New Government: Prime Minister Burnham

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New Prime Minister

Scott Dodsworth, Senior Partner & Managing Director

Andy Burnham arrived in Downing Street at lunchtime, fresh from an audience with His Majesty, who invited him to form a new government. This followed the resignation of Sir Keir Starmer, who had served as Prime Minister for just two years.

In a calm handover of power, the country's 59th prime minster - who was only re-elected to the Commons a month ago - has moved from his role as the Mayor of Greater Manchester to take up the most powerful political job in the country.

Critics of Starmer thought he lacked a vision and a big picture mission for the country, devoid of purpose and a plan for what he wanted to do with power. On day one Burnham has already set out in plain terms his mission – to shift power out of Westminster and to deliver a new economic model.

Behind the famous black door, the new prime minster faces the same foreign policy challenges and fiscal pressures that buffeted and constrained his predecessor. The real test will be how much he and his ministers remain singularly focused on this purpose and the extent to which they are able to deliver the change that Labour promised on entering office in July 2024.

Phil Hope, GK Strategic Adviser and former Labour minister said:

'Andy Burnham's political style and leadership have evolved significantly during his high-profile tenure as mayor of Greater Manchester. The speed and decisiveness of his transition to prime minister reflect that political maturity. He has already signalled a clear intention to govern differently: committing to a fundamental shift of power and resources to local areas through devolution, making social care reform a personal priority, and using his first day in office to instruct his government to end rough sleeping.

'An Andy Burnham premiership would therefore be expected to reshape how the UK is governed, with a stronger emphasis on devolution, place-based leadership and social reform.'

The City

Hugo Tuckett, Head of Policy

Andy Burnham's path to power has been marked by a distinct effort to calm financial markets and promote his own fiscal credibility. Burnham's early attempts to unseat former Prime Minister Keir Starmer were almost over before they began with the now infamous claim in September 2025 that the UK should not be 'in hock' to the bond market. This unsurprisingly sparked alarm amongst domestic and international investors who warned of a fresh bond market crisis, almost three years to the day since Liz Truss' 'mini' budget saw government borrowing costs soar.

Since then, Burnham has adopted a more cautious tone in relation to his public spending commitments. The new prime minister now talks about greater 'public control' of key utilities, including water and energy, rather than a widespread nationalisation agenda which his critics had warned would cost billions and put the public finances in jeopardy. During the Makerfield by-election campaign, he also committed to the previous government's fiscal rules. This means that the government's budget for day-to-day spending should be in balance or surplus by 2029-30 and that net financial debt should fall as a share of the economy by 2029-30.

On tax, Burnham has sought to reassure the electorate feeling the ongoing effects of cost-of-living pressures that his new premiership won't signal a significant tax-raising agenda. He has said he will stick to Labour's 2024 general election manifesto commitments not to raise the headline rates of Income Tax, VAT and National Insurance. One of Burnham's biggest challenges will be to deliver his intended programme of reforms within the self-imposed constraints that Keir Starmer and former Chancellor of the Exchequer Rachel Reeves found so restricting.

Investors will be paying close attention to how Burnham responds to some of the most significant pressures on the public finances in the coming months to determine just how robust his claims of fiscal credibility are. An early test will be the government's Defence Investment Plan, where Burnham will be required to find almost £5 billion to fund an uplift in defence spending up to 2029-30. All eyes will be on whether he seeks to make the tough choices (and trade-offs) necessary to recalibrate government spending to respond to a more dangerous world, introduce another set of tax raising measures or test the bond market's appetite to wear even higher government spending by changing the fiscal rules.

New Government: Priorities
Sam Tankard, Associate Director

Burnham used his short speech on the steps of Downing Street to very clearly set out a plan for how he will conduct politics differently - in a way that makes politics work for all people and develop a new economic model. A 10-year plan setting out the detail of how he will deliver this, and how it will be paid for, is following later this year.

He argues that too much of the country's economic and political power has been privatised and centralised, and that much of the country has been in decline. Building on his speech three weeks ago where he announced the creation of No.10 North, Burnham reiterated his intention to bring more power – and more growth - into every postcode across the country. His plan will also include bringing more public essentials like energy, water and housing into public control. Placing Thames Water into administration and mutualising water companies have also been discussed.

Burnham says that the "care of people" will be at the heart of everything he does, with cost-of-living support being announced as soon as tomorrow. He also set out his intention to change the education system and get more people into work.

He has said many times that he will conduct the biggest social housing construction programme since the post war period, and this morning he set out an immediate instruction to officials to end rough sleeping. It is clear Burnham is seeking to build a more preventative state – one that invests in success and supports people to live well. He said that these measures are the 'fair way' to bringing the welfare bill down, rather than through "crude cuts" which fail to address the fundamental challenges that the welfare system currently faces.

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10 Downing Street
Scott Dodsworth, Senior Partner & Managing Director

The operation of No.10 will be critical to the early success of the government. Under Keir Starmer, we saw how difficult it can be to recover from a turbulent, disorganised first 100 days in office. Key figures from the party are out - former joint chiefs of staff Jill Cuthbertson and Vidhya Alakeson and Amy Richards are some of the obvious departures. George Mason and Sophie Nazemi are set to leave also.

James Purnell, Burnham's new Chief of staff, will be central to the new No.10 team. The former BBC executive and New Labour minister has a strong understanding of Whitehall and the inner workings of government. Graeme Cooke takes on the role of coordinating the No.10 policy unit and is one of several advisers to stay on in Downing Street.

Jonathan Powell is expected to remain National Security Adviser, with Varun Chandra also remaining in post as Chief Adviser on business, investment and trade. Chandra has spent a great amount of his time on the US-UK relationship; this will be of value to the new prime minister.

On the political side of the team, Hayden Munro will be Political Director, with Matthew McGregor shaping political strategy. Both are respected campaigners and well known around the party.

In a move from City Hall, Sarah Brown will be the prime minister's director of communications, supported by Grace Pritchard as the new Head of Media. Grace worked with Ed Miliband before supporting Andy Burnham's campaign in the Makerfield by-election. John Stevens stays in Downing Street, the effective former lobby journalist remaining as Press Secretary.

Key departments, summary of their priorities

Health

Burnham's NHS reforms are expected to build on the Greater Manchester model, giving local government and strategic authorities a stronger role. This is likely to mean a greater role for councils in Neighbourhood Health, closer partnerships between the NHS and mayoral authorities and increased accountability for Foundation Trusts as local economic anchors.

A more devolved NHS is also likely to place greater emphasis on tackling the social determinants of health through a 'health in all policies' approach. This will build on the 'Marmot' principles, through the expansion of preventative programmes already pursued by the previous government.

Education

Andy Burnham has been clear in his ambitions to drive reform in Britain's education landscape, but it is skills, rather than schools, where his focus is sharpest. One of his central aims is to establish 'parity between academic and technical education', ensuring 'every young person has a path in life' - be that through university, an apprenticeship, or directly into work. He made time in his first speech this morning to reiterate his commitment to 'changing the education system' to provide more support to young people entering work.

Burnham will find ample opportunity to focus on young people's relationship with education and skills when the full report of the highly anticipated Milburn Review is published in October, providing recommendations to government about how to resolve the crisis of more than one million young people not in education, employment, or training (NEET).

Many of the practicalities of Burnham's skills ambitions are likely to run through devolution: the prime minister's conviction that growth must be 'nurtured from the bottom up' means we are likely to see changes to the skills system that see local leaders, rather than Whitehall, hold more of the purse strings and set priorities to match local needs.

Before long, the former Greater Manchester mayor will find himself juggling more than just the future of the skills landscape. He will have a watchful eye on the progress of the government's flagship SEND reforms following the Schools White Paper consultation earlier this year, and will also have to prepare for scrutiny of the new National Curriculum, planned for publication in spring 2027.

Defence & security

The first duty of government - the responsibility for defence and security - now rests with Andy Burnham. Earlier in the month we had the publication of the long-awaited Defence Investment Plan. Long in the draft, the DIP was meant to detail funding for the Strategic Defence Review, published back in 2025. Finding the money to ensure this is delivered – with £5m still to find – will be one of the most significant challenges.

Allies have taken to *X* to welcome the new prime minister, but they will be keen to understand the new government's foreign and defence policy direction from its commitment to Ukraine, EU relations and the transatlantic alliance at a time of tension over US actions against Iran. From defence and security and international trade and cooperation, the prime minister's time will be taken up by international events.

Energy

Burnham has used most of his public interventions to talk about the cost of living and the stronger control of 'public essentials'. With energy costs such a big part of that, we can expect to hear much more from Burnham on energy than we did from Starmer, and as early as tomorrow we will see some immediate support for energy bills.

Burnham has been clear he will stick to the legal and manifesto commitments on net zero but is likely to favour an approach that balances a 'just transition' with direct cost of living support. He will be mindful of the impact on jobs and industry across the country, and his approach will include an openness to accelerating North Sea drilling, rather than new licences.

Greater Manchester adopted a carbon-neutral target of 2038 - 12 years ahead of the UK's statutory 2050 target - and was the first to develop Local Area Energy Plans across all boroughs. The Local Net Zero Accelerator programme in Greater Manchester emphasises the role of local stakeholders in the delivery of renewable energy. Together with publicly owned GB Energy and greater powers for mayors and local leaders, we can expect a more place-based and community oriented approach to energy policy.

Food & farming

There is an understandable concern that food and farming will remain a second-order government priority. As a politician whose experience has largely been shaped by urban and regional government, Burnham has not developed an extensive policy agenda on farming and agriculture. Labour has historically had a strained relationship with the agricultural sector and rural communities, and Starmer's tenure as prime minister achieved little to meaningfully change this perception.

Burnham delivered a speech in July where he pledged to "safeguard" farming and declared it a "critical sector". This broadly aligns with the Starmer government's approach, which framed British farming as critical to national and food security, as well as to environmental stewardship and the transition to more sustainable agricultural practices. However, while the government's rhetoric consistently emphasised the strategic importance of farming, its relationship with the sector was strained by a number of policy decisions—notably proposed changes to inheritance tax relief for agricultural assets—which prompted significant opposition from many farmers.

If Burnham is to be taken seriously about reducing governmental churn, his appointment of a third ministerial team at the Department for Environment, Food and Rural Affairs (Defra) since Labour's victory in July 2024 will place an even greater premium on delivery and policy action. There is a strong political and policy incentive for Burnham to ensure his Defra team succeeds.

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