

# Beyond the Backlash: Future Proofing Datacentres

10 September 2026

*Hosted by*  
Fladgate LLP, Cratus Group and Savills

*at Fladgate's offices*  
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# Executive Summary

## Key themes and conclusions included:

- Energy consumption represents the single greatest reputational risk for the sector. The industry has been too slow to counter media misinformation, and sustainability messaging risks being dismissed as greenwashing without tangible outcomes.
- The water consumption narrative is largely inaccurate when applied to the UK. Closed loop systems are commonly used, and water-based cooling is only engaged during the few days per year when temperatures exceed 25°C.
- Emphasising that data centres' payments for grid connections are directly funding national grid upgrades is another message that should be amplified.
- Transparency and community engagement are essential. Many public concerns are legitimate and should be met with openness rather than defensiveness. Effective engagement includes site visits, community funds and sustained local outreach.
- The industry needs a stronger collective voice. Participants called for a credible, well-resourced trade body capable of addressing core public misconceptions around power and water.
- Anti-data centre sentiment may be part of a broader culture war against big tech. The national security argument – that data centres underpin digital independence and cyber resilience – was identified as a powerful counterpoint to negative narratives.
- The UK has made some progress, with government policies now in place supporting the sector in the planning system.
- Large developments coming online will demonstrate that many fears are not borne out.
- Whilst it is worth remembering that media and public interest cycles are inevitably short-lived, the sector should do more than simply waiting for attention to move on; it must continue to deliver genuine societal benefit through community engagement, financial contributions, and thoughtful design.

## 1. Introduction

On 10 September 2026, Fladgate LLP, Cratus Group and Savills convened a roundtable discussion at Fladgate's offices in London, bringing together 20 senior figures from across the UK data centre ecosystem for a candid conversation about the challenges and opportunities facing the sector.

The session was prompted by mounting public and political scrutiny of data centre development in the United Kingdom. It was framed by an Early Day Motion tabled in Parliament the week before it, calling for a national moratorium on new AI data centres. The motion cited concerns about energy and water consumption, pressure on local infrastructure and the climate emergency. The EDM provided a vivid illustration of the headwinds the industry now faces and served as a natural starting point for the discussion.

The conversation flowed across different themes from the outset, allowing them to intersect naturally. Nevertheless, the summary below is organised thematically, rather than chronologically.

## 2. Power and Energy

### Reputational Risk and the Narrative Challenge

Participants agreed that energy consumption represents the single greatest reputational risk for the data centre sector. Media scrutiny – including from broadsheet outlets – has included significant misinformation, and the industry and its representative bodies have been slow to correct the public record. There was a strong consensus that the sector's sustainability messaging risks being dismissed as greenwashing unless operators can point to tangible, measurable outcomes rather than aspirational commitments and pledges.

### Distinguishing the UK from the United States

A recurring theme was the need to draw a clear distinction between UK and US data centre operations. UK facilities are, by and large, designed with environmental considerations at the forefront – in contrast to certain US facilities that employ less sustainable cooling technologies. The water consumption narrative, in particular, was described as largely inaccurate when applied to the UK: water-based cooling is only engaged during the relatively few days per year when ambient temperatures exceed 25°C and closed loop technologies are common. However, participants acknowledged that communicating this nuance to the public and to media outlets has proved extremely difficult.

### Grid Capacity and the Location Question

Scarce grid capacity was identified as a major constraint on sector growth. It was noted that there is surplus energy capacity in the UK – but in the "wrong" locations.

Only two operational data centres in the UK currently exceed 70MW, a figure that is expected to grow but which remains a fraction of US capacity.

Participants emphasised the need for a more strategic approach to the siting of new facilities – placing data centres where power is available. However, there was a recognition that this would have to be demand driven, and facilitating markets is less risky than trying to make them.

The concept of co-locating data centres with power stations was discussed, with several sites identified as potentially suitable.

### Payments Funding Grid Upgrades

An important point – often overlooked in public debate – is that the payments made by data centre operators for grid connections are directly funding upgrades to the national grid to the benefit of all users. This argument is routinely made to planning officers, but it was noted that nobody is making it in the public domain, on social media, or in mainstream commentary. This must happen, as otherwise the perception of data centres will remain as "takers" rather than "contributors".

### The Need for a Coherent Government Policy

Whilst the sector's designation as Critical National Infrastructure was welcomed as a positive signal, participants observed that there is yet no coherent overarching government policy on data centres, particularly as regards power. A clear, coordinated policy framework would give the industry and its investors the confidence needed to plan and deliver at scale. It was noted that the UK gas grid has seen more upgrades in the last 18 months than at any previous point, suggesting that momentum exists – but that it requires proper direction.

### AI and the Fear Factor

Several participants noted that the rise of artificial intelligence is amplifying public anxiety. At a macro level, data centres have become the physical embodiment of broader fears about what AI means for employment and society. This emotional dimension complicates rational discussion about the sector's actual environmental footprint and makes effective communication all the more critical.

## 3. Planning

### Debunking the Water Myth

Participants were united in the view that the water consumption narrative is one of the easiest myths to address with the right communication. The concern – often expressed by local residents – is straightforward: people worry that a data centre will threaten their domestic water supply. Several attendees noted that this fear can be quickly allayed through transparent, plain-language engagement that explains how UK cooling systems actually operate and the very limited periods during which water is used.

### Community Space and Social Value

There was a frank discussion about the real estate sector's historically poor record in defining and delivering genuine community benefit. Planning applications frequently include provision for "community space," but without properly identifying or engaging the community the space or group it is meant to serve. Participants stressed the importance of shifting the conversation away from power and water – topics that generate fear – and towards the tangible benefits that data centres can bring to local areas.

Several examples of effective community engagement were shared. One operator has appointed a dedicated community engagement manager; another runs a community fund awarding small grants to local initiatives – even modest sums can make a meaningful difference to neighbourhood initiatives. Other initiatives cited included mental health workshops, letter drops to local housing areas, open-door invitations to visit campuses, and proactive outreach to key members of local residential associations.

### Transparency and Openness

A strong consensus emerged that transparency is the single most effective tool in the sector's armoury. People still do not understand what data centres are, what they look like, or what benefits they bring. Participants observed that many myths can be "busted" simply by taking local residents around a facility and demonstrating, for example, the absence of noise.

The discussion acknowledged that some concerns are entirely legitimate and should not be dismissed. The appropriate response is not to downplay residents' anxieties but to meet them with openness, honesty and sustained engagement. As one participant put it: the message should be, "we understand your community, and we will use this building to support your community."

## 4. Politics and the Social Licence to Operate

### Macro versus Micro: A Dual Response

A provocative question was posed during the discussion: to what extent is local community engagement merely "rearranging deck chairs on the Titanic" when social media and a broader cultural current are pushing against data centres, big tech and AI? The consensus was that the industry requires both a macro-level and a micro-level response – and that one cannot substitute for the other.

At the macro level, participants argued that supporters of the sector need to make a far stronger case around national security and defence. Data centres underpin the UK's digital independence and cyber resilience; without them, the nation is exposed. This was seen as a powerful counterpoint to the negative narratives around water and AI – and one that resonates with politicians across the political spectrum.

### The Political Landscape

There was a candid acknowledgement that the political environment is challenging. Thousands of objections have been submitted to planning committees – many, it was wryly observed, probably drafted with the assistance of AI tools. A recent television programme examining the sector was described as having been

significantly one-sided, and the industry was criticised for failing to put forward spokespeople to challenge inaccuracies.

Participants noted that elected representatives are acutely sensitive to voter sentiment and may be reluctant to be seen approving data centre developments, if they are locally unpopular, irrespective of the merits. There was a call for high-level engagement with government and politicians on national security grounds – ensuring that decision-makers understand the strategic importance of domestic data infrastructure.

## The Industry's Fragmented Voice

A significant structural challenge identified was the absence of a coherent trade body for the data centre sector. Whilst existing industry associations were acknowledged, participants felt that the sector remains poor at communicating collectively. Further, as hyperscale operators and smaller data centre providers have fundamentally different business models and perspectives, a unified industry voice is made more difficult to achieve. Several participants suggested that even addressing two or three core public misconceptions – around power and water – through a collective, well-funded communication effort would make a material difference.

## The Culture War Dimension

There was a striking degree of consensus that the anti-data centre sentiment is, at its core, part of a broader concern about the direction of society rather than a specific objection to the asset class itself. The real target, participants observed, is big tech and the perceived excesses of the technology sector. Parallels were drawn with previous cycles of public hostility towards other real estate sectors – residential developers, supermarket operators and onshore wind – all of which eventually achieved a degree of public acceptance.

Comparisons were also drawn with incinerators and with mobile phone masts, where early protesters would famously reach for their handsets to organise further objections. Several participants expressed confidence that, as with these precedents, data centres and AI will eventually become part of national infrastructure and normalised in the public consciousness.

## Riding the Wave – but with a Moral Obligation

A nuanced position emerged from the discussion. The sector should not simply "ride the wave" and wait for public attention to move on. Whilst media and public interest cycles are inevitably short-lived – life sciences were the sector of the moment during the pandemic and have since faded from public discourse – there is a moral obligation to ensure that data centres, as an asset class, can demonstrate sustained societal benefit in a way that previous controversial developments have not. Community funds, fiscal contributions, biodiversity improvements and thoughtful design should be permanent features, not temporary concessions.

## Market Dynamics and Future Outlook

Several market observations enriched the discussion. Demand for data centre capacity remains heavily concentrated in and around London, although AI workloads present an opportunity to expand into other regions. Credit and financing challenges remain significant hurdles for development outside established markets, though participants expressed cautious optimism that viability would improve over a two-to-three-year horizon.

The concept of self-generation – requiring operators to supply their own energy, as in Ireland – was discussed as a potentially powerful way to defuse public concern and demonstrate the sector's commitment to responsible growth.

Looking ahead, some participants questioned whether the UK grid would cope with projected demand over the next decade, with opinions divided between those who are broadly confident and those who foresee a hybrid energy future.

The discussion closed with a recognition that the UK has, in fact, made considerable progress: compared with even two years ago, there are now government policies in place supporting the sector, particularly in the planning system. Large hyperscale developments due to come online in the coming years will serve as

compelling demonstrations that many of the fears around data centres are not borne out in reality – and that the sector can deliver genuine, lasting value.

## 5. Key Takeaways

At the close of the roundtable, participants were invited to share the single most important conclusion or call to action they would take away from the discussion. The following themes emerged:

- Adopt a location-agnostic approach to siting, placing data centres where energy supply, grid capacity and planning conditions support responsible development.
- Understand and communicate the site-specific benefits a data centre can bring locally, looking beyond jobs.
- Invest more, and more imaginatively, in social value projects at site level, working closely with local communities to understand and address their specific needs.
- Recognise that many public concerns are legitimate – and meet them with openness, transparency and sustained engagement rather than defensiveness.
- Explore self-generation and alternative power solutions: "bring your own generation" was a recurring refrain, coupled with a call to be nimble about emerging energy technologies.
- Press for coherent government planning and energy policy, providing the regulatory certainty needed for long-term investment.
- Strengthen the sector's collective voice through a credible, well-resourced industry body capable of engaging effectively with media, politicians and the public.

## 6. Next Steps

The hosts – Fladgate LLP, Cratus Group and Savills – would like to thank all participants for their time, candour and insight. We recognise that the challenges facing the sector are significant but not insurmountable, and that collaboration between operators, developers, advisers, local communities and government will be essential to securing the data centre industry's long-term future in the United Kingdom.

We would be delighted to continue individual conversations arising from the roundtable and to explore how we can collectively support the sector in building the social licence, policy framework and public understanding it needs. Please do not hesitate to contact any of the three host organisations if you would like to carry on the conversation, contact details below.

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*This report was prepared jointly by Fladgate LLP, Cratus Group and Savills. It reflects themes and insights shared during the roundtable and is published in accordance with the Chatham House Rule.*

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