# Rachel Reeves faces internal revolt as Labour reverses pensioners’ fuel payment cuts amid inflation surge



Rachel Reeves faced a significant challenge to her authority as Chancellor on a particularly tumultuous day marked by a series of political setbacks. The Prime Minister’s abrupt decision to backtrack on the controversial cut to winter fuel payments for pensioners highlighted a broader crisis within the government, while inflation figures painted an even darker economic picture. With inflation soaring to 3.5%, the Chancellor's assurances of effectively tackling the cost of living crisis now ring alarmingly hollow amidst growing dissent not just within her party, but across the country.

During a crucial gathering of G7 leaders in Canada, the Prime Minister announced the reinstatement of winter fuel payments affecting around 10 million pensioners. This U-turn was a desperate attempt to appease an increasingly disgruntled electorate, particularly in light of local election losses—many of which can be traced back to Labour's disastrous decision to means-test these essential benefits. The message from voters is clear: they will not support a government that fails to protect its most vulnerable citizens.

Compounding the turmoil, Deputy Prime Minister Angela Rayner emerged as a key figure advocating for a dramatic shift in economic strategy. Her push to replace proposed benefit cuts with increased taxation on higher earners has stirred resentment among many in her party while emboldening critics who argue this approach will further crush the economy. Conservative leader Kemi Badenoch seized this infighting to chastise Labour, asserting that the government is embroiled in "open warfare" over economic policy. Such public disputes not only reflect a fractious Cabinet but also cast significant doubt on Labour’s ability to govern effectively.

In the House of Commons, the chaos was palpable. Tory leader Badenoch relentlessly pressed the PM on the implications of rising taxes and inflation, directly linking them to Labour’s internal strife. “What have we learned?” she challenged. “We are heading for new tax rises.” Meanwhile, while Labour backbenchers cautiously celebrated the partial U-turn on winter fuel payments, many warned that this would not quell potential rebellions over broader spending cuts.

Angela Rayner's influence appears to be growing, yet her proposals for significant tax reforms, such as reinstating the pensions lifetime allowance and adjusting dividend taxes, may lead to further division. These moves resonate with certain Labour MPs who mistakenly believe that increased taxation on the wealthy could address fiscal inequities. Former frontbencher Andy McDonald highlighted a rising concern among colleagues regarding the detrimental impact of cuts on lower-income households, suggesting a deep-rooted unease not just with the Chancellor but the overall economic strategy.

The timing of Rayner's proposals coincides ominously with expectations of real-term cuts across various departments, including her own Ministry of Housing, Communities and Local Government. As Labour gears up for a crucial Commons vote next month, it’s predicted that as many as 170 Labour MPs could rebel against the government's ill-conceived fiscal measures.

While Work and Pensions Secretary Liz Kendall publicly asserted that the Cabinet remains "united" on economic strategy, skeptics abound. She articulated a vision for welfare state reforms that many citizens believe undermine the safety net for Britain’s most vulnerable. Her approach, particularly regarding cuts to disability payments, has sparked significant outcry and dissatisfaction.

In a broader context, this internal chaos threatens the very leadership of Sir Keir Starmer. To regain public trust and solidify their position in this new political landscape, Labour must deliver a unified economic direction, clear communication, and effective policies that don’t further harm struggling families. With economic challenges mounting and key votes looming, the coming weeks could prove decisive for both the party's health and its leadership, especially as the narrative shifts toward accountability and sound governance.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.dailymail.co.uk/news/article-14737205/Reeves-triple-blow-PM-U-turns-winter-fuel-inflation-soars.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data