Data Centres APPG: Inquiry Terms of Reference

Unlocking the UK's Data Centre Growth Opportunity

Purpose

The Data Centres APPG will conduct an inquiry into the conditions required for the UK to attract, enable and sustain world-class data centre investment.

As demand for artificial intelligence (AI), cloud computing and digital services accelerates globally, data centres have become a critical component of national economic and digital infrastructure. This inquiry will examine whether the UK's current policy and regulatory environment is sufficient to support future growth and what changes may be required to strengthen the UK's international competitiveness.

The inquiry will consider how government, industry, regulators, energy providers, local authorities and communities can work together to unlock investment while ensuring growth is delivered sustainably and in a way that benefits communities across the UK.

Key questions

The inquiry will seek to answer the following:

1. What are the principal barriers to data centre investment and development in the UK?
2. How competitive is the UK as a destination for data centre investment compared with other international markets?
3. What reforms to energy infrastructure, grid connections, electricity pricing and wider energy policy may be required to support future growth?
4. How can the planning system better support data centre development while ensuring meaningful engagement with local communities?
5. What role can local authorities, combined authorities and devolved administrations play in supporting data centre investment and regional growth?
6. How can the UK ensure that future data centre growth is aligned with environmental objectives, including net zero ambitions and responsible resource use?
7. What opportunities exist to strengthen the contribution of data centres to research, innovation and the UK's AI ecosystem?
8. What skills, workforce and supply chain capabilities will be required to support long-term sector growth?
9. What policy interventions would most effectively support investment, competitiveness and sustainable development over the next decade?

Evidence sought

The APPG invites written and oral evidence from stakeholders across the data centre ecosystem, including:

- Data centre operators and developers
- Hyperscalers and cloud providers
- Energy providers and network operators
- Local authorities and combined authorities
- Government agencies and regulators
- Academic and research institutions
- Sustainability and environmental organisations

- Community representatives
- Investors and industry bodies
- Skills and workforce organisations

Oral evidence sessions

The inquiry will gather oral evidence through three themed evidence sessions.

Rationale for the session approach

The inquiry is structured in phases so that each stage builds on the evidence gathered before it. The approach is designed to move from establishing the structural barriers, through testing how those barriers play out in planning and regional decision-making, to resolving the cross-cutting questions of innovation and sustainability.

Specifically, the inquiry is seeking to understand:

- Which barriers are genuinely crucial for investment decisions, as distinct from those most frequently mentioned.
- Where responsibility sits for the most significant constraints, and which interventions are within the gift of government, regulators, local authorities or industry.
- Where there is consensus among stakeholders and where views genuinely diverge, so that recommendations can be targeted accordingly.
- How energy, planning, sustainability and innovation interact, rather than treating each in isolation.

The sequencing is deliberate: the Call for Evidence findings shaped the focus of the three sessions, and the order of sessions reflects the relative weight respondents placed on each barrier, opening with energy and grid access and closing with innovation and sustainability.

1. **Session One: Energy infrastructure and international competitiveness**

This session will examine the relationship between energy infrastructure and data centre investment, including grid access, electricity pricing, energy market design and the UK's competitiveness relative to international markets.

2. **Session Two: Investment, planning and regional growth**

This session will examine how planning policy, local authority decision-making and community engagement can support sustainable growth in data centre development across the UK.

3. **Session Three: Innovation and sustainability**

This session will explore how the sector can support innovation, research capability and AI development while meeting sustainability objectives and minimising environmental impacts.

Outputs

The inquiry produces a defined output at each phase, controlling how evidence is captured, synthesised and ultimately translated into recommendations.

Evidence sessions and data collection

- Capture from witnesses controlled through formal minutes and a structured evidence summary for each session, recording key findings, emerging themes and areas of consensus or divergence.

- Minutes and attendee lists published in line with APPG rules; detailed notes retained to inform later sessions and the final synthesis.
- Additional written evidence taken from witnesses and from stakeholders not appearing in person, including any outstanding submissions sought after the sessions.
- Interim synthesis carried out during recess periods: draft interim findings prepared and used to refine the design of, and witness list for, subsequent sessions.

Synthesis and analysis

- Secretariat synthesises evidence across all three themes into a draft policy recommendation report.
- Draft reviewed by APPG officers; any outstanding written submissions incorporated.
- Factual accuracy check undertaken with witnesses before the report is finalised.

Final report and launch

- Output: a final policy recommendation report setting out findings and recommendations across grid, planning, sustainability, skills and investment. The report will also set out:
    - Findings from written and oral evidence;
    - Analysis of the UK's current strengths and barriers;
    - The economic opportunity associated with future data centre investment;
    - Examples of domestic and international best practice; and
    - Policy recommendations for the UK Government and, where appropriate, regulators, local authorities and industry stakeholders.
- Report submitted to the relevant Public Bill Committee (to be determined closer to the time).

The APPG intends for the report to contribute to policy discussions relating to digital infrastructure, AI, industrial strategy, energy policy, planning reform and long-term economic growth.

Timetable

The inquiry will run through the second half of 2026, with evidence gathering taking place between spring and autumn 2026 and a final report published in late 2026/early 2027.