



Reflections on Labour Party Conference & Burnham's priorities for government

Monday 12 October

Burnham takes aim at First Past the Post

By GK's Senior Partner & Head of Private Equity, Lizzie Wills

Andy Burnham's announcement at Labour Party conference that he will establish a National Commission on Electoral Reform marks a significant moment in Labour's long-running debate over the future of First Past the Post (FPTP), which has produced markedly different positions from successive Labour leaderships.

Perhaps surprisingly, Burnham's announcement goes further than merely a commitment to examine reform, with the prime minister committing Labour to contesting the next general election with a manifesto commitment to changing the electoral system. Burnham has conceded that the proposals are likely to be controversial, not least with his own cabinet, given a move to proportional representation could limit the ability of Labour (or any other political party) to secure an outright majority at future elections.

The immediate significance is therefore political as much as procedural. Labour conference has previously backed proportional representation, including via a major vote in 2022, but the party's 2024 manifesto contained no commitment to electoral reform. Burnham is now aligning his government with a longstanding demand from Labour's membership and a substantial section of its parliamentary party - more than 100 Labour MPs backed a 2026 amendment to the Representation of the People Bill calling for a national commission.

Burnham is framing the case primarily around democratic representation and political stability. He argues that FPTP can allow a government to take office with less than 30% of the vote and links electoral reform to his wider argument that Westminster has become too focused on point-scoring rather than long-term problem-solving. This gives the proposal a broader purpose: electoral reform is being presented as part of a fundamental restructuring of how British politics operates and how the electorate is represented - rather than as a standalone constitutional change - and aligns with Burnham's ambition for further devolution to regional power centres.

However, the announcement leaves important questions unresolved. The commission is intended to consider the options, meaning the precise alternative to FPTP has not yet been settled. Burnham has previously supported proportional representation, but the government will need to determine which model could command sufficient political and public support. The experience of the 2011 referendum, when voters rejected the Alternative Vote system (where candidates are ranked in order of preference), demonstrates that electoral reform cannot necessarily be assumed to have the backing of the public.

The commission is expected to report before the next general election, with political parties, civil society, businesses and voters invited to participate. The key test will be whether this process produces a sufficiently detailed and broadly supported proposal to move from a manifesto commitment to legislation after the next general election.

For businesses, the announcement should be viewed as the beginning of a potentially significant constitutional policy process rather than an imminent change to the electoral system. The areas to watch out for in the short term will be the commission's terms of reference, the electoral model ultimately recommended, and whether Labour seeks to secure cross-party agreement for reform before the next election.

Is Labour's Brexit announcement an early offer to the Lib Dems?

By GK's Head of Policy, Hugo Tuckett

One of the most striking elements of the prime minister's conference speech and his comments since then has been his eagerness to criticise the UK's post-Brexit relationship with the EU. Burnham's scathing assessment of Britain's decision to leave the EU in 2016 marks a clear distinction with the approach adopted by his predecessor Keir Starmer who, despite pursuing closer regulatory alignment with the bloc during his time in office, was much more cautious about outright challenging the outcome of the Brexit vote. This is despite being a member of the remain campaign in 2016 and previously advocating for a second referendum.

Burnham's criticism of Brexit centres on the high levels of immigration to the UK and the country's sluggish economic growth over the last decade. In a bid to turn the leave campaign's 'take back control' messaging on its head, he used his conference speech to argue that the UK had 'lost some of the control we had over our economy as a decade of low growth has put us in a weaker position' and that 'control over immigration was weakened when we lost collaboration with our European partners'.

The prime minister committed to using the UK-EU summit later this year to lay out to the country the different options for Britain's long-term relationship with the EU and establish a consensus on a path forward. Burnham later signalled this could include: retaining the UK's existing relationship with the bloc; pursuing a form of associate membership; or rejoining the customs union. He also refused to rule out including a referendum on the EU in a future Labour manifesto. Much of this will

come as a real surprise to business secretary Jonathan Reynolds who spent most of Labour conference warning of the economic and political paralysis that reopening the Brexit debate would cause.

There are though significant questions for the prime minister on exactly how a closer relationship with the EU as he describes, potential through a return to some form of free movement, would constitute greater control over the immigration system. Or how pursuing closer economic alignment with the two major players in the EU, France and Germany, whose growth rate was below that of the UK in the first half 2026, would deliver the economic bounce Burnham is envisaging. And that's before any discussion of whether Britain would be required to relinquish the pound in favour of the euro in any negotiations to formally re-join the bloc.

Burnham's approach to the UK's relationship with the EU is, however, as much about political positioning as it is immigration and economic policy for the government. His announcement brings Labour into much closer alignment with the Liberal Democrats in relation to the EU, with the latter having the stated aim of eventually re-joining the bloc. Given the increasingly fragmented nature of British politics – with support split amongst several parties, rather than just Labour and the Conservatives – Burnham's new policy towards the EU should be seen as an early implicit recognition that a future Labour-led government would require the support of (at least) the Liberal Democrats if it wants to remain in power following the next election.

The prime minister sets out his vision for the water sector

By GK Senior Associate, Sonia Vasconcellos

Bringing about greater public control of the water sector has become a principal feature of the prime minister's efforts to challenge what he sees as the economic orthodoxy that has prevailed in the UK since the 1980s. In his inaugural speech to Labour Party conference as prime minister, Andy Burnham confirmed that environment secretary Angela Eagle would shortly bring forward a new Water Bill to repeal the Thatcher-era ban on public ownership of water companies in England.

This marks a significant shift in how ministers are likely to intervene in the sector. It is the clearest policy proposal of what Burnham means by 'public control over life's essentials', a phrase that he has frequently repeated since becoming prime minister. Under the current provisions of the Water Act 1989, the government is restricted to between 1% and 3% of ownership shares depending on the water company. Removing these restrictions would give the government more flexibility for future interventions when responding to potential failures in the water industry.

Burnham's announcement does not mean immediate nationalisation of all water companies, though different ownership models could be possible in the long run. Crucially, efforts to bring the water industry into full public ownership would face significant financial, regulatory and political hurdles that would be difficult for the government to overcome. Rather, Burnham has stressed the importance of private sector investment to ensure the long-term future of the sector. The most

likely outcome, therefore, is continued private investment and ownership of the sector, with increased political scrutiny and a more robust sanctions regime.

The prime minister has stated that any reforms would be delivered within the existing fiscal rules and budgetary frameworks. Funding any type of state acquisition of the water sector will be immensely challenging within the current fiscal environment, particularly as chancellor John Healey has reiterated his commitment to 'fiscal discipline' and the fiscal rules established by his predecessor Rachel Reeves. The Department for Environment, Food and Rural Affairs has previously estimated that nationalising the water sector could cost around £100 billion.

Alongside reforms to help facilitate public ownership, Burnham's proposed changes include increased influence for mayors and local authorities over how water companies are held to account, though the details of exactly what kind of powers mayors will hold has yet to be set out. These new powers are likely to strengthen local oversight of issues such as sewage discharge, environmental performance, customer service standards and infrastructure development.

The reforms are being presented as part of Burnham's broader 10-year plan to deliver greater public control over essential infrastructure like energy, water and housing. The 10-year plan is due to be published later this year after the autumn budget on 28 October 2026 and will set out further details on Burnham's approach to regulating essential infrastructure like water. The 10-year plan will reveal whether Burnham's plans represent a genuine transition towards public ownership or whether the new rules will be more akin to a compliance strategy used to more effectively govern poorly performing private companies.

Burnham's bid to bring down sky-high energy bills

By GK Associate, Brett Morton

Burnham's most significant energy announcement over the conference period is the creation of Great British Grid (GBG), a publicly owned company that would compete with private providers to accelerate new grid connections. The aim behind the establishment of GBG is to tackle one of the biggest barriers to the UK's energy transition and the deployment of new solar and wind infrastructure: major developments stuck in lengthy queues to be connected to the national grid.

Rather than incumbent network operators automatically developing new infrastructure, future transmission projects would be opened to bidding between GBG, existing network companies and private investors. The extent to which this increases competition in practice will, however, depend on the funding available to GBG. Great British Energy, the publicly owned clean energy company established by the Great British Energy Act 2025 of which the GBG will form a constituent part, has been allocated £8.3 billion over the course of this parliament. However, most of that funding has already been committed elsewhere, including to small modular reactors and offshore wind supply chains.

It also remains small relative to the roughly £70 billion of investment that transmission owners are expected to make in the network between 2026 and 2031 (as per Ofgem's RIIO-ET3 price control funding period). More immediately promising are reforms announced by the prime minister include allowing businesses to build their own connections rather than waiting for network operators, with similar changes in Ireland shown to have reduced connection times by up to 11 months. Even so, both measures will depend on planning reforms successfully shortening approval times for major infrastructure projects.

Alongside measures to support the deployment of green energy infrastructure, the prime minister committed to bring down energy costs for businesses and consumers by reforming the energy market and 'breaking the link between what we pay at home and the international gas market'. Rising global gas prices, exacerbated by the closure of the Strait of Hormuz, has undoubtedly played a major role in driving higher bills. This reflects the marginal pricing system used in wholesale electricity markets, under which gas-fired generation often sets the price for all electricity. However, even if gas price volatility declines over time if the war in Iran comes to an end and the Strait of Hormuz opens, consumers cannot escape the fixed costs of the electricity system. Energy companies told the House of Commons Energy Security and Net Zero Committee last year that gas could theoretically cost nothing by 2030 and energy bills could still increase because of the mounting costs of grid expansion, balancing services, backup generation and carbon pricing.

On the cost of living, Burnham announced that VAT would be removed from electricity bills from 1 October. The government estimates this will save households around £45 a year, although the actual saving will vary depending on electricity consumption. The measure will be popular with consumers in the short term, but its impact is likely to be limited. With the typical annual energy bill forecast to rise by around £276 as a result of disruption to gas supplies caused by the conflict in the Middle East and low gas storage levels across Europe, any savings from removing VAT are likely to be swallowed up almost immediately by higher energy costs.

Labour sets out its drive for a new era of social housing

By GK Adviser, Noreen Ahmed

Social housing has undoubtedly emerged as a priority policy area for the new prime minister, with Burnham framing it 'as an essential everyone needs for a good life' and setting out his commitment to bring about 'greater public control' of the country's overall housing stock. This is significant because it gives a clear signal of the government's direction of travel for the sector: that housing must be treated as public infrastructure and an essential necessity for all families, and that councils have a duty to intervene in their local housing market where they deem it necessary.

Burnham's decision to put housing front and centre of his conference speech shouldn't come as a surprise. In his first week as prime minister, he pledged to end rough sleeping by getting more people into temporary accommodation and settled housing. His conference speech, therefore, was an opportunity for him to make clear that his government is committed to supporting and

expanding the social housing sector, particularly at a time when the country is facing significant pressures around housing supply, affordability and the delivery of new homes.

Key housing announcements set out by Burnham include: ensuring councils can build on unused public land; reforming Right to Buy for new council homes; introducing enhanced powers for councils to take over empty properties and bring them back into the public housing stock; and to facilitate the compulsory purchase of properties that fall below acceptable standards. Further details are expected to be announced in the autumn budget later this month.

There is clearly appetite from the government to reform the social housing sector to ensure it better meets the needs of local people and communities. Alongside the package of reforms announced by Burnham, the government's Social Housing Bill is progressing through parliament. The bill seeks to protect and increase the supply of social housing in England and strengthen protections for tenants.

While the proposals set out seek to increase the volume of social housing across the country, further clarity will be needed on how the measures will work in practice, particularly the proposals to enable councils to take over empty properties and what qualifies as an 'unacceptable' property. Burnham, therefore, will need to prove that the reforms will be sufficient to deliver on his vision to 'restore the public housing stock to what it once was.'

For businesses and investors, changes to the planning system and the use of public land are likely to reshape how and where investment is directed. Engaging with the details of the forthcoming reforms will be crucial for those operating across the sector in determining how they can support the government's ambitions for an expansion of social housing and maximising emerging commercial opportunities.

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