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Watered-Down Benefits Reform Bill Clears Commons Amid Labour Division

July 11, 2025

– Categories: Politics & Government



The government's scaled-back Universal Credit Bill has passed the House of Commons, despite internal Labour Party unrest and significant amendments that diluted its original scope. The legislation, now expected to be classed as a money bill, can proceed to become law within a month, regardless of whether the House of Lords approves it.

The Bill introduces cuts to the health-related component of Universal Credit (UC), a means-tested benefit designed to support unemployed or low-income individuals, while increasing the standard allowance above inflation. Initial proposals to tighten eligibility for the Personal Independence Payment (PIP), which supports those with long-term health conditions irrespective of income or savings, were withdrawn after pressure from Labour backbenchers.

Disabilities Minister Sir Stephen Timms defended the reforms, stating, “If you can work, you should; if you need help into work, the government should provide it; and those who can’t work must be able to live with dignity.” The Department for Work and Pensions claims that nearly four million households will see an average increase of £725 over five years due to adjustments in UC payments.

However, discontent remained. Labour MP Rachael Maskell condemned the bill as an “omnishambles” and raised concerns that claimants with fluctuating health could be penalised depending on when they apply. Her amendment, which sought to guarantee existing UC rates for returning claimants, was voted down by 334 to 149.

A Conservative amendment aimed at reducing benefits for those with less severe mental health conditions and limiting access for some foreign nationals was also rejected by 416 to 103.

The final vote saw the bill pass by 336 votes to 242. The revised measures apply to all of the UK for UC and to England, Wales, and Northern Ireland for PIP.

In a sign of discord within the Liberal Democrats, MP Christine Jardine lost her frontbench position after defying party instructions to abstain on a Conservative amendment. Eight other Liberal Democrat MPs also voted against the party line but held no senior roles.

A UN panel has criticised the bill, warning it may worsen poverty for disabled people. Despite the government's original estimate of saving £5 billion annually by 2030, recent concessions have largely erased those savings. Chancellor Rachel Reeves acknowledged the costs may affect future budgets but declined to confirm whether tax rises would follow.