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From suppliers to servers: the impact of hyperscaler investment on UK businesses

Report commissioned by Microsoft and prepared by Mandala

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Note: All figures are in British pounds sterling unless indicated otherwise.

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Driving investment and reindustrialisation across the UK

Datacentres are essential digital infrastructure, underpinning the everyday services used by people, businesses, and governments. Like the rise of heavy industry, mass manufacturing, and the internet before it, the emergence of large-scale datacentre infrastructure is creating a new era of economic growth and opportunity for the UK economy.

Approximately 80 per cent of new hyperscale datacentres coming online between 2025 and 2030 are being built outside of Greater London, driven by the availability of energy and land. This is creating capital investment and skilled employment in regions that were at the heart of the UK's previous industrial eras but have struggled in recent decades from growing deindustrialisation. Datacentre construction requires steelwork, mechanical and electrical contracting, manufacturing, and engineering, the same skilled trades that once underpinned the economies of the North, the Midlands, and South Wales.

Generating economic impact throughout the country

The scale of investment flowing into UK datacentres is substantial. Hyperscale operators are forecast to spend £44.9 billion on UK-based suppliers for construction and £16.0 billion for operations over the five years to 2030. When the indirect effects generated by flow-on spending through supply chains are included, construction activity will support £79.8 billion in total local spending and 74,000 jobs per year across the UK. A further £33.2 billion in supply chain spending will be sustained from datacentre operations, supporting 15,220 jobs.

Creating opportunities for local suppliers

Microsoft's actual supplier spending footprint demonstrates how this datacentre investment is translating into local economic opportunities. The construction of Microsoft's Park Royal datacentre in London directly engaged 13 local suppliers across Greater London and the surrounding Home Counties, with 76 per cent of UK suppliers located within 35 miles of the site. This includes £460M of direct and indirect spending on construction services in Surrey, including major local contractors from Croydon and Harrow. Microsoft's Newport facility in South Wales similarly engaged local construction firms, with 35 per cent of suppliers within 35 miles. For example, £30M was directly spent on groundworks from Rhondda Cynon Taf. These investments have also driven economic opportunities in regions outside of where the facilities are based, such as £110 million in direct and indirect local supply chain spending for fabricated metal products in Bury.

Expanding the supply chain opportunity through policy action

The UK government has moved quickly to support datacentre investment, designating datacentres as Critical National Infrastructure, establishing AI Growth Zones with accelerated planning and grid access, and publishing the AI Opportunities Action Plan. Further targeted action, including partnering with industry to boost local procurement, addressing workforce shortages, increasing efficiency for planning approvals, and minimising energy constraints, could strengthen the domestic supply chain and ensure more economic benefit flows to UK businesses and workers.

1. DATACENTRE INVESTMENT IS AN OPPORTUNITY TO DRIVE REINDUSTRIALISATION ACROSS THE UK

1.1 Datacentres are essential digital infrastructure for enabling economic growth

Datacentres underpin the digital economy by hosting, processing, and managing data, while supporting everyday services used by people, businesses, and governments. They are specialised facilities that provide large-scale compute and storage services for the digital economy. Beyond storing data, datacentres actively enable the services and systems that modern economies depend on, including:

- **Powering the digital economy** e.g., supporting AI model training, hosting platforms, etc.
- **Keeping essential services online** e.g., hosting electronic health records, telehealth services, etc.
- **Driving productivity uplift** e.g., supporting data analytics across industries, and
- **Supporting research and innovation** e.g., hosting models and R&D in universities, companies, etc.

In doing so, datacentres support daily activities like:

- **Checking the weather forecast:** Live outlooks are generated and stored in datacentres.
- **Making payments:** Payments go through servers located in datacentres, which confirm transactions in seconds.
- **Shopping online:** Delivery times are handled by small auto-scaling services in datacentres.
- **Planning transport:** Datacentres process routes and travel times, giving users live updates.
- **Doing work:** Students access learning materials stored on cloud systems, professionals share files and information through cloud and leverage AI agents to support workflows.

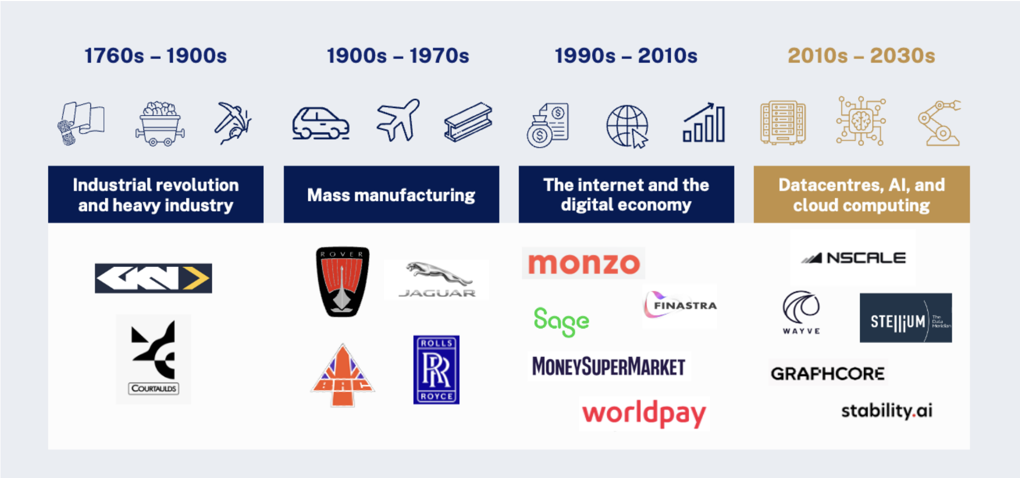
1.2 The UK's industrial heartlands can lead the next era of growth

The United Kingdom was the world's first industrial nation, with successive eras of economic growth reshaping the geography of its industrial base. From the 1760s to the early twentieth century, the industrial revolution drove mass production and heavy industry, with textiles concentrated in Lancashire and Yorkshire, coal and iron in South Wales, Lancashire, and Northumberland. From the early 1900s to the 1970s, mass manufacturing emerged and eventually matured into narrower, high-value niches: automotives in the Midlands, aerospace in Derby and the East and West Midlands, steel in Sheffield, the Humber, and Wales. The transition to the internet and digital economy from the 1990s into the 2010s largely concentrated growth in London and the South East, with fintech and professional services clustering around the capital's established financial infrastructure.[1]

Datacentres, AI, and cloud computing represent the next chapter. Unlike the internet economy, datacentre investment is geographically distributed. It requires large land sites and substantial grid connections, all of which are more readily available outside London. While London will continue to be an important location for datacentre infrastructure, new datacentre growth represents a major opportunity to reindustrialise regions of the UK that were so central to earlier generations of its economic history.

[1] Cambridge Aspire (2014) Chapter 12: The de-industrial revolution: the rise and fall of UK manufacturing; Taylor and Francis (2016) The Location of the Textile Industry in England and Wales, 1813–1820. World History Encyclopedia (2023) Coal mining in the British Industrial Revolution; Midland's aerospace cluster (2015) The Midlands aerospace cluster; History points (2012) Site of Ebbw Vale steelworks; Glaintelligence Unit (2012) London's digital economy.

EXHIBIT 1: ECONOMIC ERAS OF THE UNITED KINGDOM

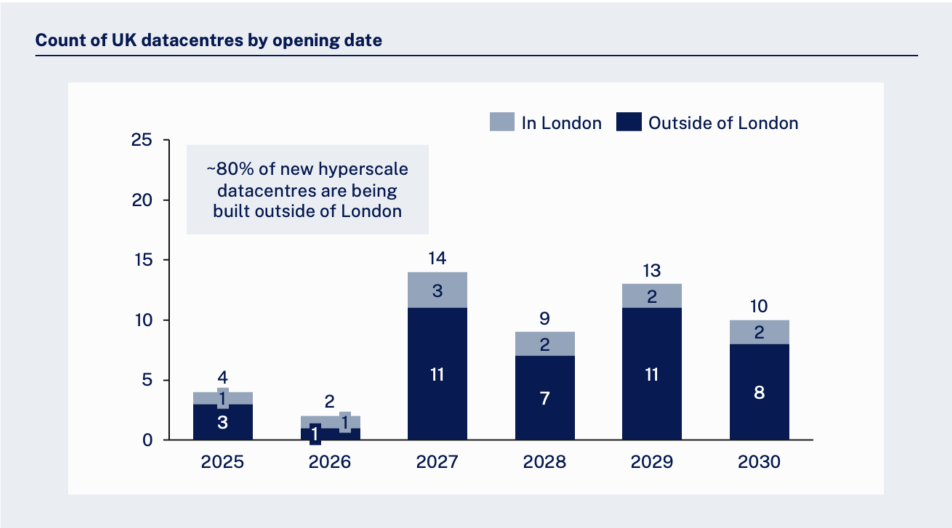


Source: Desktop research; Mandala analysis

1.3 Datacentres represent an unrivalled opportunity to reindustrialise the UK

Datacentres represent large investments that spur demand for local industries through both their construction and their operations. To date, around 25 per cent of existing hyperscale datacentres are situated outside of the Greater London region.[2] However, this trend is quickly changing. Of the new hyperscale datacentres forecast to come online between 2025 and 2030, approximately 80 per cent will be located outside Greater London. Operators are increasingly seeking sites in regions with greater access to energy and land, channelling significant capital investments to regions across the UK.

EXHIBIT 2: NEW UK DATACENTRES COMING ONLINE OVER TIME



Source: Publicly available announcements on hyperscale datacentre builds; Office of National Statistics (2025), *input-output supply and use tables*; Office of National Statistics (2025), *API Developer Hub*; Microsoft data; Mandala analysis.

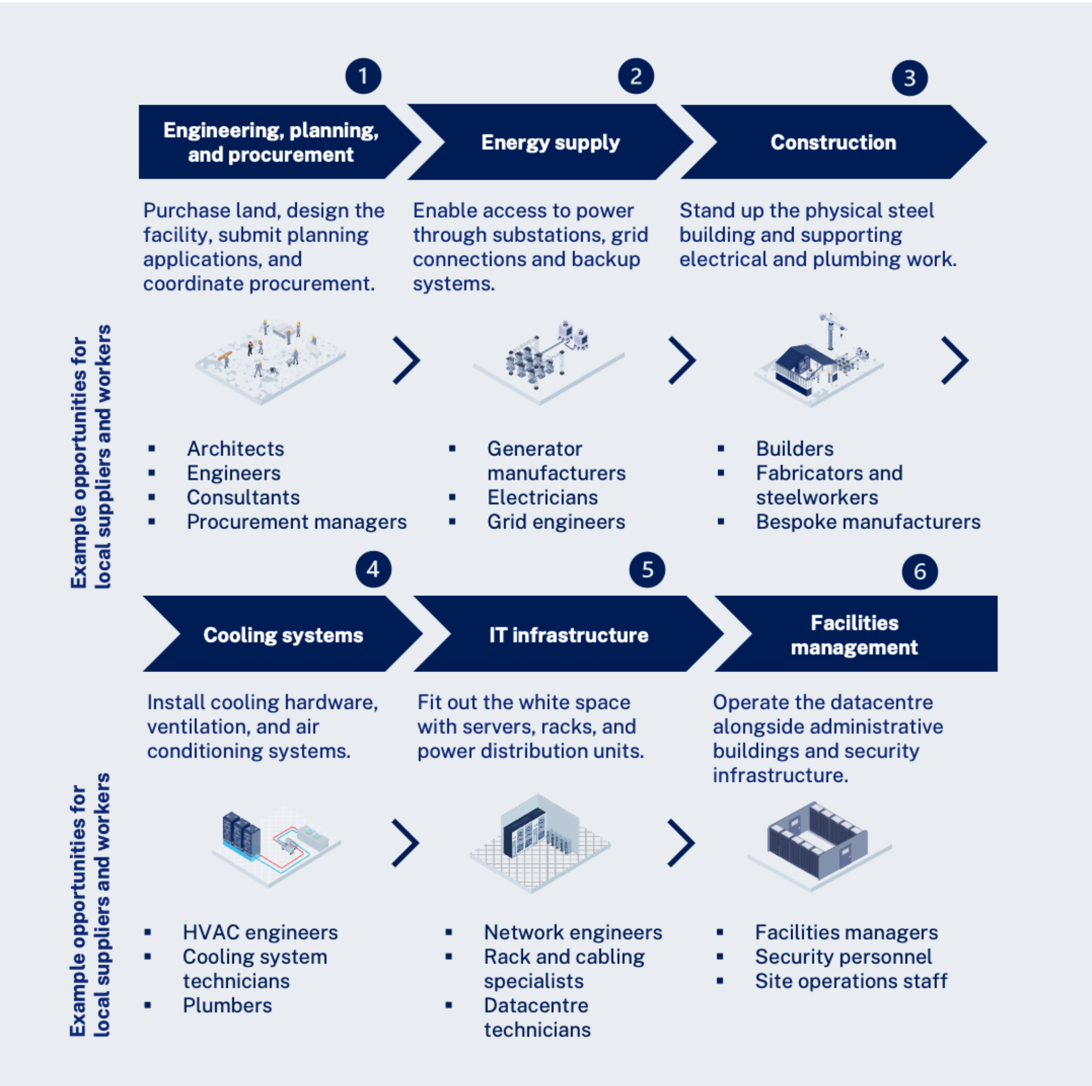
[2] Based on completed or announced hyperscale datacentre facilities as of 24 February 2026, including a forecast of facilities likely to come online that haven't been announced. Hyperscale facilities are defined as facilities with an IT capacity greater than 50MW or belong to a datacentre campus with a combined IT capacity greater than 50MW.

2. DATACENTRE INVESTMENT CREATES SIGNIFICANT ECONOMIC BENEFITS ACROSS UK SUPPLY CHAINS

2.1 Datacentres provide economic opportunities throughout their construction and operating phases

Building datacentres is a multi-step process that generates economic opportunities for local suppliers at each stage. The process begins with the engineering, planning, and procurement phase, where architects, engineers, consultants, and procurement managers establish the feasibility of a project. From there comes the infrastructure for enabling energy supply, the construction of the physical shell and building structure, the installation of sophisticated cooling systems, and the final fit out of the IT infrastructure. Finally, additional buildings for administrative offices and security are also installed for when the facilities need to be managed and operated.

EXHIBIT 3: THE MULTI-STAGE SUPPLY CHAIN STEPS INVOLVED IN BUILDING AND OPERATING A DATACENTRE



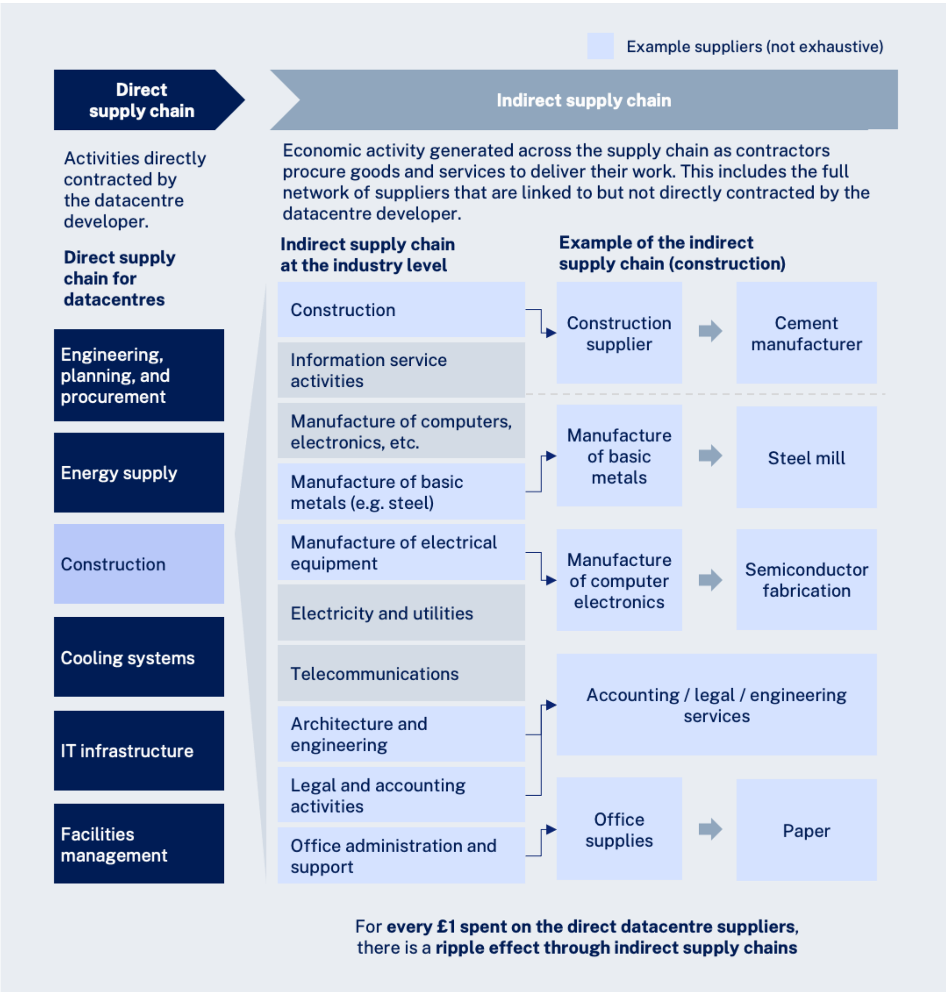
Source: Microsoft data; Expert consultations; Mandala analysis.

This process of building and operating datacentres generates economic opportunities for local suppliers and workers. For example, engineers support the design of a facility, electricians enable access to energy, builders and steelworkers construct the shell, HVAC engineers install cooling systems, network engineers support the fit out of IT infrastructure, and facilities managers help operate the datacentre. Once a datacentre campus is up and running, each segment of its supply chain drives demand for ongoing work. Energy supply and cooling systems, IT infrastructure, and broader building features all require preventative maintenance, servicing, and upgrades, providing recurring opportunities for local tradespeople and technicians.

2.2 Datacentre spending on local suppliers generates activity across the economy through the indirect supply chain

Datacentre investment has a cascading impact across the economy. When hyperscale developers spend on procurement in their direct supply chain, these suppliers in turn spend on their own networks of suppliers, forming a deeper indirect supply chain. As a result, for every pound spent on direct suppliers to hyperscale datacentres, there is a ripple effect throughout the indirect supply chain multiplying the impact on local businesses.

EXHIBIT 4: THE DIRECT AND INDIRECT ACTIVITIES INVOLVED ACROSS THE DATACENTRE SUPPLY CHAIN



Source: Microsoft data; Expert consultations; Mandala analysis.

2.3 Hyperscale operators will spend £44.9 billion on UK construction and £16.0 billion on operations over the next five years

The volume of hyperscale investment entering the UK is growing rapidly. Drawing on publicly available announcements, the sector is estimated to spend £44.9 billion with UK-based construction suppliers between 2026 and 2030, rising year on year as a pipeline of committed facilities comes online. Operational spending over the same period is forecast at £16.0 billion.[3]

This investment is being made by both owner-operators, companies such as Microsoft, Google, and AWS that wholly own and operate their facilities, and lessor operators such as Vantage, Equinix, and QTS, which build and lease data hall space to tenants. Together, they are bringing into service a significant number of new, large-scale sites across every region of the country.

[3] This spending only includes total spend within the UK, with UK-based suppliers, and does not encapsulate spending overseas. The figures therefore represent a conservative estimate of the total economic activity generated by these investments. Source: Publicly available announcements and data on hyperscale datacentre builds; CBRE (2026) *2026 UK Real Estate Market Outlook;* Office of National Statistics (2025) *Input-output supply and use tables*; Microsoft Data; Mandala analysis.

2.4 Datacentre construction will support £79.8 billion in total supply chain spending and 74,000 jobs across the UK

Hyperscale datacentre construction will generate an estimated £79.8 billion in total supply chain spending across the UK between 2026 and 2030. This comprises £44.9 billion in direct spending from datacentre operators on UK-based suppliers, alongside a further £34.9 billion of indirect activity generated as those direct suppliers procure materials, services, and subcontractors from across the broader economy.

The largest segment of the direct supply chain is the physical construction activity itself, including building works, metalwork, plumbing, electrical work, and mechanical services. This segment of the supply chain will receive an estimated £26.1 billion in direct datacentre spending, supporting approximately 26,870 full-time equivalent jobs per year. Energy supply contractors also represent a significant share of total benefits, receiving an estimated £11.2 billion to enable activities such as grid connections, substations, and backup generation, supporting around 7,160 jobs annually.

The indirect supply chain, capturing the wider ripple effects as direct contractors purchase materials and services from across the economy, adds a further £34.9 billion and approximately 33,940 jobs. In total, the construction phase supports 74,000 jobs per year across the UK over this period.

EXHIBIT 5: PROJECTED SUPPLIER SPENDING ON DATACENTRE CONSTRUCTION

Spending for datacentre construction within the UK supply chain, 2026-2030

Direct suppliers | Indirect suppliers

Supplier segment	Total spending on UK suppliers (£B)	Jobs supported[1]	Major supplier activities
Engineering, planning and procurement	£5.6B	~4,400	Equipment sourcing, material sourcing (e.g., fabricated steel), engineering services
Energy supply	£11.2B	~7,160	Electrical hardware, grid connection
Construction	£26.1B	~26,870	Mechanical services, metalwork, plumbing & electrical, building works
Cooling systems	£0.2B	~110	Cooling hardware, HVAC installation
IT infrastructure	£0.7B	~510	Racks and cabling, power distribution units, networking equipment
Facilities management	£1.1B	~1,010	Security equipment, safety equipment
Indirect supply chains	£34.9B	~33,940	Spending by suppliers on other services across the broader UK economy
Total supply chain spending	£44.9B £34.9B £79.8B	**~74,000**	

Source: Publicly available announcements and data on hyperscale datacentre builds; Office of National Statistics (2025), *input-output supply and use tables*; Office of National Statistics (2025), *API Developer Hub*; Microsoft data; Mandala analysis.

Sparkles hires local South Wales staff to provide cleaning for the construction site of Microsoft's Newport datacentre

Sparkles is a locally owned and operated South Wales company

- **Sparkles was founded 23 years ago**, initially focused on domestic cleaning before shifting to construction and commercial work during the COVID-19 pandemic.
- Sparkles is a **living wage accredited employer** with 30 employees. Sparkles won the **Living Wage Champion Award** after being nominated by staff.
- Sparkles is a **disability confident employer** that offers work trials, enabling staff to overcome potential interview barriers.

Sparkles Cleaning Services

Sparkles has hired full-time staff to support its work with Microsoft

- **Sparkles cleans the Microsoft Newport datacentre site**, focusing on offices and welfare facilities for the construction workers on site.
- Working with Microsoft has enabled Sparkles to hire **7 more full-time staff.** The Microsoft Newport datacentre site is one of Sparkles' largest customers, **representing around a third** of the work that Sparkles does.
- Sparkles is **integrated into the construction workforce,** including in the daily Toolbox meetings.

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full-time staff and 3 part-time staff hired to work with Microsoft

Sparkles uses local suppliers in South Wales

- **Local suppliers in South Wales** provide Sparkles with **biofriendly and ecofriendly products.**
- Sparkles draws on a network of local suppliers located in nearby areas such as **Caerphilly and Cardiff.**

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local cleaning product suppliers located in South Wales

"Working with Microsoft has enabled us to hire 7 extra full-time staff. We hire local people in South Wales who might not otherwise be employed, providing life-changing opportunities with stable work and a good wage. Our team are highly valued at the Microsoft Newport datacentre construction site."

— **Ceri Jennings**, *Founder and CEO*

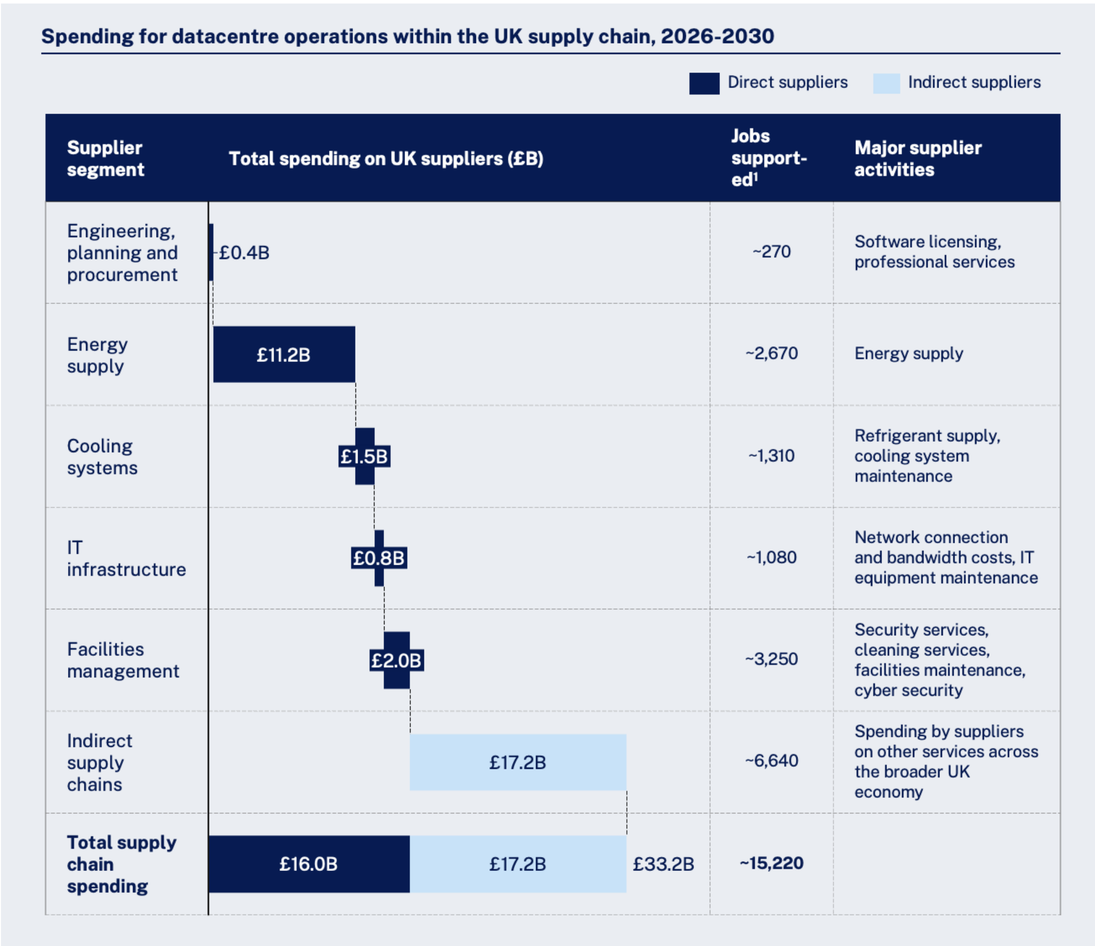
Source: Stakeholder interview by Mandala

2.5 Hyperscale datacentres will support £33.2B in operating expenditure and 15,220 jobs across direct and indirect supply chains over the next 5 years

The economic benefits of datacentre investment do not end when construction is complete. Once operational, hyperscale facilities generate sustained demand for a range of ongoing services and supplies. Datacentre operations will support an estimated £33.2 billion in total supply chain spending and 15,220 jobs across the UK over the five years to 2030. With significant growth in new datacentre capacity projected over the same period, annual supply chain spending from operations will continue to increase beyond 2030, as new datacentres come online and add to total operating capacity across the UK.

The most significant cost in operations is energy. Energy supply contracts, covering grid power, generation, and capacity agreements, account for £11.2 billion and approximately 2,670 jobs. Facilities management, including security services, cleaning, and site operations, accounts for £2.0 billion and around 3,250 jobs. Cooling system maintenance, software licensing, IT equipment upkeep, and network connectivity together account for a further £2.7 billion and approximately 2,660 jobs. Indirect supply chain activity generated as these direct suppliers procure sub-services adds a further £17.2 billion and around 6,640 jobs.

EXHIBIT 6: PROJECTED SUPPLIER SPENDING ON DATACENTRE OPERATIONS



Source: Publicly available announcements and data on hyperscale datacentre builds; Office of National Statistics (2025), *input-output supply and use tables*; Office of National Statistics (2025), *API Developer Hub*; Microsoft data; Mandala analysis.

MJ Patch provides metalworking for Microsoft's Newport datacentre

MJ Patch is a metalworking and steel fabrication firm based south of Bristol with UK suppliers

- **MJ Patch** was founded in 1955 and is based **south of Bristol.**
- **They provide structural steel frames and architectural metalwork, with over 50 staff** across two sites in North Somerset, just south of Bristol.
- **MJ Patch has 8 suppliers spread across the UK** including steel suppliers, welders, and lifting specialists.

Working with Microsoft has been a major opportunity for MJ Patch

- **MJ Patch provides metalwork for Microsoft's Newport datacentre,** including walkways with integrated gutters, stairs access platforms, and secondary structural steel.
- **Working with Microsoft has made up around 30% of MJ Patch's annual revenue** over the past year, with turnover up 15% compared to the prior year.
- **4 full time employees, 2 part time employees, and subcontract** installation and crane teams have been based at the Microsoft Newport datacentre site.

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UK subcontractors supplying materials and services to MJ Patch

Apprentices and employees gain valuable skills at MJ Patch

- **MJ Patch offers apprenticeships in** Fabrication and Welding.
- **MJ Patch fabricators are trained and qualified coded welders,** with procedures developed, controlled, and monitored by both their in-house team and external auditors on an annual basis.
- **MJ Patch supports all site and office staff** in completing NVQ qualifications relevant to their roles, including **steel erection, fabrication, welding, and site management**. All staff are trained and supported to obtain their appropriate CSCS skills card.[1]

30%

of annual revenue sourced from Microsoft over the past year

"

The work at the Microsoft Newport datacentre has been a significant portion of our revenue over the past year, enabling us to continue growing the business and providing our employees with qualifications and valuable skills."

— **Owen Beckett,** *Commercial Director*

1 NVQ stands for National Vocational Qualification. CSCS stands for Construction Skills Certification Scheme.

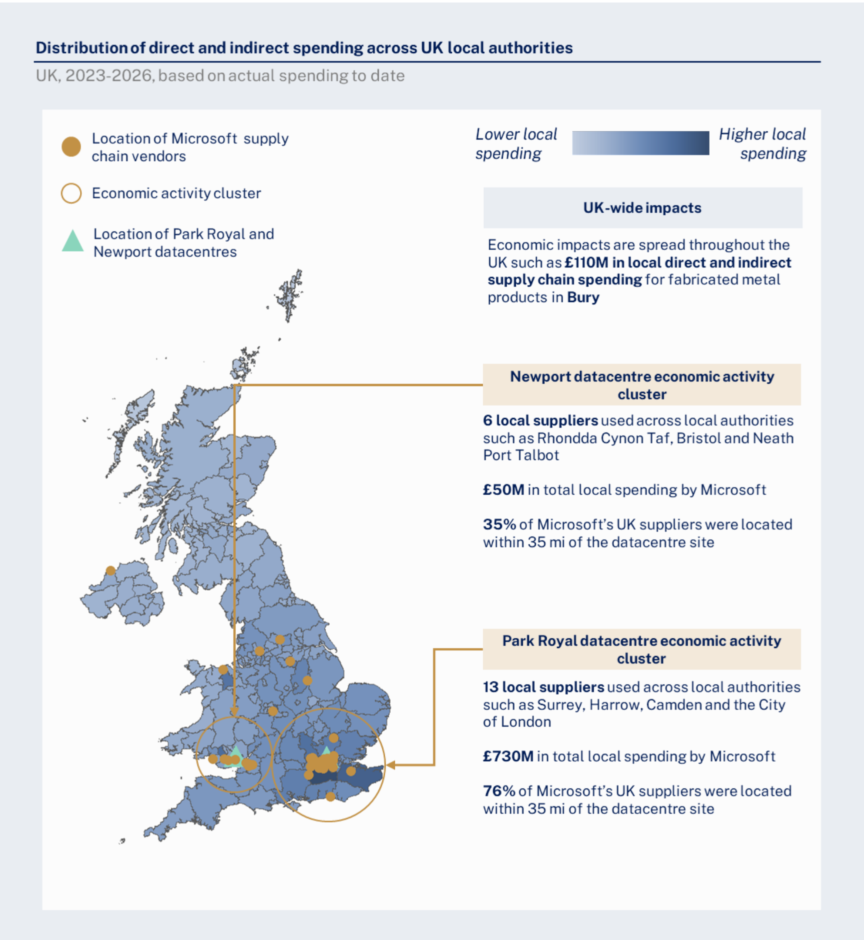
Source: Stakeholder interview by Mandala

3. MICROSOFT'S DATACENTRE INVESTMENTS HAVE SPURRED DEMAND FOR LOCAL CONTRACTORS, SUPPORTING BUSINESSES FROM SOUTH WALES TO GREATER MANCHESTER

3.1 Microsoft's Park Royal and Newport datacentres generated benefits for clusters of nearby suppliers, while supporting indirect spending across the UK

Microsoft's supplier spending data for its Park Royal and Newport sites reveals that while the economic benefits of datacentre construction are spread across the UK, suppliers located closest to each site capture a disproportionately large share of direct spending. Seventy-six per cent of Microsoft's UK suppliers for Park Royal were located within 35 miles of the site, and 35 per cent for Newport, reflecting a preference for nearby contractors. This doesn't mean the economic benefits are locally contained: both direct and indirect supply chain effects propagate spending across the UK.

EXHIBIT 7: DISTRIBUTION OF DIRECT AND INDIRECT SUPPLIER SPENDING IN THE UK FROM MICROSOFT'S PARK ROYAL AND NEWPORT DATACENTRES



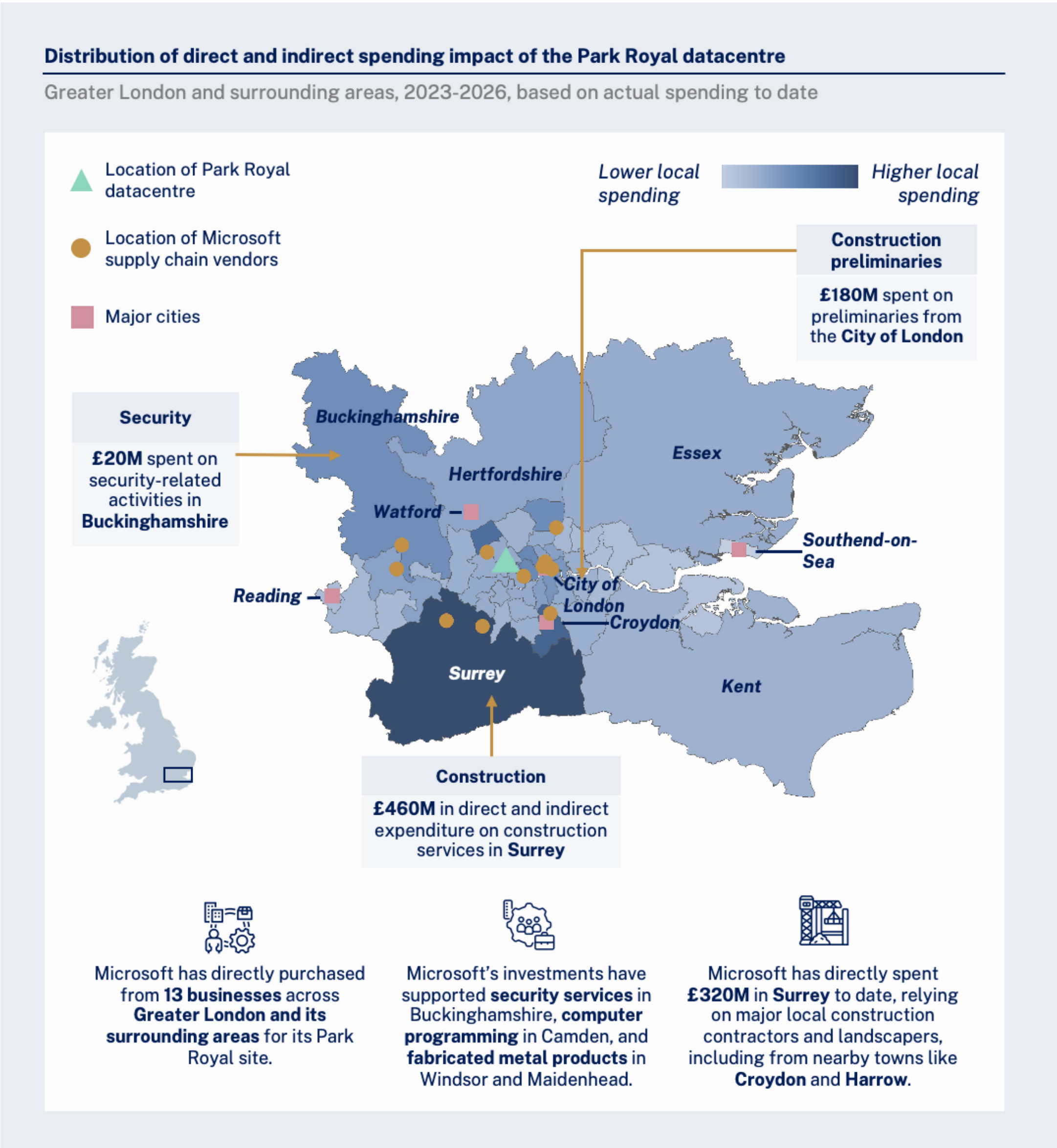
Source: Microsoft data; Office for National Statistics (2025) Interregional trade in goods and services, UK: 2019 and 2020; Office for National Statistics (2025) UK input-output analytical tables: product by product; Mandala analysis.

3.2 Microsoft's investments in its Park Royal datacentre have driven business activity in local authorities across Greater London and the Home Counties

Direct supplier spending for Microsoft's Park Royal site covering 2023 to 2026 demonstrates the geographic distribution of economic activity that datacentre construction can generate. Microsoft has directly purchased from 13 local businesses across Greater London and the surrounding areas, while generating further economic activity throughout the region via indirect supply chains.

Surrey has been a major beneficiary to date, with £460 million in estimated direct and indirect spending on construction services from major local construction contractors and landscapers, including from towns situated near the Park Royal site like Croydon and Harrow. The project has also stimulated a further £180 million in spending on construction preliminaries procured from firms in the City of London, and £20 million on security-related services in Buckinghamshire.

EXHIBIT 8: DISTRIBUTION OF DIRECT AND INDIRECT SUPPLIER SPENDING IN GREATER LONDON AND NEARBY HOME COUNTIES FROM MICROSOFT'S PARK ROYAL DATACENTRE

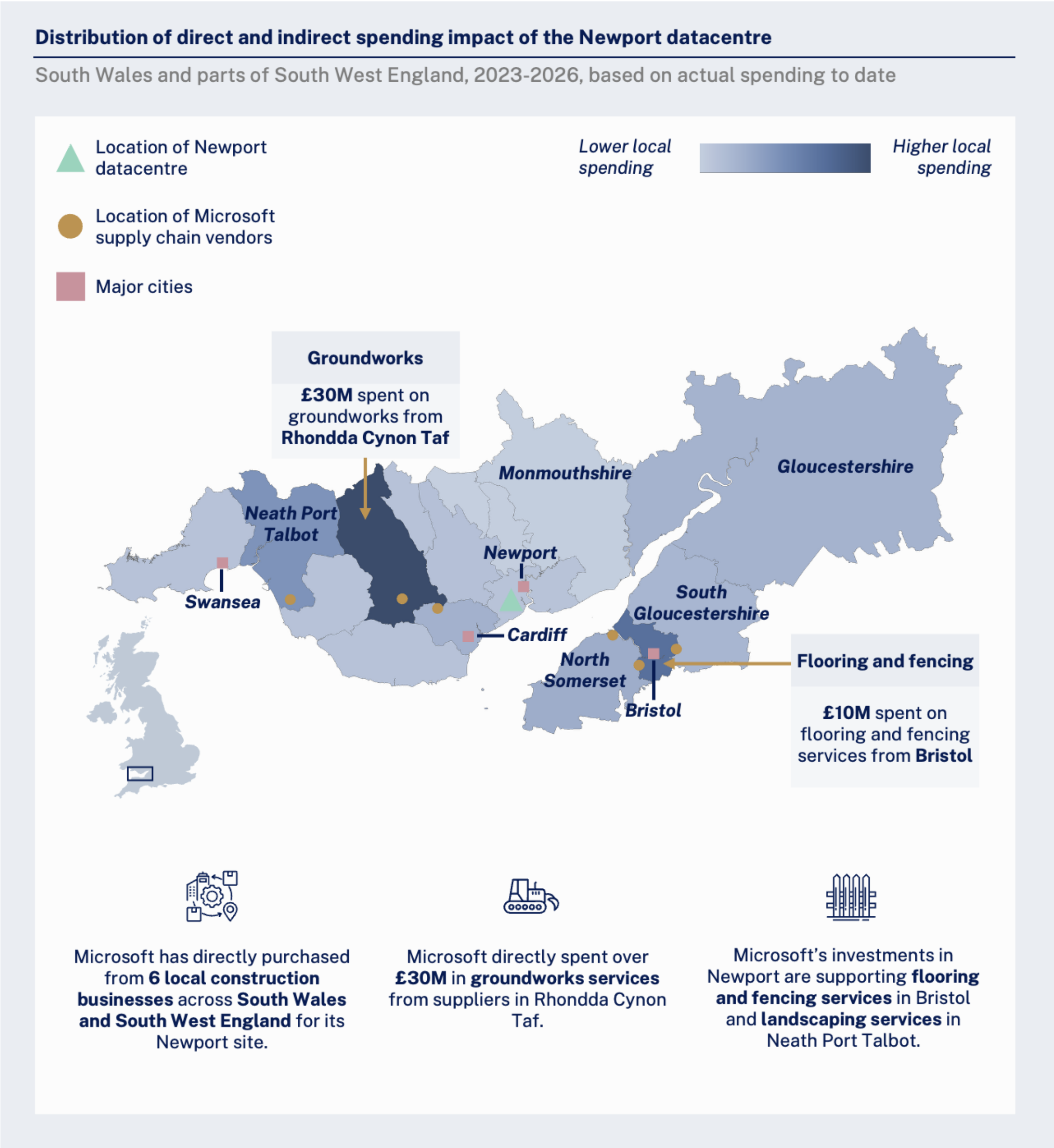


Source: Microsoft data; Office for National Statistics (2025) *Interregional trade in goods and services, UK: 2019 and 2020*; Office for National Statistics (2025) *UK input-output analytical tables: product by product*; Mandala analysis.

3.3 Microsoft’s investments in its Newport datacentre have supported construction firms across South Wales and South West England

Microsoft's Newport datacentre, located at Imperial Park in South Wales, illustrates a similar pattern, albeit at a smaller scale driven by the size of the facility under development. Throughout the project, Microsoft has directly purchased from six local construction businesses across South Wales and South West England. This includes £30 million spent on groundworks supplied in Rhondda Cynon Taf, and £10 million spent on flooring and fencing services sourced from Bristol. Other local suppliers are based in regions such as Neath Port Talbot, North Somerset, and South Gloucestershire.

EXHIBIT 9: DISTRIBUTION OF DIRECT AND INDIRECT SUPPLIER SPENDING IN SOUTH WALES AND SOUTH WEST ENGLAND FROM MICROSOFT’S NEWPORT DATACENTRE

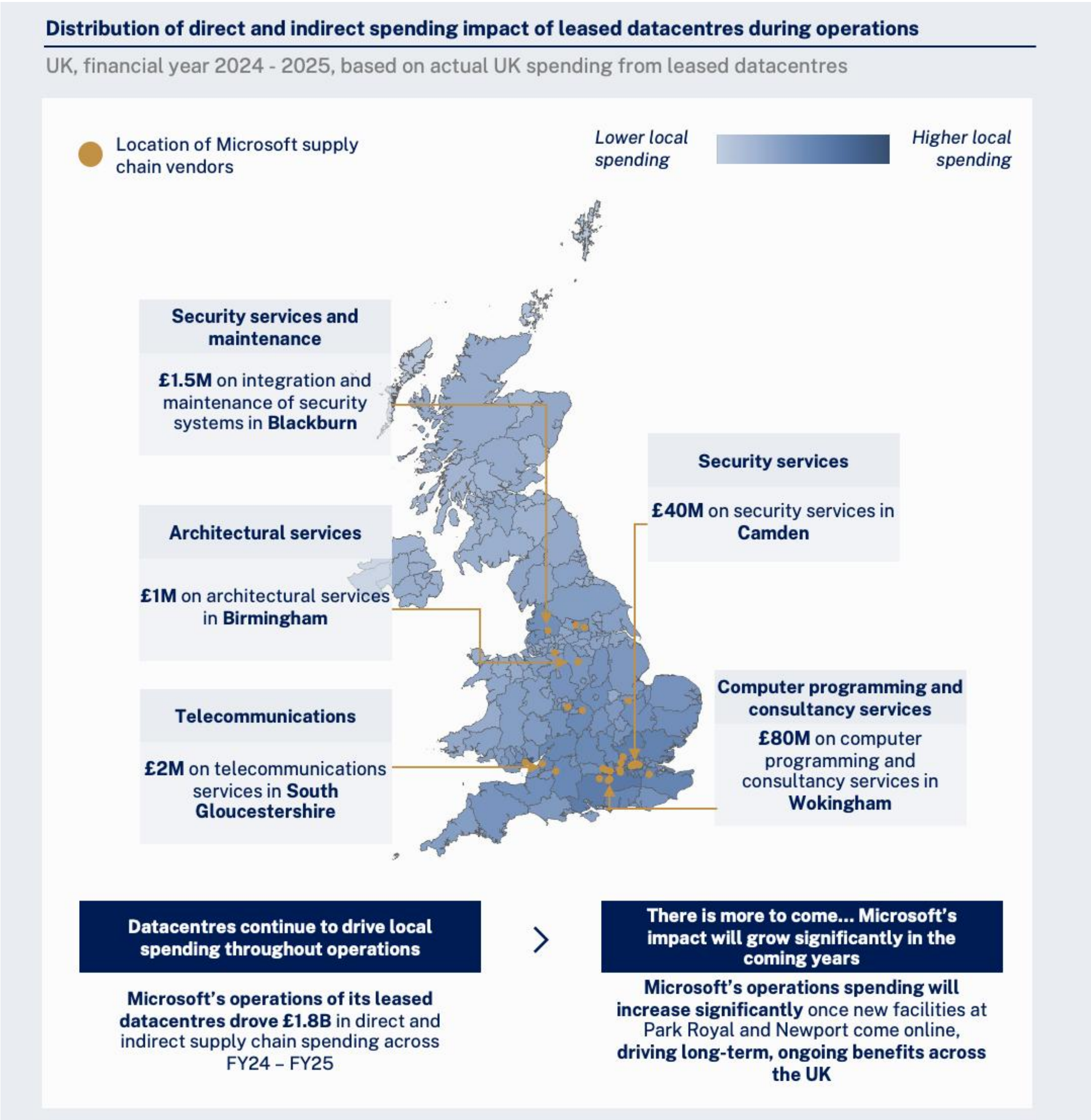


Source: Microsoft data; Office for National Statistics (2025) Interregional trade in goods and services, UK: 2019 and 2020; Office for National Statistics (2025) UK input-output analytical tables: product by product; Mandala analysis.

3.4 Microsoft's existing datacentres demonstrate that even once facilities are fully operational, they still drive significant supply chain opportunities across the UK

While its new facilities in Park Royal and Newport are yet to come online, Microsoft's ongoing operations of its existing leased facilities are spurring economic activity in the UK.[4] From 2024 to 2025, these facilities generated an estimated £1.8 billion in direct and indirect supply chain spending, with a broad geographic footprint. This includes £80 million on computer programming and consultancy services in Wokingham, £40 million on security services in Camden, £2 million on telecommunications services in South Gloucestershire, £1.5 million on security system integration and maintenance in Blackburn, and £1 million on architectural services in Birmingham. This figure will grow substantially once Park Royal and Newport reach operational capacity, creating recurring benefits for local suppliers across the UK.

EXHIBIT 10: DISTRIBUTION OF DIRECT AND INDIRECT SUPPLIER SPENDING IN THE UK FROM MICROSOFT'S OPERATIONAL DATACENTRES



[4] Microsoft's Park Royal and Newport datacentres are its first wholly owned and built facilities in the UK. Source: Microsoft data; Office for National Statistics (2025) Interregional trade in goods and services, UK: 2019 and 2020; Office for National Statistics (2025) UK input-output analytical tables: product by product; Mandala analysis.

4. TARGETED POLICY ACTION AND INDUSTRY COORDINATION COULD STRENGTHEN LOCAL SUPPLY CHAINS AND CONTRIBUTE TO ECONOMIC REGENERATION

4.1 The UK government's AI Opportunities Action Plan is supporting accelerated AI adoption, driving increased demand for datacentre infrastructure

The UK government has taken a series of significant steps to accelerate datacentre investment in the UK, not least through the AI Opportunities Action Plan. The Plan accelerates AI adoption across the UK economy through a set of policy mechanisms that increase demand for large-scale, high-availability compute and datacentre infrastructure, and remove structural bottlenecks to AI deployment by scaling compute capacity, improving access to data, and accelerating infrastructure delivery through planning and grid-connection reforms.[5]

"Today's confirmation of our fourth AI Growth Zone is our Plan for Change in action – creating thousands of jobs and unlocking new investment for local communities in the industries of the future, cementing our position as Europe's leading tech sector."

– Rt Hon. Rachel Reeves MP, *UK Chancellor of the Exchequer, 20 November 2025*

4.2 Government can further support the UK's datacentre supply chain through building domestic capability and accelerating datacentre infrastructure

While government has moved quickly to accelerate datacentre investment, further targeted action across procurement, workforce, planning, and energy and water could strengthen the domestic supply chain and deepen the economic benefits flowing to UK businesses and workers.

Partnering with industry to boost local procurement

Government should work in partnership with major datacentre developers to steer local procurement, crowd in private investment, and strengthen supply chain resilience. This could be implemented through a government-led strategic partnership model built around a clear national objective, anchor industry partners, and a commitment to market shaping. At the national level, government should also prioritise AI Growth Zones that maximise UK supply chain benefits, assessing local industrial capacity when directing investment or designating new zones.

At the regional and local level, Mayoral Strategic Authorities should consider the datacentre supply chain explicitly in Local Growth Plans, identifying opportunities for local suppliers and guiding strategic investment. The Strategic Investment Opportunities team at the Office for Investment could help initiate early conversations between government and industry to coordinate local suppliers with procurement needs. Small and medium-sized businesses in the supply chain seeking to expand could also be supported through British Business Bank Regional Investment Funds.

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5 Department for Science, Innovation and Technology (2026) *AI Opportunities Action Plan: One Year On*; Department for Science, Innovation and Technology (2025) *AI Opportunities Action Plan*

Addressing workforce shortages

To address critical labour shortages, government could direct Skills England to coordinate workforce planning, training capacity, and industry alignment for datacentre-related trades and occupations. This could include formally designating datacentre roles as priority occupations, establishing a standing industry group with major hyperscalers and subcontractors to track forward-looking build schedules, and mapping workforce requirements on an ongoing basis.

At the regional and local level, government and industry could work together to deliver training, infrastructure access, and employment pathways through supported programmes and academies. Construction Technical Excellence Colleges should be leveraged to build bespoke datacentre career pathways, and local further education providers should align courses with local supply chain requirements and build pipelines.

Increasing efficiency for planning approvals

At the national level, government should provide greater consistency and certainty for digital infrastructure by establishing a clearer, more predictable planning pathway for datacentres, including through clearer guidance in the National Planning Policy Framework and a streamlined consenting route.

Locally, planning authorities should build on recent planning fee reforms to enable full cost recovery for complex datacentre applications, ensuring they are appropriately resourced to process proposals without adding pressure to constrained budgets. Earlier and more consistent engagement between developers, local authorities, and statutory consultees would also reduce overall timelines. Incentivising pre-application engagement and improving the coordination of consultee input across the full permitting lifecycle should reduce late-stage surprises and increase certainty for local supply chain mobilisation.

Minimising energy and water constraints

Government should progress ongoing grid connection reforms at pace, to ensure strategic datacentre projects are delivered both inside and outside growth zones. Prioritisation should be delivered on a 'first ready' basis. Government should also consider broadening the scope for developers to construct their own high-voltage infrastructure (including grid connections and substations) to reduce dependency on constrained queue timelines and accelerate the supply of critical digital infrastructure. On water, government should act to unlock non-potable sources, including industrial and agricultural wastewater that can be treated and repurposed for datacentre cooling, reducing pressure on potable water networks in water-stressed areas.

At the regional level, Distribution Network Operators should be required to publish connections data, including location data, to improve transparency of the grid queue, identify where capacity exists, and allow reforms to be targeted and implemented more effectively.

The economic opportunity is substantial and, with targeted action from government and industry, the benefits need not be concentrated in a handful of sites but instead distributed across the regions, trades, and communities that stand to gain most from the next era of UK growth.

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