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Watered-Down Benefits Bill Clears Commons Despite Labour Division

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The government's scaled-back Universal Credit Bill has passed through the House of Commons, despite internal Labour opposition and concerns over its long-term impact on the welfare system. The legislation, originally aimed at tightening eligibility for disability benefits, was significantly weakened after Labour backbenchers threatened to revolt.

The Universal Credit (UC) Bill, which includes reforms to the health-related elements of the benefit system, is now expected to be classed as a money bill, meaning it could become law within a month, regardless of whether the House of Lords supports it. UC is a means-tested welfare payment that supports low-income or unemployed individuals across the United Kingdom (UK).

While the original bill proposed stricter criteria for claiming Personal Independence Payment (PIP), government ministers were forced to retreat following backlash from Labour MPs. PIP is awarded to individuals with long-term physical or mental health conditions and is not means-tested. As a result of the concessions, changes to PIP eligibility have been scrapped for existing claimants and delayed for new applicants pending a full review.

Despite the government's retreat, 47 Labour MPs still voted against the final version. York MP Rachael Maskell branded the legislation an "omnishambles" during Wednesday's debate, citing fears that people with fluctuating medical conditions could be penalised if their condition recurred after a temporary recovery. Her proposed amendment to protect these individuals was defeated by 334 votes to 149.

In contrast, the government claimed the reforms would benefit millions. Disabilities Minister Sir Stephen Timms stated the guiding principle was that "if you can work, you should," while ensuring dignity for those unable to do so. He added that nearly four million households would gain an average of £725 over five years due to an increase in the UC standard allowance.

Conservative MPs also introduced an amendment that would have further restricted benefits for individuals with less severe mental health conditions and some foreign nationals. That, too, was defeated.

One point of contention remains the government's projected savings. Originally estimated at £5 billion annually by 2030, those savings have now largely vanished due to concessions made to secure the bill's passage. Critics have warned that this may place further pressure on the public purse. Chancellor Rachel Reeves, when asked whether the revised bill would necessitate tax increases, declined to confirm, simply noting that "there is a cost to the welfare changes," which will be reflected in the next Budget.

The government has promised a full review of PIP eligibility to conclude by autumn 2026, led by Sir Stephen Timms and co-produced with disability advocacy groups. However, Labour MPs have called for this consultation to go beyond optics, with MP Marie Tidball insisting it be "meaningful and not performative." MP Stella Creasy went further, demanding that disability organisations be granted veto power over the review's outcomes, an idea unlikely to gain traction in government circles.

Meanwhile, the United Nations (UN) has written to the Department for Work and Pensions expressing concern that the cuts could increase poverty among disabled people. Ministers have yet to respond publicly.

Despite its limited scope, the bill passed by a vote of 336 to 242. The passage marks a win for the government's reform agenda, though it also underscores the continued fragmentation within Labour ranks, and raises further questions about how the party intends to balance welfare generosity with fiscal discipline.

