

# UK: Labour's Universal Credit Act set to throw hundreds of thousands into deeper poverty

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Hundreds of thousands of people who rely on disability benefits will be thrown into deeper poverty from April 6, as the Starmer Labour government's Universal Credit Act (2025) comes into force.

Universal Credit is Britain's main welfare benefit system, combining financial support for housing, children, and disability into one monthly payment.

The new rules for claiming Universal Credit Limited Capability for Work Related Activity (UC LCWRA) will affect those with the most severe forms of disability. They will now enter a two-tier system that penalises those with chronic conditions, with eligibility based on the date they applied for the benefit, and not the nature of their condition.

UC LCWRA is a supplementary disability payment, paid on top of the standard rate of Universal Credit to people whose health condition means they are incapable of preparing for work or have limited capability for work, as assessed via the controversial "Work Capability Assessment" (WCA). Disability charities and disabled people's organisations have protested that those with severe conditions could be cut off from benefits or have their payments drastically reduced.

Most new claimants will see their extra payment cut, reducing their additional monthly benefit from the current £432 to £217.

Somewhere between 730,000 and 750,000 disabled people are projected to receive the lower UC LCWRA rate by 2029/30 according to the House of Commons library, resulting in an average annual loss of £3,000. This includes people who became disabled after April 6, 2026; those whose conditions worsen; individuals who lose and reapply for UC health support; and

disabled children transitioning to adulthood. The total LCWRA caseload is forecast to reach 2.6 to 3 million by 2029/30 according to the Resolution Foundation think-tank.

Despite some government concessions—after pressure from disability right groups—over the Universal Credit Bill in July 2025, which included shelving cuts to Personal Independent Payments, a much-vaunted backbench rebellion never materialised. Labour's MPs, with just 47 voting against, passed the Bill with a large majority creating a two-tier benefits system, with the drastic cuts to UC LCWRA for new claimants largely ignored when the Universal Credit Bill was debated.

UC LCWRA claimants can only receive the benefit after undergoing a stringent work capability assessment performed by a private company under contract from the DWP. The Act tightens eligibility, increases face-to-face assessments, and cuts payments, while freezing uprating remains in place. The government insists that the draconian and punitive measures against these welfare claimants are essential to "rebalance" the economy and to "encourage work" in a system it complains contains "perverse incentives" that stop people from gaining employment.

Cutting off vital support is not aimed at making people who are unable to work more employable, but at stripping them of benefits and cutting costs. The policy proposals are accompanied by cuts to disability specific employment support such as the "Access To Work" scheme, which is based on coercion rather than support. Data from Citizens Advice shows the cuts won't encourage work as health conditions limit job access, and the system already allows earnings, e.g. £673 monthly work allowance without reduction to UC.

Reduced support could make part-time work less viable, increasing vulnerability for low and medium-income families.

The situation is worsened by the ongoing COVID pandemic, which is still killing and disabling large numbers of people. At times throughout the pandemic, approximately 60 percent of deaths have been of disabled people according to the Office for National Statistics (ONS). ONS figures also show there are approximately two million people in the UK with Long COVID, with COVID now shown to severely impact people's long-term health, damaging immune systems and causing chronic illness. The government's COVID vaccine programme has been cut back severely meaning most disabled and sick people are no longer eligible. Forcing disabled and chronically sick people into work or face-to-face assessments will cause their conditions to worsen.

Data from the Joseph Rowntree Foundation shows that 72-89 percent of UC LCWRA/Personal Independence Payment (PIP) recipients are in the lower income half, meaning cuts disproportionately hit the poorest, damaging financial security without addressing job market barriers. They calculate that up to 900,000 children currently live in households claiming UC LCWRA. The *Disability News Service* reports that reduced income could limit access to medication, care, or healthy food, exacerbating physical and mental health issues and impeding recovery. House of Commons Library analysis show that 50,000 to 400,000 people could be either pushed into poverty or deeper into poverty by 2030 with affected households facing an average of £2,700 to £3,000 annual shortfall compared to protected UC claimants.

This two-tier system—based on claim date rather than need—could exacerbate inequality, particularly for those with progressive conditions, e.g., arthritis and multiple sclerosis or sudden illnesses such as cancer, leading to struggles with essentials like food, heating, and bills. Already, 50 percent of LCWRA recipients face issues like unheated homes or food insecurity, compared to 11 percent in non-UC/PIP households. Cuts could worsen this, with 48 percent of health-related UC households lacking reliable access to nutritious food.

The cuts to welfare are part of a broader ruling class offensive. Labour's budget priorities are for a massive increase in military spending to fund war and

rearmament, tax breaks and privatisation drives. The disabled, sick and the working class will bear the brunt of a new period of war escalation through the gutting of social services that millions rely on.

Despite efforts to normalise attacks on the disabled and those dependent on benefits by the Labour government, public opposition has forced repeated U-turns on attacking pensioners, capping child benefits and attacks on PIP. There is deeply felt hostility to targeting the most vulnerable. But Starmer and his Chancellor Rachel Reeves are proceeding with their offensive. The emergence of strikes by National Health Service staff, educators, and rail and transport workers against below inflation pay rises and privatisation, coupled with mass demonstrations against war, shows the basis for a unified and organised fightback by the working class.

Workers must demand the immediate restoration of benefits, and the necessary funding made available for comprehensive, publicly provided health and social care, the repeal of the DWP's brutal disability assessment regimes and the reallocation of spending from rearmament and corporate handouts to social need.



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