Liz Kendall's **Welfare Reform Announcement**

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Overview of the Reforms and Objectives

Liz Kendall, the UK Work and Pensions Secretary, has announced a major overhaul of the welfare system. The reforms are designed to cut the welfare bill by roughly £5 billion by 2030 while helping more people find jobs.

Kendall argues that the current system is “broken” and “holding the country back,” failing both taxpayers and those in need. The primary objective is to reshape benefits so that they support those who genuinely cannot work and motivate those who can work to seek employment, rather than encouraging long-term dependency.

She frames the changes as a way to restore “trust and fairness” in social security and make sure work always pays. In her words, Labour wants to be the “party of work,” ensuring the system helps people back into jobs instead of leaving them on benefits indefinitely.

Key Policy Changes

Stricter Disability Benefit Criteria

One of the biggest changes is to Personal Independence Payment (PIP), a benefit for people with long-term illnesses or disabilities. Kendall confirmed that PIP will not be scrapped or means-tested and that rates will continue to rise with inflation. However, eligibility rules will be tightened so fewer people qualify.

Starting November 2026, new PIP applicants will need to score at least four points in one category of daily living activities to receive that part of the benefit. This means some individuals with milder conditions (especially certain mental health or less severe physical issues) who currently qualify might no longer be eligible. Importantly, those with severe, lifelong disabilities will be protected and will not face frequent reassessments under the new system.

Encouraging Work and Changing Universal Credit

Kendall announced a series of changes to Universal Credit (UC) and related benefits to encourage work. The complex Work Capability Assessment (WCA) – the test used to decide if someone is too sick or disabled to work – will be scrapped by 2028. This assessment process has long been criticised as stressful and not fit for purpose, and its removal means the government will devise a new, simpler way to determine support for those with health conditions.

The standard Universal Credit allowance will be permanently increased above inflation, amounting to roughly £775 more per year by 2029/30 for claimants. This boost is meant to improve support for people actively seeking work. At the same time, the highest rate of sickness benefit (for those unable to work at all) may be reduced, to remove what Kendall calls "perverse incentives" – currently, people can end up better off on sickness benefits than on basic unemployment support, which might discourage some from trying to work. To rebalance this, unemployment benefits for those out of work will rise, while the extra payments for incapacity will be more targeted to truly severe cases.

"Right to Try" for Disabled People

A notable initiative is the "right to try" guarantee for people with disabilities or long-term health issues. This will allow those on disability benefits to attempt a return to work without fear of losing their benefits if the job doesn't work out. In the current system, many disabled claimants worry that if they take a job and then cannot continue due to their health, they will have to start their benefit claims from scratch or might lose support. The new guarantee aims to give them confidence to try working, by letting them go back onto benefits smoothly if necessary.

Merging and Modernising Benefits

Kendall also plans to modernise how benefits are structured. The government will consult on merging Jobseeker's Allowance (JSA) and Employment and Support Allowance (ESA) into a single system. The idea is to create a time-limited unemployment insurance for people who have paid into the system (through National Insurance), paying a higher rate of benefit for a certain period when someone loses their job. This resembles continental-style insurance-based unemployment benefits.

Additionally, Kendall wants to increase the frequency of benefit reassessments for those with health conditions that could improve – meaning some people will be reviewed more often to see if they can work – except for those with permanent or degenerative conditions, who will not be harassed with constant reviews. All these changes are framed as part of a strategy to "transform the DWP from a Department of Welfare into a Department for Work," signaling a culture change towards proactively getting people into employment.

Impacts on Carers and Foster Carers

Support for Unpaid Carers

Kendall's announcement also acknowledged the role of unpaid carers – people who care full-time for ill or disabled family members – and promised changes to better support them. She has committed to overhauling Carer's Allowance, following concerns that current rules are unfair.

Currently, if a carer earns more than £151 per week, even by a few pence, they lose their entire Carer's Allowance and can be forced to repay it in full. This "cliff-edge" rule has deterred some carers from working even a few hours. Kendall's planned review aims to introduce a fairer system – for example, a tapered reduction in benefits if earnings go slightly over the threshold, rather than an all-or-nothing cut.

Consideration for Foster Carers

Foster carers – those who provide a home for children in care – are also set to be treated sympathetically in the welfare changes. Currently, foster carers can claim Universal Credit and receive some special exemptions from work requirements due to their caregiving role. Kendall's reforms indicate that these exemptions will continue, and possibly be strengthened.

The government recognises that foster carers provide an essential service by looking after vulnerable children, often on a full-time basis, and it would be counterproductive to force them to find other work. No new burdens will be placed on foster parents to seek outside employment if they are in the middle of a placement.

Comparing the New Reforms to the Current System

The reformed system places a stronger emphasis on employment: more support for people seeking jobs, more requirements for those who could work, and fewer people classified as unable to work. Conversely, the safety net is being narrowed to concentrate resources on the most vulnerable while trimming benefits for those considered capable of supporting themselves. The core principles driving these changes are to reduce long-term inactivity, remove disincentives to work, and target benefits to those most in need.

Timeline for Implementation

The welfare reforms will not happen overnight; they are set to roll out in stages over the rest of this Parliament and beyond. Some measures, like tightening PIP eligibility, will require legislation but could be prepared within the next year. The £1 billion investment in employment support programs is slated to begin as soon as possible. The first major change with a set date is the new PIP criteria coming into force by November 2026. By 2028, the Work Capability Assessment will be abolished, and Universal Credit standard allowance increases will be phased in through annual budgets, reaching the full £775 extra by 2029/30.

Potential Challenges and Reactions

Implementing these sweeping reforms will not be without challenges. There has been political pushback, with concerns that the changes could hurt vulnerable people. Disability rights groups and charities are likely to scrutinise the PIP changes and more frequent reassessments. Administrative hurdles, funding constraints, and the need for clear communication will all be key challenges. Ultimately, the success of the reforms will depend on whether they achieve the balance of reducing costs while maintaining adequate support for those who need it.



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