

Keir Starmer and Rachel Reeves must change to survive

Labour's top team is going nowhere but after a nightmare fortnight it will have to rethink everything, including taxes

by Patrick Maguire, Friday 3rd July 2025, The Times

Lord Alli, the Labour donor and court optometrist to Sir Keir Starmer, once described the real leadership of his party in opposition as follows: “There are four people in charge of everything. Morgan, Pat, Sue, and me.”

After a fortnight that has put the prime minister’s authority through the shredder and a weeping chancellor through the wringer, it is just as easy to identify the four people who hold the uncertain fate of the Labour Party as an effective governing force. In this ugly new era of rule by backbenchers and bond markets, one would hesitate to call them the “four people who are in charge of everything” — or, indeed, anything. But they were the political protagonists of this government before the welfare rebellion and, despite the trauma of recent days, will remain so: Starmer, Rachel Reeves, Morgan McSweeney and Angela Rayner.

First, the prime minister. About-turns on the winter fuel allowance and grooming gangs, and two further costly concessions on welfare, have done incalculable damage to his authority. His barely concealed disdain for the stuff of politics, and politicians themselves, left him isolated and exposed. Most Labour MPs have some disobliging story of Starmer’s aloof indifference and studied disinterest towards them.

There’s the tale of one minister who fell into conversation with Starmer and soon realised the prime minister did not know they had a government job. Starmer walked through the division lobbies with his parliamentary party this week for only the eighth time in a year, and left as soon as the ordeal was over. His team are working belatedly to dispel this view with meetings and lunches in the Commons. But old habits die hard and so too will the PLP’s sense of victimhood.

And yet. Even the hotheaded clique of backbenchers calling for McSweeney’s head on a plate last week are keen to stress they do not want a new prime minister. These “regime change” rebels were insufficiently strategic to realise that blowing up the welfare bill would blow up Starmer. Though it did not stop a senior cabinet minister and leading rebel discussing that very end last week. It did not stop another from covertly encouraging dissenting MPs to hold out. And nor did it stop a junior minister texting a rebel WhatsApp group from the government front bench.

Had it not been for Angela Rayner’s loyalty to the prime minister and her efforts to talk rebels round, things might have ended very differently. For that she is the only figure to emerge from this week’s maelstrom with her authority enhanced.

But Starmer is going nowhere. That sentence may yet have a double meaning without a change in approach. His recent interviews, and what I have heard from confidants, suggest his politics are evolving or perhaps regressing. The 1,500-word letter to cabinet ministers in February, drafted after long conversations with advisers, in which he railed against the centre-left’s complacency and spoke of his desire to lead an insurgent government, already feels like a dead letter. When he talks about fighting Nigel Farage “as Labour” he is moving closer to his parliamentary party’s centre of gravity, or rather its mushy middle.

For some in Downing Street this has proven discombobulating and infuriating. Even if his political strategy is mostly refined and then enacted by other people, his aides at least thought the prime minister agreed with it. Now, as is always the case when his Labour Party is transitioning uncomfortably from one thing to another, Starmer is altogether more opaque as he broods on what comes next. But however he reinvents himself, he will need to reinvent a dysfunctional No 10 too.

Much blame for the collapse of Starmer's authority over the PLP has been directed at Claire Reynolds, his political director, whose grasp of party management is said to be so tenuous that in one recent meeting she remarked that the government was safe from any backbench uprising of only 90 MPs. It took another adviser to point out that it does not take 165 MPs to overturn a parliamentary majority of 165. Few expect Reynolds to survive much longer. But she, and the whips, have proven rather too easy to blame. Just as persistent, and widespread, are complaints about the No 10 policy unit.

It is plainly unsustainable, and impractical, that ministers and aides find themselves wondering exactly who is in charge of policy. Is it Olaf Henricson-Bell, the director of the policy unit? Is it Starmer's golden boy Stuart Ingham, the soft-leftish head of the policy unit? Or is it Liz Lloyd, the Blairite director of policy delivery and innovation? Some attest to receiving conflicting instructions from all three on the same day. Any reorganisation of Downing Street is surely going to have to start there.

It won't start with McSweeney, who was praised lavishly by the prime minister at cabinet this week. Starmer has never been leader of the Labour Party without him and does not intend to start now. But that, too, is a chain of command in need of some clarification.

This week the newspapers have been full of briefings in which allies of McSweeney clarify that he was always opposed to this disastrous decision or that. Either we are witnessing the birth of a brave new revisionist school of Labour history or cabinet ministers are right to complain that the chief of staff is overstretched and thinly spread. Somebody needs to take decisions, own them, and communicate them.

For now, McSweeney plans to recruit a new permanent secretary to reform and streamline Whitehall's media operation. Yet there are already two directors of communications in Downing Street. Will a third really help? It will all depend, of course, on exactly what Starmer is trying to communicate.

From the battered Treasury, at once brought low and perversely reinforced by a week of rebellion, market meltdown and swift recovery, the answer is implicit but clear: taxes will have to rise. For now Reeves speaks only of "financial consequences" to the welfare U-turn, but her advisers make no secret of what that really means. "MPs can oppose savings," one says, "but now they're going to have to choose something else. Their fingerprints were on the concession, their fingerprints will be on the budget." It is unlikely to be a popular message but they have a point.

Even as her cabinet colleagues imagine McFadden or Shabana Mahmood in the Treasury, Reeves still intends to fight back. In Downing Street words like "redistribution" and "windfall taxes" are being bandied around as thoughts turn to how this nightmare could be turned to Labour's political advantage. But for now, everything is up for grabs — even if nothing is changing.