STUC Submission to Economy Committee Call for View on Data Centres
November 2026

1. **What are the potential impacts of data centre development on Scotland's economy, including: jobs; investment; supply chains; tax revenues; attracting business to locate in Scotland; and the extent to which any economic benefits can be retained in Scotland?**

Data centres create significant numbers of jobs during their construction, but once up and running they tend to employ very small numbers – typically two or three dozen people as technicians, engineers and security guards.[1]

Without requirements on developers to use domestic supply chains for components, the majority of construction investment will not take place in Scotland. As an example, the proposed Cato Data Centre in Auchertool expects over £2.3bn of investment for "Hardware (IT/servers) and a further £1.1bn for electrical systems.[2] Together, this represents 69% of the total construction spend. Just 10% of the electrical systems expenditure and 5% of the hardware expenditure is expected to be spent in Scotland. For Fife, these figures are just 2% and less than 1% respectively.

Beyond jobs there will be some tax revenue from business rates and corporation tax (although many firms shift profits to minimise or avoid corporation tax). However, they also benefit from a range of tax incentives and reliefs and require significant energy infrastructure, potentially driving up energy costs which could lead to job losses in Scotland's industrial base.

In some respects, there are similarities with Scotland's renewables industry, which has seen significant investment, but without the scale of jobs promised. There are clear risks of data centre development following a model based on attracting multinational companies and private equity from overseas. For all the talk of digital sovereignty, it is hard to see how a model based on overseas ownership, with limited commitment to local communities or a domestic supply chain, supports Scotland's digital independence.

Growing opposition to data centres is also connected to concerns about AI more broadly. Data centres are the lightning rod for people's concerns about tech oligopolies whose stocks rise when they talk up AI's threat to humanity, and whose business model is based, at least in part, on job displacement. It is imperative that the Scottish and UK Government democratises AI, through the range of tools at their disposal, including

regulation, public ownership stakes, corporate governance, tax policy and employment law.

If AI and data centres are to be a force for good then workers must be involved in the design, development and deployment of AI.

2. **What impacts could increased data centre development have on Scotland's energy system, including: electricity demand; electricity generation; network infrastructure; utilisation of waste heat; utilisation of curtailed renewable electricity; overall network balancing?**

Data centre demand for energy risks driving up energy costs for households and for industry. This could undermine the viability of Scotland's remaining industrial base, which is already under pressure due to relatively high energy costs.

Ireland is a salutary example. The percentage share of total metered electricity consumption used by data centres, recently overtook that of households – rising from 5% in 2015 to 23% in 2025.[3] Analysis by Friends of the Earth suggests the average Irish household paid €360m more in electricity bills between 2015 and 2023 and could pay a further €644 between 2025 and 2034 due to data centres' energy consumption.[4]

Scotland clearly has excellent renewables resources, and at times there is excess grid capacity, so it is understandably an attractive location for data centres, but there must be strict conditions requiring developers to support additional renewable capacity and ensure no upward pressure on energy costs.

3. **What actions should be taken to ensure that the economic and energy implications of data centre development in Scotland are appropriately assessed, planned for and managed at a pace that reflects the rapid growth of AI and demand for digital infrastructure?**

Given legitimate concerns with the AI industry, including its financial stability, the prevention principle should be followed. Rather than moving at pace, we must ensure we do no harm. Pace is not a strategy. There is a need for actions to ensure:

- A pro-worker AI plan which ensures workers, through their unions, are fully involved in the design, development and agreed deployment of AI in their workplaces.
- Public ownership or equity stakes in new data centres to ensure digital sovereignty and shape the development of AI. For example, publicly owned data centres could provide preferential access to organisations with certain ownership and governance requirements.[5]
- Strict conditions requiring developments to support additional renewable capacity ensuring no upward pressure on energy costs, and requiring the use of domestic supply chains

- Planning frameworks that differentiates between essential digital infrastructure and non-essential data infrastructure. A data centre which supports AI for NHS radiography has a clear social benefit and is essential. Data centres which support Meta, OpenAI, Google and Amazon are not.
- The application of national collective bargaining agreements in the construction sector to ensure good pay and conditions for the construction workforce and to further the recommendations of the Fair Work Construction Inquiry.[6]
- Real community benefit, including communities' full involvement in design and planning decisions, lower energy bills, and profit-sharing mechanisms.

We should not repeat the mistakes made in onshore and offshore wind sector where expected conditionalities are backed by financial sanctions too minor to be effective or community benefit clauses which are advisory not mandatory.

For further information contact:

Francis Stuart, Senior Policy Officer, STUC, fstuart@stuc.org.uk

---

[1] https://theconversation.com/we-studied-1-584-data-centers-and-found-the-buildings-full-of-machines-are-tied-to-modest-local-job-growth-293872 and https://aprs.scot/resources/employment-and-data-centres-aprs-report/

[2] Biggar Economics report for ILI Group, "Economic and Wider Impacts of Cato Data Centre"

[3] https://www.cso.ie/en/releasesandpublications/ep/p-dcmec/datacentresmeteredelectricityconsumption2025/

[4] https://www.friendsoftheearth.ie/news/the-cost-of-data-centre-growth-in-ireland-households-paid-an-estimated-715-million-more-in-electrici/

[5] https://www.adalovelaceinstitute.org/blog/the-role-of-public-compute/

[6] https://fairworkconvention.scot/fair-work-in-scotlands-construction-industry-2022/