



Department for
Science, Innovation
& Technology

Delivering AI Growth Zones

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Government of the United Kingdom

Department for Science, Innovation and Technology

Delivering AI Growth Zones

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1. Introduction

Artificial Intelligence is reshaping economies, societies, and security landscapes worldwide. For the United Kingdom, this is not just a technological challenge – it is a strategic opportunity. Our ambition is to position the UK as a global leader in AI innovation and adoption, ensuring that the benefits of this transformative technology are felt across every region and sector.

In a world where AI will underpin our economy, onshore data centre capability is essential for protecting sensitive data, maximising adoption benefits, and ensuring resilience from global shocks.

As one of our frontier sectors in our modern Industrial Strategy, we will take an ambitious approach to building out the UK's AI data centre capacity. However, our ambitions are not deliverable unless we peel back regulatory frictions and create a sufficiently attractive investment environment for both companies and local areas.

Our approach is pragmatic not isolationist – and certain AI workloads can and will be serviced offshore in collaboration with the United States, the European Union, and other global allies. Our approach will ensure we have the ability to act independently and effectively where it matters most.

AI Growth Zones will be pivotal in achieving that vision and accelerating the buildout of our domestic AI data centres. This document sets out a comprehensive package to deliver data centre capacity through AI Growth Zones, as announced in our AI Opportunities Action Plan at the beginning of the year. Without this foundation, the UK cannot fully harness AI's potential for economic growth, public service transformation, and enhancing national security.

AI Growth Zones will unlock large-scale compute capacity by creating locations where investment can happen quickly and confidently. These zones will tackle the biggest barriers to investment in AI data centres: slow and inconsistent planning processes and delays getting access to power. We are also incentivising a more strategic approach to infrastructure planning by reducing the cost of operating data centres in Growth Zones sited in areas of the country where additional demand would help the efficiency of our energy system. These are strategic interventions that work best – and can deliver most quickly – when focused in specific places.

By clustering investments, we ensure that every AI Growth Zone delivers for local people – building the workforce, driving adoption, and attracting investment that anchors AI growth in local economies.

This document sets out a comprehensive package to achieve these ambitions. It proceeds as follows.

- **Sections 2 and 3 explain how we are building an energy system that works for AI** – by accelerating grid connections and introducing targeted pricing support to incentivise data centre buildout where it is most needed.

- **Section 4 sets out reforms to develop a facilitative planning system** – including updating national policy guidance to prioritise AI data centres, streamlining consent processes, and protecting land for AI Growth Zones.
- **Section 5 explains how we will ensure AI Growth Zones bring benefits to all** – from thousands of jobs and local investments to skills and adoption programmes.
- **Section 6 sets out how we will service investors** – including through a cross-government AI Growth Zone Delivery Unit and by leveraging public sector capital to unlock private sector investment and accelerate AI Growth Zone development.

Taken together, these interventions will reduce time to power by up to five years and save a 500 MW data centre up to £80 million annually in electricity bills – unlocking up to £100 billion of additional investment into the AI Growth Zone programme and creating more than ten thousand jobs.

But this is just the start of a long-term transformation. We will move fast to implement this ambitious programme of reforms, but we want to go further. We will continue to engage with industry and adapt as technology evolves to make the UK the best place in the world to build and deploy AI responsibly.

2. Accelerating grid connections

Overview

Timely connections to the electricity grid for AI data centres is the single biggest blocker for establishing AI Growth Zones, with lengthy connection queues delaying critical projects. To support AI Growth Zones, it is essential to both expand network infrastructure at pace and reform connection processes to maximise available capacity.

Government will take several actions to accelerate connection times for specific AI Growth Zone sites. This includes:

- Removing speculative demand in the grid connections queue – and creating mechanisms to reallocate the released capacity and reserve future capacity, for AI Growth zones, amongst other strategically important projects.
- Working with Ofgem to enable viable options for AI Growth Zone developers to build their own high voltage grid infrastructure.
- Supporting all AI Growth Zones through the Connections Accelerator Service.

Action we are taking

Prioritising AI Growth Zones by reserving and reallocating grid capacity

Getting enough power to AI Growth Zones is critical, but the current grid connection system is vastly oversubscribed and does not reflect national demand priorities. To fix this, DSIT will set out a plan to manage speculative data centre demand, ensuring only the most strategic and credible projects are taken forward. We will introduce new mechanisms to reallocate the released capacity, and reserve future capacity, for AI Growth Zones, amongst other strategically important projects. This means strategic demand projects and AI Growth Zones will be prioritised for available capacity on the energy network.

We are:

- Creating two new connection mechanisms. Firstly, a reallocation mechanism that gives priority access to freed-up capacity when another project exits the queue, including through efforts to remove speculative projects. And secondly, a reservation mechanism that allows capacity to be held at a specific physical connection point for a strategically important project such as an AI Growth Zone.
- Applying new powers in the Planning and Infrastructure Bill to help prioritise projects identified by government as strategically important, such as AI Growth Zones, for grid connections.
- Setting out a strategic plan to remove speculative demand projects in the connections queue.

- Working with Ofgem and the National Energy System Operator to update the technical codes and licences that govern how connections are managed, so these changes can be implemented quickly and fairly.

Enabling self-build

To reduce the time to power, government will work with Ofgem to explore how AI Growth Zone developers can build their own high-voltage grid infrastructure.

- Where it would result in an accelerated connection date, government is exploring mechanisms by which developers would be able to construct and connect their own high-voltage lines and substations, rather than waiting for network operators to do it.
- Government will set up a team to rapidly review options and implement any solutions found.
- We will look at different models – including “build and transfer” (where developers build and then hand over operations to the network operator) and “build and operate” (where developers keep ownership) – and make any regulatory changes needed to enable this.

Connections Accelerator Service

As announced in the Industrial Strategy, government is rolling out the Connections Accelerator Service.

- The Connections Accelerator Service will offer enhanced engineering support to the most strategically important customers, with a view towards finding creative solutions to connection delays. The service will operate across Great Britain with a pilot service going live before the end of 2025.
- All data centre projects within AI Growth Zones will qualify for this bespoke service, in recognition of the importance of AI for the growth mission.

3. Bringing down energy prices

Overview

There are sometimes mismatches between the amount of electricity generated in a certain region and the electricity grid's ability to transmit that electricity from that region to another. For example, at times, the amount of wind generation in Scotland may be more than the grid is currently capable of handling – resulting in so called “constraint costs”.

When data centres locate in Scotland and the north of England, they can harness this generation, and reduce the overall cost of our electricity system.

Where data centres in AI Growth Zones facilitate these savings, they will receive a commensurate discount on electricity costs. For a 500 MW data centre this will be up to £24/MWh in Scotland, up to £16/MWh in Cumbria, and up to £14/MWh in the North East.

While the precise approach will be determined following consultation, data centres in eligible AI Growth Zone projects will be exempt from paying a portion of the costs that they pay into the electricity system.

This approach will demonstrate that where projects locate in strategic areas that strengthen the grid and lower system costs, government will support and incentivise that choice. It will also help rebalance investment across the UK, encouraging growth in regions with available clean energy – and the design of the approach means there will be no additional cost for other electricity billpayers.

Action we are taking

Pricing support mechanism

Government will develop a targeted pricing support mechanism to recycle grid constraint cost savings to projects that deliver measurable system benefits.

- From April 2027, subject to legislative timetables, data centres in AI Growth Zones will see a reduction in electricity costs of up to £24/MWh in Scotland, up to £16/MWh in Cumbria, and up to £14/MWh in the North East, with a review point in 2030.

4. Reducing planning barriers

Overview

The UK needs a planning system that can deliver vital infrastructure quickly and consistently. Without fast planning approvals, we cannot meet the compute demand that underpins economic growth and innovation.

Right now, delays and uncertainty make it hard to build the large-scale infrastructure that AI depends on. The Planning and Infrastructure Bill is a major step forward – it will cut red tape and speed up decisions. But we're going further to make sure development within AI Growth Zones can move at pace.

We will:

- Update national policy guidance to give strong support to AI data centres.
- Invest in additional specialist AI data centre planning capacity.
- Protect land and unblock planning decisions for AI Growth Zones through central government intervention.
- Further streamline consenting for Nationally Significant Infrastructure Projects.

Action we are taking

Updated national policy guidance

Planning authorities currently treat AI data centres like any other development. There is no clear signal in the planning system that AI data centres are nationally important, so decisions can be slow.

- To fix this, we will consult on changes to the National Planning Policy Framework and a National Policy Statement for Data Centres in the next three months.
- The proposed changes to the National Planning Policy Framework would add explicit references to give significant weight to AI Growth Zones and recognise the specific locational requirements of data centres.
- The National Policy Statement for Data Centres will provide clarity and certainty for developers on the needs case for these schemes, as well as outlining the parameters, thresholds, and other relevant factors for indicating Nationally Significant Data Centre Projects. We will also consider whether Critical National Priority status should be applied to Data Centres in line with our approach to low carbon energy projects.
- These changes would support consistent and positive decision-making, especially where they reflect proposals for AI Growth Zones.

Providing additional planning capacity

Local Planning Authorities often lack the expertise to assess large, complex AI data centre projects. This leads to delays and inconsistent decisions.

- To address this, we are creating a national team of AI data centre planning experts – backed by £4.5m – to provide a combination of direct advice and grant funding to Local Planning Authorities considering AI data centre applications.
- This enhanced planning capacity will ensure AI Growth Zone planning decisions are consistent, timely, and fully supported by government expertise. This team will also spread best practice to drive consistency and speed in decision-making.

Protecting land and unblocking decisions for AI Growth Zones in England

Developers need confidence that land will still be available when they scale up. Currently, sites can be lost to other uses, creating risk and deterring investment.

- We will use existing safeguarding powers to protect land for AI Growth Zones, where appropriate, on a case-by-case basis. Where used, this will ensure sites remain available for future expansion by proactively preventing conflicting development, providing long-term certainty for investors.
- We will also update the Consultation Direction to ensure we are aware of relevant AI infrastructure planning applications and, where relevant, applications are referred to the Secretary of State to decide whether it is appropriate to exercise call-in powers. Where used, this allows the government to directly take over a planning application from a Local Planning Authority and make the final decision at a national level – enabling Ministers to step in and unblock issues in the planning process where necessary.

Speed Up Consenting for Nationally Significant Infrastructure Projects in England

Planning for most AI data centres will be consented through the standard local planning process (Town and Country Planning Act). However, a small number of very large projects may need to go through the Nationally Significant Infrastructure Projects consenting route. These applications should take around 18 months to determine; however, they often take longer and are too slow to match the pace of AI compute demand.

- To fix this, the government is in the process of redesigning the fast-track consenting process for Nationally Significant Infrastructure Projects to streamline and speed up consenting. This provides an opportunity to enable quicker Development Consent Order (DCO) decision making on data centres and their supporting infrastructure.
- Subject to analysing responses to a recent consultation, we will explore whether cutting consent timelines for DCOs from 18 months to 12 months is feasible –

meaning developers of these projects could move much more quickly from planning to construction.

The government will proactively work with investors to leverage this consenting regime in AI Growth Zones. This, combined with the National Policy Statement for data centres and ongoing engagement with the Planning Inspectorate on further opportunities for Development Consent Order efficiencies, will enable quicker, clearer decision making.

Exploring Further Measures

These proposals represent the floor, rather than the ceiling, of the government's ambitions for rationalising planning requirements within AI Growth Zones. The government stands ready to consider further planning reforms that may be needed to streamline the delivery of AI Growth Zones – including wider reform of 'call in' powers. Government will work closely with local government and AI infrastructure investors on what further actions may be required.

5. Opportunities for people and places

Overview

The success of AI Growth Zones will be measured not only by the infrastructure they deliver, but by the growth, skills, and opportunities they create for people and places across the UK. Our approach ensures that every AI Growth Zone delivers for local people – building the workforce, driving adoption and attracting investment that anchors AI growth in local economies.

We have already launched a £187 million national TechFirst programme to build an AI-native workforce – creating a launchpad for people to progress from learning the basics of AI in school to leading its deployment in business.

To further our offer in England, we are:

- Introducing short courses in AI available through the Growth and Skills Levy,
- Exploring introducing a new qualification in data science and AI for 16-19-year-olds, to sit alongside the existing T Level, and
- Establishing five digital and technologies Technical Excellence Colleges (TECs).

Action we are taking

Additional funding for AI adoption in Growth Zones

To bolster our offer on skills and support for AI adoption within AI Growth Zones specifically, we will invest up to an initial £5 million per AI Growth Zone at a local level, working with local areas to design tailored schemes to realise local economic benefits from Growth Zones and boost AI adoption in local communities. These funds will be used to accelerate economic growth, boost local research and development in AI-related sectors, and support the successful commercialisation and scaling of local start-ups in the tech and AI sector.

Taken with our existing skills offer above, these new packages will ensure that AI Growth Zones don't just host infrastructure – but also become hubs of skills, innovation and opportunity for local communities.

Business Rate Retention

To deliver even broader local benefits to communities, local authorities in England will retain 100% of business rate growth in AI Growth Zones for the next twenty-five years, which can in turn be used to improve local public services.

New retention zones will be introduced by MHCLG via secondary legislation, coming into effect from April 2027, in areas that are not subject to pre-existing zonal

business rates retention arrangements. Once data centres and other infrastructure are built, local authorities will keep all the additional business rates they generate, which could be in the region of around £5m - £10m per site in additional local authority revenue each year once sites are complete.

6. Creating the best investment environment

Overview

Delivering large-scale AI data centres requires coordination across multiple government bodies, regulatory processes, and investment channels.

To accelerate delivery and provide clarity, a dedicated AI Growth Zone Delivery Unit within the Department for Science, Innovation and Technology will strengthen and expand existing cross-government coordination. The Delivery Unit will act as a single point of contact for investors and developers interested in partnering on delivering AI Growth Zones.

The service will comprise two core elements:

- A pipeline team – responsible for identifying suitable sites and investors and carrying them through assessment towards selection, working closely with the Office for Investment who will play a supportive role on investor engagement. This team will draw on expertise needed from across government and will also convene with public financial institutions as needed.
- A delivery team – responsible for ensuring that each designated AI Growth Zone is delivered to time and scope. Each designated site will have a dedicated Account Manager and a Taskforce, modelled on the North East Combined Authority approach, with two workstreams: a strand maximising benefits for local people and places, and a delivery strand bringing together developers, utilities, and government officials to resolve issues at pace – including interfacing with the Connections Accelerator Service and our new national team of AI data centre planning experts. It will also provide guidance on accessing any relevant government support, including our newly proposed AI Growth Zone electricity price support scheme.

Formally launching in January, the service will proactively promote AI Growth Zones in all UK nations and regions as investment destinations and target the world's most innovative, fast growing, and high-quality AI data centres and related companies.

In addition, we will leverage public sector finance to unlock private investment and accelerate AI Growth Zone development. The National Wealth Fund and UK Export Finance will look to support the AI Growth Zone programme and are ready to explore viable AI data centre projects within growth zones.

Action we are taking

- Launching an AI Growth Zone Delivery Unit to act as a single point of contact for investors and developers interested in partnering on delivering AI Growth Zones.

- The National Wealth Fund and UK Export Finance will explore opportunities to provide co-financing for AI Growth Zones that unlocks private investment in support of the government's ambitions for compute infrastructure.

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