okay cool, this is not somebody who literally just keeps having kids because it's the best way they can get thousands and thousands of pounds a month. They genuinely are doing the best that they can, they help themselves and it's the little bit that we can do."

Milie also acknowledged the motivations behind the policy (to reduce the public deficit) while emphasising that the Government's decision to reduce public spending via the 2CL had been personally catastrophic for her family:

“My partner and I are both educated to postgrad level. We've both got, what on paper, are really good jobs. We've both worked hard to get them. Yet, we...our outgoings are more than our incoming each month. And there is nothing we can do about it. And it's just because of spiralling costs in the country, obviously, but it's a nightmare situation to be in.

And I think maybe once upon a time, before I was a parent in this situation, I might have thought the two-child limit was fair enough, and in some ways it is, I understand there's gotta be a cut off but our lives are really, really difficult at the moment, and that's not the children's fault. I don't think it's ours either.”

For Dior, Milie and many of the parents we spoke to in this study, the 2CL was felt to be deeply unfair because it denies support to parents who are doing the best they can to provide for their families, but whose children are suffering because their income is insufficient to meet their most basic needs.

Some parents also felt it was unfair that the 2CL was applied to their youngest child even though they were currently in work and/or had previously contributed as a taxpayer. Dior told us: “I did think a little bit about it and I've worked all my life, I've paid my taxes so why should I not be entitled to it [the child element of Universal Credit for their youngest]”.

Part of the tension between the fairness and unfairness of the policy was also related to parents' prior knowledge of the 2CL before they were affected. Several parents hadn't known about the policy until it affected them, and some were still unsure exactly how it operated and asked the interviewers for additional information or advice. Parents were less likely to know about the policy if they had no previous experience of the benefits system. For example, Amelia only realised she would be impacted by the 2CL after the birth of her youngest child, as she transitioned onto benefits during her maternity leave: “do you know what? It's [I found out about the 2CL] when I first had [name of youngest child]. That's because I wasn't on benefits. Yeah. I wasn't on benefits before”.

We also learned from parents that their relationship breakdown and/or the loss of a job or a reduction in working hours had unexpectedly brought their family into the benefit system. Ionie, for example, made a new claim after she separated from her children's father, six months after her youngest child was born. Sharmin, on the other hand, explained that his employment circumstances changed, which dramatically reduced his family's income:

“If I had my full-time job, trust me I probably wouldn't be on universal credit; 'cause I've got my full-time job, more money. But quite a large chunk's been taken out from my wages so I'm left with not much. Not much. Less than half I'm getting.”

In addition to changes in employment or relationship breakdowns, several parents reported that their last pregnancy was unplanned. In these instances, parents felt the 2CL was very unfair because pregnancies can still occur unintentionally despite parents actively engaging in family planning measures. Naisha told us:

“Even with contraception it [getting pregnant] can happen so [...] It's like they're forcing people like.. you can't afford to look after your child financially so you have to have an abortion, it's kind of like forcing people to go towards that.”

There were a few stories shared about parents having contemplated having an abortion. Bianca told us about her struggles with fertility, and why she decided not to have an abortion for this reason:

“How am I gonna afford this, should I have an abortion? But then I was like, no, because you were told you can't have children so you're having this child for a reason, hopefully to change the world I don't know. But it did make me have some serious thoughts.”

It is worth noting that while many parents did not know about or fully understand the policy, a small number of parents had been able to consider it in their decision-making about having more children. For instance, Maheen explained that although she and her husband knew about the policy and its implications from the birth of her first child, “because we wanted a big family, we still decided to have another child, even though financially it's difficult”.

Parents also perceived that the 2CL was unfair in the way it was implemented. Parents were acutely aware of the arbitrary cut-off of April 2017; if the baby was lucky enough to be born before this cut-off then the 2CL would not be applied. Malia told us: “my nephew was born six weeks [earlier], so my sister-in-law actually was able to get it for three children and you can tell the difference. It's really difficult to...buy whatever you need to do for four, but you've only got the finances for two”. Similarly, Ruth expressed her frustration at the impact of the policy on families whose babies were born after April 2017: “everyone prior to 2017, they're still allowed that

[financial support] because they weren't affected by the change but that's not fair on the newer families". One parent also observed the luck of other people whose third child was part of a multiple birth, which meant they were exempt from the policy.

Mothers also shared heart-wrenching stories of being faced with the difficult decision about whether to register their child as a non-consensual birth using the exemption in the 2CL policy sometimes referred to colloquially as 'the rape clause'.⁴¹ They highlighted the lack of transparency around the process of applying for this exemption, and explained that a mother might choose not to apply for it due to feeling vulnerable, misunderstanding what constitutes rape or even due to the fear that their child might later find out that they were conceived as a result of rape. Maira explained in her interview that her third child had been conceived due to marital rape. She spoke about the lack of support she received during the process of applying for the exemption and how she eventually abandoned the application as a result:

"I did have a lot of questions at that time. I did try to engage with the benefits but unfortunately because it was such a vulnerable type of position I was in at that time they were looking for more detailed evidence as in police reports, references. The other thing that really got me was that there wasn't much communication. When you're trying to get an interview with the benefits to explain the situation that you are in it's just not looked upon so it's kind of brushed off a little bit. That's how I felt at that time. I just got a bit brushed off like I wasn't able to access any form of support at that time."

Faith spoke passionately about navigating the general misconceptions around applying for the exemption:

"I think one thing that's quite a big stigma for women is that when it was brought in [...] it was called like the rape clause. I think it makes a lot of people think that like you'd only get that funding for your child if you were raped like by a complete random stranger in the street...do you know what I mean? [...] I didn't know that until a few weeks ago, but I thought it was like, you don't get that unless you were like raped at gunpoint, should we say. But it actually can exist in relationships."

It was a common view among the parents we interviewed that 2CL was unfair because its implementation does not show compassion for the tough choices, bad

luck or personal traumas that may have led to them having children who were ineligible for welfare support.

4.2.2 A policy that punishes children

Parents also expressed sadness that they felt the policy was unfairly punishing their children. Malia said: “it’s almost like you’ve been told off or punished for having more than two children”. Meanwhile, Caro expressed her dismay over the policy valuing some children’s lives less than others:

“I believe each child needs something, all humans should be equal. If you feel like you’re restricted from something, you also feel like, that you’re not part of the living, that you don’t matter.”

Bianca was horrified that her child’s life seemed to have been devalued by the 2CL policy: “it’s disgusting. This is like a life, isn’t it, how can you penalise someone for that”.

Lauren spoke to us about the important role of the child element of Universal Credit in providing for her children. She felt that the government “could make cuts in other places”, given that the money wasn’t there “to line our pockets” but to “help raise the children. Buy things for the children, nappies, things to enhance them and give them the best upbringing”.

Millie also expressed concern for the potential long-term impact of the policy on her children’s future:

“At the end of the day the people that it [the policy] affects the most are the children, and it’s not their fault...And it just means that we are setting some kids up to be disadvantaged, or to have a harder life, or not to have the experience that others do for factors that are way beyond their control or influences.”

4.2.3 A policy that reduces investment in children’s early development

When we asked parents about what they would do if they were to receive the child element of Universal Credit for all of their children (worth approximately £250 per child per month), they described an increased capacity to meet their children’s

needs, and to provide them with opportunities they were currently missing out on. Parents told us that they would use this additional financial support to not only meet the basic needs for their family but to also:

- enrol their children in paid extracurricular activities and after school clubs, such as sports and music classes
- enrol their children in additional hours of formal childcare
- take trips to outdoor places in the UK
- take trips to educational or fun play-based spaces and attractions
- secure tutoring or additional support for their children in difficult subject areas
- purchase educational toys or learning resources
- purchase resources for educational activities at home
- purchase resources to equip them for school, such as uniforms or shoes
- provide more opportunities for their children to socialise with friends/family

Maheen explained that if she were to receive the child element of Universal Credit for her third child (who was currently ineligible), this would make a big difference to all her children as “the extra money would be more for [the children’s] development. It’d be like a little bit [of] extra surplus instead of always trying to make ends meet”.

5. Discussion of findings

5.1 Summary of key insights

The findings from this study suggest that families affected by the 2CL are experiencing severe financial constraints that have far-reaching impacts on their lives. Moreover, the main themes that emerged from interviews with parents include: financial hardship for families, diminished opportunities for children to learn and play, lowered mental health for both parents and children, decreased parenting capabilities and constrained employment choices for parents.

Parents were struggling to afford basic necessities for their family, which had led to many falling into debt in order to cover their monthly living expenses, despite their efforts to cut spending, increase their working hours, and/or seek support from family. As some parents anticipated that their children's needs would only get more expensive as they grew older, and feared that without additional financial support, they would not be able to make ends meet in the future.

The financial insecurity parents were experiencing meant that their children were losing out on opportunities for socialising, family trips out and taking part in enriching early learning activities. Parents felt that they could not afford to meet all their children's essential needs, and this caused them stress and anxiety, as well as undermining their ability to be the parents they wanted to be. We learned that if families had a strong network of extended family members or good access to neighbourhood resources, this could help to protect their children from some of the negative impacts of living on a very low income. Conversely, when families were larger, when they lived in a rural area, were socially isolated or had poorer access to local resources, they were more likely to feel that they were struggling.

A key finding from the study is that 2CL is not operating in isolation; families with young children are experiencing a range of constraints on the resources available to them, including the benefits cap, the rising cost of living, reduced access to public services and huge challenges with affordability of childcare. Parents had seen a reduction in local services such as children's centres, stay-and-play groups and youth services. This meant there were fewer free or subsidised services that parents could access to support their children's early learning and development and fewer opportunities for both parents and children to socialise. Despite this, the parents showed resilience and resourcefulness, and were proud to be doing their best for their children. Many were going without basic necessities for themselves, including food and clothes, so that they could spend more of the family budget on their children.

Parents were concerned that their children were having to grow and develop under increasing financial constraints. Parents had a strong grasp of the key skills their children need to learn to be school ready and they were very committed to supporting their children's learning in myriad ways. However, due to their constrained finances, parents felt limited in the opportunities they could provide to their children to support their development. The parents identified differences in the opportunities their younger children had in comparison to their older siblings who

were not affected by the 2CL. Their younger children had less access to enriching early learning activities and resources, such as sports and music classes and educational trips, as well as less time spent in formal childcare before they started school. Some parents thought that all their children had been impacted by their more constrained family budget under the 2CL; for example, they spoke about how their older children's mental health was affected because they had less money than their peers and missed out on social activities as a result.

Parents also reported that their family's insecure financial position was impacting on their own mental health and wellbeing. Parents described the mental toll of constant financial pressures and of being limited in their ability to provide for their children and be the parent that they wanted to be, despite their unwavering efforts. Parents affected by the 2CL often reported increased stress and worry, while some also described feeling guilty that their younger children couldn't experience the same opportunities as their older siblings. Some parents discussed how they were experiencing worsening mental health as a result of being under intense financial pressure and described how these difficulties made it even more challenging to cope as a parent.

Findings from the interview data identified a range of contextual factors which, when combined with the 2CL, could be contributing to particularly challenging circumstances for families. Some of the factors that seemed to be associated with families having a harder time included a lack of family and community support, living in a lone parent household, having children with additional needs, having a minority ethnic background, being in a larger family (with four or five children) and having at least one parent in the household who was unemployed.

Overall, when parents were asked for their views on the 2CL policy, they said that it is unfair, it punishes children and it reduces the investment they can make in their children's early development. Parents thought it was unfair because it felt arbitrary and unavoidable. Some parents were affected by the 2CL policy as a result of unplanned or coerced pregnancies, relationship breakdowns, or other unexpected changes in circumstances. Few parents had chosen to have an additional child while already receiving Universal Credit and knowing they would be affected by the 2CL. Parents said that the 2CL felt like a punishment that fell on children, because it was the children who were missing out on educational and social activities their older peers and friends had benefited from. Some parents affected by the 2CL who wanted to work (or increase their working hours) to improve their financial position

also discussed how difficulties accessing suitable childcare were a barrier to employment. Some parents found childcare to be unaffordable even with the subsidy offered via Universal Credit; others found the process around reclaiming child costs too burdensome or unreliable. Parents who were using their government-funded entitlement sometimes reported that they weren't offered sufficient funded hours to enable them to work, or the hours they were offered (such as mornings only) were not compatible with the employment options available to them.

5.2 Implications of the findings

This qualitative study involving parents affected by the 2CL has found that parents are reporting severe financial disadvantages that are often impacting on everyone in the family, including parents, their youngest children (to whom the 2CL is specifically applied) and older siblings. As family resources are substantially more constrained than they would be without the 2CL being in place, parents are having to make tough decisions about prioritising their family budget. These findings reflect previous research, such as the Larger Families project,²¹ which identified that parents affected by the 2CL are experiencing financial hardship and are unable to afford basic necessities for their family. Like the Larger Families project, the current study also found that parents affected by the 2CL experience barriers to improving their income via employment due to practical challenges such as accessing suitable and affordable childcare. Similarly, for parents in our sample, the 2CL often did not influence a parent's decision to have a third or fourth child. This is because families often had unplanned pregnancies, entered the benefits system after having their third child or did not know about or understand the policy until after they were pregnant.

This study adds to previous research by also gaining deeper insights into how the budgetary pressures experienced by parents affected by the 2CL may be influencing their children's early development before they start school. Existing research has shown that there is already an income gradient in children's cognitive development and socio-emotional development by age three,³ with poorer children experiencing poorer development, and average child outcomes increasing in line with higher family incomes. Additionally, theoretical understanding of the relationship between family income and children's development suggests that a family's resources might influence child development through several different

pathways. First, parents with higher incomes can invest more in goods and services benefiting their child's development (the investment model) and second, parents with more resources may experience less stress and mental health difficulties, enabling higher quality parent-child interactions (family stress model).⁵ as summarised in 6

Our qualitative research with parents affected by the 2CL provides evidence to support the likelihood that the severe financial hardship they are experiencing could be impacting negatively on children's early development via either or both of these two routes. In this study, parents affected by the 2CL told us that their financial challenges mean they have been less able to invest in goods and services that could benefit their children's early development. Parents also reported stress, worry and poor mental health, which they felt was potentially impacting negatively on their role as a parent. Despite their resilience and strong efforts to provide for their families, many of the parents we interviewed felt demoralised, guilty and exhausted from the financial pressures they were facing.

5.3 Strengths and limitations of this research

The study's strength lies in the rich data collected through in-depth interviews with parents from across England in a variety of contexts, providing personal perspectives from those with lived experience of the policy. This valuable information serves to contextualise the complexities surrounding the impact of 2CL on families. In line with our intended sampling, we were able to recruit participants from minoritised groups, and with a variety of employment conditions, family size and types of housing tenure. We spoke to two participants with recent experience of living in temporary housing and two fathers. Our qualitative research will be strengthened by the second part of this study involving quantitative analysis of data from the National Pupil Database, and together we hope that these two strands of research will build a fuller and more broadly representative picture of the educational impacts of the 2CL.

Some of the limitations of this research derive from the use of a largely online strategy for participant recruitment, potential social desirability bias and English-focused geography. Parents recruited for this study may have been unusually skilled at finding ways to increase their family income and may not therefore be fully representative of the larger population of parents affected by the 2CL. This online recruitment strategy may also unintentionally have dissuaded parents who were not comfortable communicating in written English from taking part. Although we used

short, plain English recruitment materials and a video introduction to reduce this bias, we accept that it is likely to still be present. Another potential limitation was the likelihood that participants will have been influenced by social desirability bias, meaning parents may have felt inclined to answer the interviewers' questions with socially acceptable or desirable responses. Finally, as this research was conducted in England, it only reflects the experiences of parents living in England. Given policy differences in the other UK nations, the findings from this study cannot be generalised to Scotland, Wales or Northern Ireland.

6. Conclusion

The findings from this study suggest that the 2CL policy is at risk of impacting negatively on early childhood development through several different potential pathways. Firstly, parents affected by the 2CL have fewer resources to invest in their children's early development, including in areas such as good quality food, resources such as books and games, access to extracurricular activities and family trips, as well as access to childcare. Secondly, parents affected by the 2CL often experience severe stress and worry due to their constrained resources, and some parents perceive that this has contributed to poorer mental health and impacted negatively on their parenting. Parents also reported their concerns that their young children's wellbeing was being impacted negatively by their awareness that their family could not afford to give them the same experiences as older siblings or peers.

The 2CL policy was introduced with two explicit rationales: to reduce the public deficit and to produce a fairer welfare system. While the 2CL policy may have been successful in reducing public spending, it has achieved this by reducing benefit entitlement in families with three or more children, who are now experiencing severe financial pressures. The parents we interviewed questioned the fairness of a policy that is forcing children in larger families to grow up in precarious circumstances, where their parents are now struggling to afford to meet their most basic needs. They also questioned the fairness of a policy that punishes low-income parents for having a child, when many did not actively choose to conceive a baby while receiving Universal Credit or Tax Credits.

The findings from this study indicate that it is likely that children affected by the 2CL will receive less investment in their early childhood development (compared with

older siblings and/or peers), which could then impact negatively on their educational outcomes. In the [next part of our research](#), the IFS will analyse outcome data gathered in children's reception year of school in order to investigate whether there is evidence of a relationship between children being affected by the 2CL and poorer outcomes at age five.

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8. Appendices

Table A1. Table showing sampling matrix with minimum target quota for each family characteristic (N=30)

Family characteristics			Target sample size	Target sample size
			Single-headed household	Dual-headed household
			Total N=15	N=15
Housing tenure	Privately rented		5	5
	Social housing		5	5
	Temporary housing		1	1
Location	Local Authority 1		2	2
	Local Authority 2		2	2
	Local Authority 3		2	2
	Local Authority 4		2	2
Ethnicity	Bangladeshi		5	
	Pakistani		5	
	Black (all categories)		5	
Employment status	Employed		10	
	Unemployed		10	

Appendix 1. Explanation of sampling strategy

Lone/dual parent households

Official statistics show that approximately 50 percent of impacted households have two adults as of April 2023.¹ Given these figures, our research team aimed to recruit a sample which was approximately balanced between lone adult households, and households with two or more adults.

Ethnicity

Although there are no official statistics on the ethnicity of those affected by the 2CL,²² there are good reasons to suppose that families from minority ethnic groups are more likely to be affected. In the United Kingdom between 2018 and 2021, Bangladeshi, Black and Pakistani ethnic groups had the highest percentage of people claiming income-related benefits,⁴² and were most likely to live in larger households.⁴³ Children of Pakistani and Bangladeshi heritage are also more likely than children from other ethnic groups to live in a low income household, with 47% of Pakistani children and 41% of Bangladeshi children living in low income households.⁴⁴ Given these statistics, we felt it was particularly important to hear from these groups, and we set a minimum sample of five Bangladeshi, five Black and five Pakistani heritage parents in our sample out of the total of 30 families we aimed to recruit.

Rural and urban areas

We selected four English local authorities (Birmingham, Bristol, Newham and County Durham) that provided variation across regions of England, including both more urban and rural areas, where higher numbers of families were likely to be eligible for the study and considering the practicalities of travel for in-person interviews. We used data on Universal Credit uptake^{45,46} to identify areas with high uptake of Universal Credit and high numbers of households impacted by the 2CL. We compared these to urban and rural classifications⁴⁷ to ensure we included rural areas and small towns as well as major conurbations in our sample, and we selected two local authorities within reasonable travel of our research team locations, and two to cover other regions of England. Despite the 2CL impacting all nations of the UK, we chose to focus on an England-only sample, in order to provide qualitative

findings that would further inform the findings of the quantitative strand of our project, which used a dataset and measures of school readiness limited to England.

Housing type

Poverty rates in the United Kingdom are highest for persons living in social and private housing.⁴⁸ We therefore aimed to recruit a minimum of 10 participants living in private housing and social housing each. Those in temporary housing are particularly vulnerable, so we aimed to recruit two participants living in temporary housing.

Employment

With 41% of those in receipt of Universal Credit in June 2022 known to be in paid employment⁴⁵ and 59% of families affected by the 2CL in paid work, we expected a large portion of our sample to be in work.²² We aimed to recruit at least ten participants who were employed and unemployed.

Gender

We did not set recruitment targets for gender. We expected a largely female sample, as is common in studies of families with young children, particularly those living on low incomes.

Figure A1. Advert to potential participants

The two-child limit on universal credit and children's early learning

What's the research?

We're looking for parents living in England who are currently claiming **universal credit**, have at least one **child under 5**, and are affected by the **two child limit** to talk to us about their experiences. You will know if you are affected by the two child limit if you have at least three children living at home and you do not get the child element of universal credit for all of them.

More than 1 million children were affected by the two-child limit on universal credit and tax credits in 2022, and we want to understand how this is affecting families.

You will be asked to take part in an interview over the phone or face-to-face. As a thank you for taking part you will receive a gift voucher worth £40 for a telephone interview or £50 for a face-to-face interview.



Have 3 or more children living at home



Have at least one child under 5 years old



Receive Universal Credit, but do not receive the child element for all of your children (you are affected by the 'two child limit')

Format: Interview

Duration: Telephone interview 45 minutes

Face-to-face interview 60 minutes

What does the research involve?

Taking part has never been easier. Apply below, and we will check if we need you for this study.

Before you decide if you want to take part, you will be sent more information about the study. Please read this carefully before making up your mind.

Please be assured that any data will be held in accordance with the data protection regulation and no personal identifiable information will be shared with any other party.



Figure A2. Parent information sheet for the two-child limit project

Would you like to be part of our study about the two-child limit on universal credit and children's early learning?

What is this study about?

More than 1 million children were affected by the two-child limit on universal credit and tax credits in 2022. We would like to hear about your experience of the limit and its impact on your children's early learning.

We are speaking to families with children under 5 years in England who are affected by the two child limit. We will ask parents about their children's experiences of early learning, nursery, and school. In another part of the study we are also looking at how children in families affected by the two-child limit are doing at school.

Why are we doing this research?

We will use our research to tell the government and others about the impact the two child limit is having on families.

We hope this will lead to changes in the policy.

What will happen if I choose to take part in the study?

We will talk to you face-to-face (45-60 minutes) or by telephone (30-45 minutes) and ask you questions about your children's early learning and about the impact on your family of the two child limit. We would like to audio record the interview to help us remember what you have said, and so that we can tell other people about your experiences. But we will change all names and remove any personal information from our record to keep your identity confidential.

As a thank you for your time, we are able to give a thank you voucher (£40 for telephone and £50 for face-to-face) for those who take part in interviews.

Do I have to take part?

No, you do not have to take part, it is up to you.

You can ask questions about the study before you make up your mind - contact researchers Simran Motiani [redacted] or Patricia Lucas at

[redacted] If you do agree to take part, you can change your mind at any time. You do not have to give a reason, although it is helpful for us if you do.

Once your name has been taken off from the interview record to keep it confidential, we will not be able to remove it from the study.

Who are we?

This study is being Funded by Nesta. Nesta is a UK charity that wants to make society better. We want to support parents and families and make sure every child has the same opportunity to thrive.

We are working with The Institute for Fiscal Studies on this project. The study has been reviewed by other parents like you, by the Child Poverty Action Group and by the University of Cambridge Faculty of Education Ethics Committee.

What will we do with the information?

We will write about this study on Nesta's website or in newspapers, blogs, journals or magazines, talk about it at events or conferences, and to journalists. We will use fake names in our report to make sure no one can identify who we have spoken to. We will store all the study information on Nesta's secure servers for 10 years, after which it will be destroyed. Only members of this research team will have access to your interview recording and other personal data.

What happens next?

If you would like to take part in this study please contact Take Part in Research.

If you are happy to take part you will be asked to confirm your consent.

Thank you!

What do you want to say about the two child limit?



Appendix 2. Written consent form for participants

The two-child limit on universal credit and children's early learning

Thank you for agreeing to be interviewed for this study.

Please read each statement below carefully, and circle yes if you agree with it..

Please circle one:

I have read and understood the information sheet about this study.	Yes	No
I have been able to ask questions and am happy with the answers I have been given.	Yes	No
I am happy for this interview to be audio recorded.	Yes	No
I agree that my words can be quoted anonymously in presentations and reports about this project. Anonymously means that no point will we use anyone's real name in outputs.	Yes	No
I understand that the information I give will remain confidential unless it suggests that someone is at risk of serious harm. This means the information will be kept private, and that information about you will not be shared with anyone outside of the research team.	Yes	No
I understand that my information will be used for this study only and held securely by Nesta for 10 years, after which time it will be destroyed. The data Nesta will hold during this time is limited to your name and interview transcript.	Yes	No
I understand that I can withdraw my consent to take part in this study at any time before or during the interview, and until my data has been included in analysis. After this point, I can ask for any personal data to be removed from Nesta's records but it will not be possible to remove anonymised data from the analysis.	Yes	No
I agree to take part in this study.	Yes	No

Printed Name _____

Participants Signature _____ Date _____

Researchers Signature _____ Date _____

Contact Information

This research has been reviewed and approved by the University of Cambridge Faculty of Education Ethics Committee. If you have any further questions or concerns about this study, please contact: contact (contact details).

Appendix 3. Script for collecting oral consent from participants

Hello (name) this is (name) calling about the two child limit study is this still an ok time to talk?

Thank you so much for being part of our study.

Before we start, I need to check that you are happy with everything. Did you get the information we sent to you ok? Do you have anything you wanted to ask about?

Great, if you still feel that you want to be part of the study I need to record that you agree consent to talk to me and be in the study. In research, we call this consent.

Because we aren't together, the best way to do this is to record your voice while I ask you some questions, so is it ok if I turn on recording while I ask these questions?

Yes - - - > turn on recording?

No - - - > Ask is there is a problem, see if we can help. If not happy to take part, thank them for their time and end call/interview.

1) I sent some information about the two child limit study. Do you have any questions you want to ask me about the study?

- - - > Answer any questions

2) Do you understand that you do not have to take part in this study, and you can change your mind at any time without having to give a reason?

- - - >Yes/No

3) Do you agree that the interview will be audio recorded?

- - - >Yes/No

4) Do you understand that Nesta will keep your interview private by changing names and any other information that might identify people in our records?

- - - >Yes/No

5) Do you understand that after your name has been taken off the interview to keep it private, it may not be possible to remove it from the research.

--->Yes/No

- 6) Do you understand that words and stories parents tell us in interview will be used by Nesta and the research team to tell people about parents' experiences of the two child limit. This might be on websites, social media, newspaper or journals or events. But we will never use parents' identity real names and will always keep your identity private.

The only time we will ever reveal your identity to someone outside the research team is if there is believed to be a risk of harm to you or another person around you.

--->Yes/No

- 7) Do you understand how your data will be stored and who can access the data?

--->Yes/No

- 8) Personal data will be stored securely on Nesta's secure servers for 10 years, after which it will be destroyed. Only members of this research team will have access to the data. The data Nesta will hold during this time is limited to your name and interview transcript.

- 9) Do you give consent to take part in the interview?

--->Yes/No

Thank you.

Appendix 4. Interview topic guide (submitted to ethics committee)

Topic guide

Introduction (5 minutes)

Hello [name of parent], This is [name of researcher] - thanks again for helping the Fairer Start team at Nesta with our study!

[If on the phone, ask if this still an ok time to talk, and if they're on their own or if anyone can overhear them]

Just to remind you, we want to help families by understanding more about the two child limit policy. I have some questions that I want to ask you - we should be talking for about [45 minutes for phone interview and 60 minutes for face to face interview] but, how long we talk for will mostly depend on how much you want to say - you can say as much or as little as you want. You can also skip any questions that you don't want to answer, and you can even change your mind about being part of the study.

Does that all sound okay? Do you have any questions for me? [Answer any questions]

Can I just check if there is anything I should be aware of about our interview (timing, place, etc)?

Are you happy for me to start the interview? [If yes, start warm up questions]

Warm up (5-10 minutes)

1. To start, can you tell me a bit about you and your family?
 - Who lives at home with you? Partner and any other adults at home?
 - Children - How many children do you have and what ages are they? How many of your children were born after April 1, 2017? Which are at school? Do any of your children have SEND, additional needs or any difficulties with learning or development in general?

- Does the rest of your family share the same ethnic background as you?
 - Do you and/or your partner work? Can you tell me a bit more about your work? Is it part time or full time? What kind of work?
2. Can you tell me a bit about where you live?
- Area - what local authority/council, what neighbourhood do you live in?
 - What kind of home do you live in? Do the children share bedrooms? Who owns it?
 - Have you lived there long? Where were you before?

Parent's experience of the limit (5-10 minutes)

I now want to move on to asking some questions about the 2 child limit on Universal Credit and Tax Credits. Is that okay with you?

3. Can you tell me about when you first knew that it would apply to your family?
- How did you learn about the limit and what this experience was like for you?
 - How old were children at the time? Did you learn about the limit while pregnant or after having your child?
 - What information did you get about the limit?
 - What did this information mean to you?
 - How did you react?
 - i. Ask about any delays in having children or applying for other benefits
4. We're also interested in learning about how families are affected by the two child limit. Can you tell me a bit about how this experience has been for you and your family?
- [If this applies to their situation] Thinking back to when you were pregnant and planning for your *third* baby, how did you plan differently than for your second baby? (In terms of money, baby products or anything else).
 - i. How did the two child limit make any differences to your plans, if at all?

- ii. Was your community or family able to help you plan for your baby?
 - o Thinking about your *third* baby's first year, How has the two child limit made any difference to your baby during their first year, if at all (for example, their experiences, resources available)?
 - o How have things been different for you under two child limit, if it has been different?
 - o How has your family life been affected by the two child limit, if it has been affected at all? (For example, your other children
 - o If you were able to receive an additional £250 per month for your third child, what would you have done with that money?

Access to pre-school education (10 minutes)

If it's alright, I would now like to move on to ask you a few questions about your children's nursery or preschool education.

5. Thinking about your child [when they were] aged 2-4 years [name of child/children], do they [did they] go to nursery or any other childcare?
 - o [If no] Is this your choice, or is there something that gets in the way?
 - i. Explore if their choice is about parent preferences, child needs, or the childcare available to them (location, cost, hours)
 - o [If yes] Can you tell me about that?
 - i. What type of setting?
 - ii. How many hours do they attend for?
 - o How much choice did you have about the type of childcare your children get? (For example, child minders, group based settings)
 - i. [If they had a fair amount of choice] How did you choose? What made you decide?
 - ii. [If they did not have much choice] Why not? Can you tell me what might be making it difficult to have choice?

6. What is important to you when it comes to the pre-schooling or childcare your children receive?
 - o What sort of things would you like to have or would make you want to send your child to a setting? (For example, location, staff, food, outside space)

- Do the available preschool options meet or fail to match your family's needs and preferences? How so?
- Has there been anything that has made it easier or difficult for you to use nurseries or childcare for your youngest children that we haven't talked about yet?
 - i. How has the two child limit (not receiving benefits for your third child onwards) specifically changed anything, if at all?

Preparing children for learning and school (10 minutes)

Now I'd like us to discuss a bit about you and your children's experiences before they started school

7. What skills or knowledge do you think are helpful for children to learn before they start school? [If parents need an example, learning to use the toilet, eating independently, making friends, making music/singing, learning their colours, numbers or letters]
 - Can you tell me a bit more about those skills, what support did they get at home with those things before they started school? (For examples, activities, household routines, educational resources, trips)
 - i. What helps you to give your child this help? What gets in the way of giving this help to your child? [if appropriate, ask about money, work, other commitments, how would having an extra £250 pm – as you would if the two child limit wasn't in place – help you give your child this support, if it would help?]
 - ii. Are there things you wish you could do more or different things you would like to have done/do to help your children with this type of early learning? (For example, are there particular learning resources you would have liked to use but did not get to?)

Now that we have spoken about your children's experiences before starting school and learning at home, I want to ask you about you and your children's experiences transitioning to school.

8. How do you/did you prepare your children to start school?
 - Has anything changed in this preparation between your older and younger children?

- i. [if yes] Explore what has changed and try to understand the impact of difference in income
 - o Can you tell me a bit about what you have to purchase for your children when they start school and what that has been like for you?
 - i. What else would you have liked them to have when starting school, if anything at all?
 - o In what ways could you be better supported to help your child prepare and learn at school, if any?
 - o When it comes to the support you provide to your children in preparing for and learning at school, what has changed since having your third child with the two child limit , if anything at all?
 - i. If you had £250 extra per month, how would this have changed things?
- 9. Apart from school, I am wondering if there are other groups or places in your community that help children with their learning. Can you think of any that you know about or have used? (For example, parent groups, libraries, story or song time in a children's centre or family hub, groups for religious or language education).
 - o Have you visited any of these?
 - i. [If yes] How often? What were they like? Were there any costs? What was good, and were there any difficulties with access? How helpful were they? Why/How?
 - o Are there groups or resources you know about but have not visited/used? Can I ask why not?
 - o Is there anything additional that helps with young children's learning that you would like to have access to?

Wrap up (5 minutes)

- 10. Are there any other factors that you think impact your child's learning that we have not discussed today? (for example, where you live, your cultural background, your family structure). How so?
- 11. Is there anything else you would like to say to us about your experience of the 2 child limit?

We have reached the end of our interview. Thank you so much for speaking to me today. If you have any worried or questions after today, then just get back in contact [reminder of contact details]

Appendix 5. Example of additional information provided to participants after interviews

List of helpful resources in Newham and online

For Financial advice:

Free Benefits checker at www.turn2us.org.uk

- a) Click on the 'Get Support' tab at the top of the page
- b) Go down to 'Use the Benefits Calculator'
- c) Click on the 'Use the Benefits Calculator' again
- d) Enter your information and see if you are entitled to benefits that you aren't claiming yet

Advice from Citizens Advice Bureau, both online and in person

- a) If online, go to www.citizensadvice.org.uk and click on the 'Benefits' tab at the top of the page. Their Newham-specific website is <http://www.eastendcab.org.uk>
- b) If in person, the nearest Bureau is at: 20 Freemasons Road, E16 3NA
- c) You can contact them on: 020 3855 4472 (Telephone Assessment and Advice) or via web-chat at the website above.

For things to do with your family:

Holiday Activities in Newham for families:

- a) Go to <https://families.newham.gov.uk> website
- b) Click on the 'Family Information Service' tab at the top of the page
- c) Go down and click on 'Things to do'
- d) Click on 'Holiday Activities and Food (HAF) Programme' under Related services OR
- e) Browse the different linked pages for appropriate activities

Other activities for children and young people in Newham:

- a) Go to website <https://www.newham.gov.uk/>
- b) Click on the 'Services menu' tab at the top right of the page
- c) Go down the menu and click on 'Children and families'
- d) Scroll down the page and click on 'Activities for children and young people'
- e) Browse the different linked pages for appropriate activities

Appendix 6. A detailed description of our reflexivity methodology

Researchers practised reflexivity throughout the project. Before beginning data collection, we reflected on our qualitative research experiences and engagement with vulnerable participants, discussing project expectations and outcomes. The topic guide was generated and reviewed through reflexive discussions on assumptions and expectations from the research questions. During data collection, interviewers' initial reactions, impressions and emerging insights were documented and shared. In discussions, we reflected on our positionality, and considered how we negotiated our social selves (for example as mothers, migrants and women of colour) within the interviews. For example, both of our lead interviewers were born outside of the UK, in middle income countries, Patricia was a lone parent to her children and Simran is of South Asian heritage. One other member of our interview team had children, and four others were migrants to the UK. As a team, we discussed before the interviews how we felt about sharing details of our lives when asked (our experience is that it is very common to be asked), and also how we wanted to respond to questions about the policy itself. We were open and honest in our responses with participants when asked direct questions, while also being careful not to influence participants' responses.

Our reflexive practice continued in analysis, as we adopted a collaborative approach to coding and framework building. The two lead researchers regularly discussed and revised the framework, considering whether we were unintentionally focusing on analyses that confirmed our preferred hypothesis, and whether we were over or under-representing certain groups of parents. These researchers also made personal notes of reflections arising during analysis, including later observations of how our interactions as researchers may have affected data collection, as well as our emotions and responses while coding. These discussions were continued during the write-up of project findings.

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