techUK Data Centres Programme
Programme Overview Q1 2021

techUK is proud to represent UK data centre operators. Our award-winning programme is comprehensive and influential. Our aim is to ensure that the UK is a place where the sector can flourish. We intervene on policy, we mitigate regulatory impacts and we raise awareness. To date, we have changed UK law and negotiated a tax concession worth over £200M for operators, we have reduced regulatory burdens, identified and mitigated business risks, established a community of interest and shared technical knowledge. We have educated the sector about policy and we have educated policy makers about the sector. During COVID-19 we negotiated the inclusion of data centres on the key workers list, obtained quarantine exemptions and protected construction sites. Most recently we secured a pragmatic solution for operators on changes to the taxation regime for red diesel.

What did we get up to in Q1?

So far, 2021 is proving to be a strange mixture. Early on we were still very preoccupied with COVID response following the Christmas resurgence and lockdown, dealing with issues like lateral flow testing for operators and clarification on international staff movements. Having left the EU, Brexit impacts were also front of mind, in particular data flows, and we were very pleased to see the UK deemed adequate on 19th February – for the medium term at least. We were also getting to grips with the new relationship with government: on the plus side we have a dedicated team within DCMS to support the sector, but growing political awareness of the critical importance of data centres means that operators are subject to increasing levels of scrutiny, demonstrated by our inclusion in the list of sectors obliged to notify transactions under the National Security and Investment Bill. Fielding these issues inevitably takes its toll on our regular programme priorities like energy efficiency and skills, but we managed to deliver some positive outcomes both in policy and outreach, which you can find out about below.

This quarter we published our Data Centre Programme Index, a directory of our outputs (reports, blogs, position statements, consultation responses, guidance, briefings and infographics) organised loosely into subject matter dossiers. While it is, and probably will always be, a work in progress, this is the go-to place if you are looking for backstory on any data centre topic that we have covered. In terms of platforms we appeared in DataCenterDynamics, Wired and Inside Networks and spoke at Kickstart Europe, at Built Environment Networking, among others, plus workshops that included a Clean Energy Exchange with renewable providers and a Knowledge Exchange with IMechE.

Top priorities looking forward:

- **UK competitiveness:** Ensuring the UK continues to be a business environment where the sector can flourish
- **Sector status and resilience:** Ensuring sector role and is recognised correctly
- **Public Positioning:** Improving external perceptions of the sector and debunking myths
- **Energy:** Positioning the sector as prosumer in the energy market, implementing Energy Routemap actions.
- **Skills:** Tackling the technical skills gap and addressing gender imbalance in the sector
- **Compliance:** Clarifying obligations and reducing compliance burdens for operators

Topics covered in this update

1. **Publications:** **Data Centre Programme Directory (document index)**
2. **Policy:**
   - **National Security and Investment Bill**
   - **Taxation of Red Diesel**
   - **COVID-19**
   - **Brexit**
   - **Climate Neutral Data Centre Pact**
   - **Climate Change Agreement**
   - **Skills**
   - **Planning**
   - **Generator Woes**
   - **Cloud Sustainability Standard**
3. **More information:** **Governance, Further information and Contacts**

1 Publications and Outputs

Data Centre Directory of Publications and Resources
You can now find our programme outputs in this Directory. Contents are arranged thematically by topic and then by date, with most recent first. We are still working to reassemble the material lost when we transferred to our new website, so let us know if there are gaps.

2 Policy

National Security and Investment Bill
The National Security and Investment Bill landed in Quarter 4 last year and represents a seismic change in UK government policy on foreign direct investment and dramatically extends Government scrutiny of mergers, acquisitions and other transactions in the digital space. Data centres are firmly in scope, described as data infrastructure, one of the new sectors obliged to notify relevant transactions to the Secretary of State. While the intention is only to capture those data centre transactions that present a threat to national security, the initial scope was set very wide. Following extensive consultation, including round table meetings with DCMS and BEIS, the scope of those captured has been narrowed to exclude entities with no operational remit (like landlords and leaseholders) and the definition of relevant data has also been narrowed. The sector definitions are covered by secondary legislation so there is more scope for amendment, should it prove necessary, than under primary legislation. We are still concerned about uncertainty, unnecessary but precautionary notifications and delays to investment flows and developments. Here is the Government response with the amended sector definitions, plus detailed rationale.

Proposed changes to taxation of Red Diesel
Many businesses, including data centres, use red diesel in generators which is taxed at a lower rate than normal (white) diesel for non-road use. Last year HMT proposed to limit use of red diesel to agriculture, rail and non commercial heating from March 2022. High stored volumes and low consumption presented problems to operators who would be obliged to de-tank and dispose of millions of litres of unused stock. We advocated strongly for a more pragmatic approach to existing stocks, and were delighted that in the March Budget, HMT confirmed that discretion would be applied to data centres. You can find our insight on that here.

COVID-19
Activity this quarter focused on facilitating lateral flow testing for operators to help ensure that key worker communities could screen for asymptomatic infection. We worked with DHSC and DCMS to develop guidance for operators who wished to run their own lateral flow test sites – a non-trivial activity. Community provision of lateral flow testing has since become widespread and most staff can make use of free local facilities. Meanwhile we worked with Slough Borough Council and SEGRO to establish a test site for all workers on the Slough Trading Estate. That will remain in place until at least June. More information and resources are available on the COVID section of our Directory.

Brexit
Data centre operators, along with other digital service providers, were very anxious about UK adequacy and colleagues within techUK worked tirelessly to ensure that government gave sufficient priority to data flows in Brexit negotiations. We were therefore delighted when, on 19 February 2021, the European Commission provisionally greenlighted the adoption of two adequacy decisions for transfers of personal data to the UK. This followed a thorough technical assessment by the Commission which found the UK's data protection regime as providing an equivalent level of protection to the GDPR and the Law Enforcement Directive (LED). We arranged briefings for operators on the implications of this decision and you can find out more here.

Climate Neutral Data Centre Pact: Self Regulatory Framework

The CNCDP initiative was launched in January this year with support from data centre operators, cloud service providers and national trade associations, ourselves included. Initiated by EUDCA and CISPE, signatories commit to a set of minimum requirements on energy efficiency, renewables uptake, water use, server and heat reuse. techUK was appointed to the Board and we look forward to contributing to the initiative and harmonising approaches across the wider European region. You can find the details here. Data centre operators and cloud service providers are invited to sign up to the framework and we are delighted to see so many techUK member committing to this initiative.

Climate Change Agreement

Our sustained lobbying back in 2019 to reopen the CCA finally paid off and we were delighted that, in his March 2020 Budget, the Chancellor confirmed that the CCA would be extended for two years, to 2025, and reopen to new applicants. All that was needed was sensible implementation from BEIS, the Department for Business, Energy and Industrial Strategy. Sadly this was not to be and the process was a shambles, setting a new low for policy dialogue: shortcomings included a wholly inadequate application window for new entrants which left many new sites excluded and forced participants to commit before knowing what targets they would be obliged to meet. BEIS then proposed targets derived from policy positions without any supporting evidence and, during the bad-tempered wrangling that followed, demonstrated a dismal understanding of technical infrastructure and seemed oblivious to commercial realities. We think it is time that this team takes up our offer and visits a data centre – which we have offered to facilitate, virtually if need be. Although a sector target of 4.539% improvement in PUE was finally imposed, there is still confusion regarding the baseline so we are not out of the woods yet, although the Underlying Agreements were issued by the long-suffering Environment Agency at the end of March.

Skills: long term and short term shortages

With COVID and Brexit putting more pressure on skills, we need to do more. At the end of last year a new opportunity emerged to work with the Baker Dearing Trust and CNet Training to partner with Heathrow UTC (University Technical College) to train learners between 14-19 for careers in the data centre sector and we hosted a series of meetings for operators in December and January. If we can make this work it will provide a pipeline of young people with data centre specific skills ready for apprenticeships or entry level employment. There is more information here and in the skills section of our Directory. We also need to fill immediate skills gaps so we held a knowledge exchange session with the IMechE on 11th March to raise awareness among the wider engineering community of the many career opportunities in the sector. You can find more here. We look forward to more outreach of this kind during the rest of 2021.

Planning

Last year we responded to the Government's flagship Planning for the Future consultation which included lots of pretty pictures but neglected infrastructure. We were unimpressed and proposed that National Planning Policy Frameworks make explicit reference to data infrastructure in future. We prepared a draft FAQ for planners that could support decision making, which you can find here. We are now focusing on the potential implications of the London Plan for new data centre developments, via the carbon offset levy which imposes large penalties and may hamper the development of new, much needed capacity. We are asking government to ensure that local levies genuinely differentiate and reward good environmental practice and are not simply revenue raising instruments, that the allocation of funds is accountable and subjected to value for money audit.

Generator Woes: MCPD and IED

Towards the end of last year we raised several snagging issues relating to MCPD and IED with the Environment Agency. One was their refusal to allow early permitting ahead of the deadline and another relates to gold plating IED requirements and defining BAT without industry agreement. We have escalated both issues to DEFRA this quarter and await a response. In the meantime you can find relevant resources in the compliance section of our Directory.

Cloud Sustainability Standard

We had a brief interaction with DEFRA in February and March where we provided input for a cloud sustainability standard they were developing for use across the public sector. Most of the focus areas related to data centre performance, for which a wide variety of relevant, peer-reviewed sustainability standards and metrics already exist. We hosted a workshop but no concrete proposals were presented so we asked DEFRA to review the process, which they have agreed to do.

3 Governance, Further Information and Contacts

Governance

techUK's data centre programme is overseen by our Data Centres Council which meets five times a year and sets strategic direction for our activity. We held our first council meeting of 2021 on 23rd February to review programme activity and set priorities. Council ToR, member bios, application criteria, meeting notes and papers are all available on request and our formal Council Communications can be found under the relevant topic headings in our publications index. We will eventually provide a separate folder so look out for that.

Further Information

The best place to look for information is our publications index where the first section includes past overviews, or you can access them directly using these links:

Data Centre Programme Overview 2020
Data Centre Programme Overview 2019
Data Centre Programme Overview 2018
Data Centre Programme Overview 2017
Data Centre Programme Overview 2016

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