

newsquawk

UK Local Elections - 7th May 2026

OVERVIEW

The UK will elect officials to around 5k council seats across the nation, providing a snapshot of the political landscape and the largest test for Labour since the 2024 election. In short, Labour and the Conservatives are expected to see significant losses, of over 20pps in some areas, according to YouGov's MRP. Reform UK, and to a lesser extent, The Greens are expected to benefit, though many of the councils, and particularly so in London, are expected to see close races. Note, turnout at local elections is typically low vs general elections; but, given the widespread political focus in the UK at the moment, turnout may be higher than typical. The extent of Labour losses will likely determine the near-term political backdrop, with members of the Labour party seemingly waiting for an opportune moment to challenge for leadership.

For markets, an even more disappointing than expected showing for Labour or particularly poor performance in a handful of key areas (see below) could weigh on UK assets, hitting GBP, sending Gilts lower and lifting the 10yr yield from already lofty recent levels. Though, much of the focus will be on the fate of PM Starmer and the potential leadership challenges, or other moves, against him; moves that could occur on Friday, but may take several days or even weeks to happen, particularly as Parliament is not prorogued until the 13th of May for the State Opening of Parliament.

PM STARMER

The mood around PM Starmer has been deteriorating since he took office, given some poorly received Labour decisions (some of which were subject to U-turns), and most recently the ongoing Mandelson fallout and Starmer's reaction to it. Illustrative of this, the share of respondents who say Starmer is doing "badly" stands at around 70% vs 43% when YouGov began tracking. Further, the Polymarket odds for Starmer being out of office by the end of June are around 40%, while end-2026 stands at 69%.

LEADERSHIP CHALLENGE

The main contenders for a challenger are, in no particular order, Wes Streeting, Angela Rayner and Andy Burnham. Aside from a formal challenge, they could step down from cabinet (for the first two) or partake in/drive the letter The Times reports is being worked on to call for Starmer to outline a timetable to handing over power; akin to the move by allies of Brown against Blair. In short, given the reported union developments around Rayner, the most likely successor is Burnham, though the timeline is realistically months rather than days or weeks, as is the case with others; of course, a Streeting challenge could accelerate things, but Starmer may be able to stave him off.

Streeting, currently the Health Secretary. He is said to have the 81 Labour MPs required to formally launch a leadership challenge, according to The Telegraph. The article adds that some of his allies are pushing for him to challenge on Friday, as the local election results come in. The avenues open to him are launching a challenge, or resigning from the Cabinet.

Rayner, former Deputy PM: Again, said to have the 81 Labour MPs required to formally launch a leadership challenge. However, The Times reports that Rayner is unlikely to secure the banking of the Unite, Unison and GMB unions. An interesting development as Rayner typically enjoys the benefit of such unions.

Burnham, current Greater Manchester Mayor. The most pressing hurdle for Burnham is that he is not an MP. However, the Daily Mail reported that an MP is preparing to step aside, potentially next week, to allow Burnham to run in a by-election and then return to the Commons. Interestingly, this method would involve the support of PM Starmer, but conditioned on Burnham not launching an immediate challenge, i.e. to give Starmer time to turn it around.

AREAS TO WATCH

Given the huge number of seats being contested, and as results will take several days to complete, it is perhaps better to focus on a few areas as litmus tests for the overall mood.

Senedd (Wales)

- Results on Friday, no guided time. -Reform and Plaid Cymru are near-enough tied in the YouGov estimate, gaining at the expense of Labour whose vote share is expected to fall some 23 points vs 2021, such an outcome would see Labour lose 32 seats and hold 12/96 Senedd seats.
- Note, the YouGov poll has moved markedly since the March MRP, at which point Plaid Cymru had an advantage of six seats over Reform.
- Polling suggests the Senedd will not have a majority, with no party near the 49 seat threshold. Note, despite Reform and Plaid Cymru being near-enough tied on seats, there is no logical path to a Reform-led coalition.
- Welsh Labour leader Morgan is expected to call for Starmer's resignation on Friday, Politico reports citing sources.

Holyrood (Scotland)

- Results on Friday, c. 18:00BST.
- SNP projected, by YouGov, to secure a five seat majority. Reform expected to win some 20 MSPs, leaving them as the 2nd largest party behind the SNP.
- Labour are expected to drop to just 15 seats, with a spread of 12-17, vs the 22 secured in the last Holyrood election.

Camden

- Results on Friday, c. 18:00BST.
- The bulk of PM Starmer's Parliamentary constituency of Holborn & St Pancras.
- Given this, it is the second safest Labour council within London, with an estimated lead of around 10pps.
- While not expected, a better than expected showing for the Greens and/or the Liberal Democrats at the expense of Labour, would be a significant blow to Starmer.

Birmingham

- Results on Friday, c. 18:00BST.
- Labour, and the opposition Conservative party, are expected to post significant losses across the Midlands, at the expense of gains in Reform and to a smaller extent Greens.
- Birmingham is one to watch as the YouGov MRP points to a three-way race between Labour, Reform and the Greens in Birmingham.
- Specifically, the Labour vote share is projected to drop by some 30 points vs 2022.

Barnsley

- Results on Friday, c. 16:30BST
- A Labour majority since the 70s, but is polling in favour of Reform.
- PollCheck is indicative of Reform gaining 37 council seats and eclipsing the 32 majority level.
- Labour's central projection is just 14 seats, with a 11-22 spread not allowing control in even the most optimistic of polling.

Hackney

- Results on Friday, c. 17:00BST
- Under Labour control with the exception of one split year since the early 70s.
- Greens projected to secure c. 40% of the vote share, as Labour is seen losing some 28pp. An outcome that has Greens on track to exactly meet the 29 majority threshold.
- Note, while the Reform vote share is seen at c. 6%, they are not expected to secure a council seat.

Lewisham

- Results on Saturday, c. 16:00BST.
- Labour had a 50 seat majority in 2022, however Green (via a Labour defector) are expected to challenge and result in a split council, or a very slim Green or Labour majority, depending on the projection referenced.

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