BiGGAR Economics

Economic and Wider Impacts of Cato Data Centre

A report to ILI Group

March 2026

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1. Executive Summary

This report identifies and assesses the socio-economic impacts of the construction and operations of the **Cato Data Centre** proposed to be located in Fife. This is one of the three Stoics green hyperscale data centre projects proposed for the Central Belt of Scotland.

During the **construction** phase it is estimated that Cato Data Centre will generate £104.8 million Gross Value Added (GVA) and 1,450 job years in Fife and £708.3 million GVA and 9,660 job years in Scotland. During construction, the main opportunities for local suppliers would be related to construction and associated fabrication.

During its **operations**, it is estimated that Cato Data Centre will generate an **annual impact** of:

- **£31.7 million GVA** and support **262 jobs in Fife**; and
- **£66.9 million GVA** and support **540 jobs in Scotland**.

During operations, the direct opportunities could be related to electrical and mechanical engineering, security and monitoring, facility and site management, as well as Information Technology (IT) and data centre operations.

Cato Data Centre is also expected to generate **fiscal impacts** including:

- £145.2 million during construction in Scotland;
- £4.3 million each year of operations in Scotland; and
- about £29.0 million each year of operations in non-domestic rates.

Over a typical 15-year operational economic cycle, Cato Data Centre will contribute £499.9 million in tax revenues in Scotland including:

- £64.9 million in Income tax, National Insurance Contributions and VAT paid; and
- about £435.0 million in Non-Domestic Rates, significantly supporting local public finances.

Beyond its direct construction and operational activity, Cato Data Centre is expected to act as a catalyst for wider economic and digital development. As part of the wider Stoics programme, it strengthens regional digital capacity, supports the growth of higher-value, data-intensive activity and contributes to the development of Scotland's innovation landscape. The use of renewable energy and efficient digital infrastructure enhances the attractiveness of Fife and Scotland as locations for investment and advanced business activity.

At a local level, the project has the potential to deliver meaningful community benefits, including supporting skills development and opportunities for local suppliers. A Community Wealth Building assessment indicates that these impacts could extend beyond the site itself, generating positive social, economic and environmental outcomes for the surrounding area.

2. Introduction

BiGGAR Economics was commissioned to produce a socio-economic impact assessment of Cato Data Centre, a proposed green hyperscale data centre in Fife.

2.1 Background & Context

2.1.1 The Intelligent Land Investments (ILI) Group

ILI Group is a clean energy development company focusing on energy storage and net-zero residential projects in Scotland and Great Britain as a whole. ILI Group has expertise in both grid scale battery and pumped storage hydro and plays a key role in enabling the UK energy transition. It has also developed a 4.7GW portfolio of grid scale battery and pumped storage projects to 'development ready'. A major example is the Red John Pumped Storage Hydro project near Loch Ness, showing the company's ability to deliver impactful infrastructure.

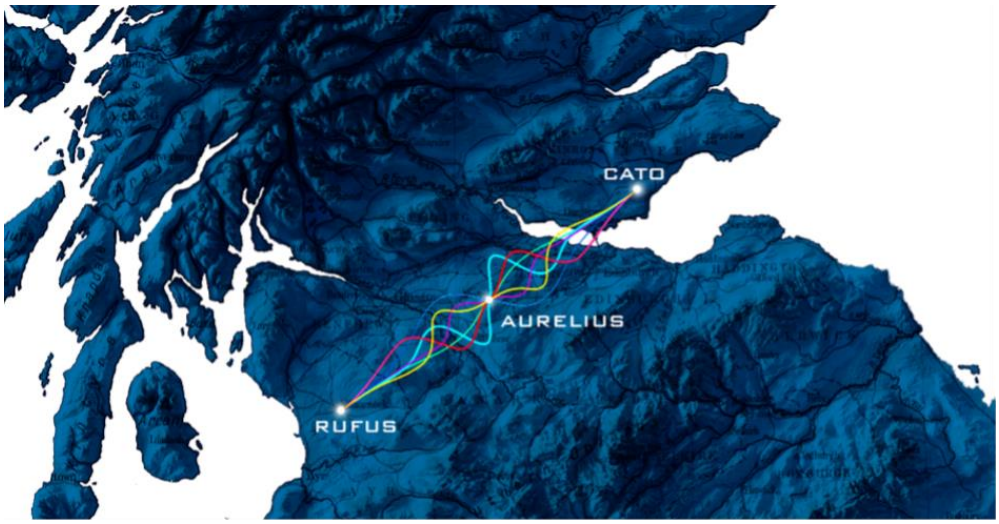
ILI Group is now aiming to support the growing demand for computing power associated with artificial intelligence (AI) by enabling the development of green hyperscale data centres.

2.1.2 The Stoics: Scotland's Green Digital Corridor

ILI Group is developing "The Stoics", a network of three hyperscale green data centres across Scotland's Central Belt. Named after Stoic philosophers, the sites are: Cato Data Centre (Fife), Aurelius (North Lanarkshire), and Rufus (East Ayrshire).

The Stoics will be one of the largest hyperscale data centre clusters in the world, more than twice the size of many of today's leading campuses, representing a major step toward positioning Scotland as a global hub for sustainable digital infrastructure. The objective is to form a **Green Digital Corridor** linking East, Central and West Scotland (Figure 2-1).

Figure 2-1 The Stoics

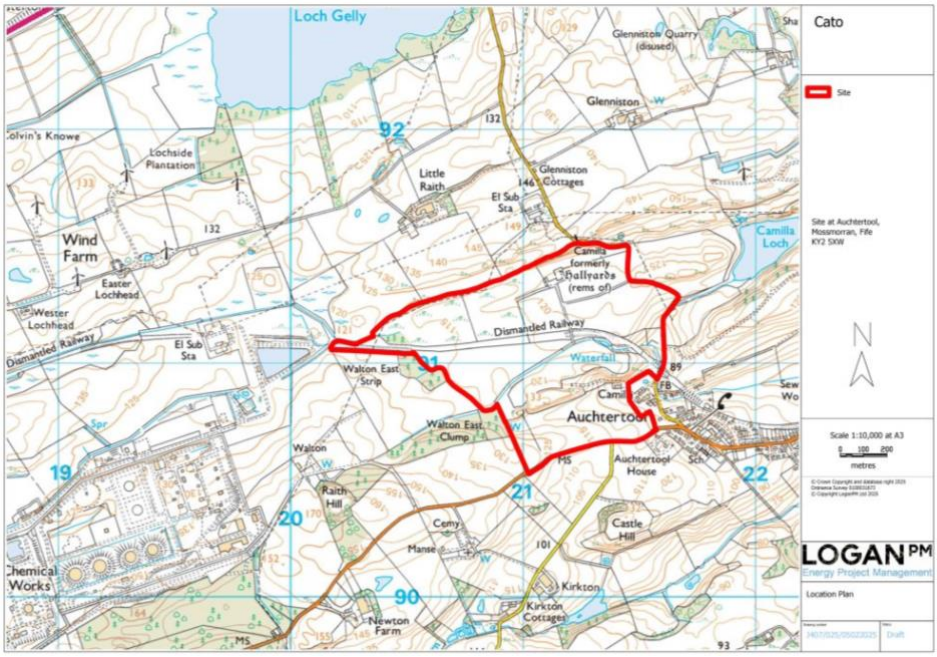


Source: ILI Group (2025), Green Hyperscale Data Centres Sector: The Stoics – A Green Digital Network for Scotland. [online]. Available at: https://www.ili-energy.com/data-centres

2.1.3 The Project: Cato Data Centre

Cato Data Centre is the first of the Stoics, located near the village of Auctertool in Fife. The site sits next to the Mossmorran industrial complex, land that was previously considered as a potential extension site to that plant. Taking into consideration the closure of ExxonMobil's ethylene plant at Mossmorran, the developer aims to use the land for a digital infrastructure development that would support the growing demand for data processing and AI.

Figure 2-2 Cato Data Centre Boundary



Source: LoganPM (2025).

The data centre campus will include data halls, power and cooling systems, access roads, parking and supporting buildings, and would **run on 100% renewable energy** sourced from off-site generation.

2.2 Study Aims

This study highlights the:

- **economic and fiscal impacts** across the construction and operational phases of the proposed Cato Data Centre development;
- **local and regional benefits** associated with local supply chain opportunities, skills and training, improvements to local infrastructure, and community empowerment; and
- **wider catalytic impacts** of data centre development on surrounding areas, regional economies and Scotland more broadly.

2.3 Report Structure

The remainder of this report is structured as follows:

- Section 3 provides an overview of the strategic economic case related to a digital economy and data centre opportunity at a regional and national level;
- Section 4 outlines the local socio-economic context;
- Section 5 describes the economic and fiscal impact findings and methodology used in the analysis;
- Section 6 highlights the wider socio-economic implications focusing on catalytic impacts for the region and Scotland and local benefits; and
- Section 7 summarises key conclusions.

3. Strategic Economic Case

This section discusses the regional and national strategies supporting data centres and their importance for economic development.

Key Takeaways:

- In 2024, data centres were designated by the UK Government as critical national infrastructure highlighting their extreme importance as a function of a modern economy;
- The demand for data has seen rapid expansion in the last decade and is expected to continue to accelerate as the UK adopts data-heavy technologies such as AI;
- Cato Data Centre strengthens Scotland's digital infrastructure, supporting national goals in policies such as NPF4, NSET and the Digital Strategy;
- Cato Data Centre supports net-zero objectives through renewable-powered, future-proof infrastructure;
- Cato Data Centre supports a variety of strategies and their goals of achieving a skilled workforce, well-paid jobs, growth, reductions in inequality and digitally-enabled economies.

3.1 The Importance of Data Centres

The data centre industry is rapidly growing globally, attracting large-scale investment and delivering essential infrastructure to support cloud computing, AI and the broader digital economy.

3.1.1 Data Centre Market Size and Opportunity

According to TechUK[1], the UK data centre sector currently contributes to around £4.7 billion in annual GVA and 43,500 jobs and has the potential to deliver an additional £44 billion GVA and 40,200 jobs by 2035 if capacity growth is accelerated. This is an extremely significant impact on the UK economy and is likely to grow with AI becoming a critical component of a modern economy.

UK's data centre sector has become a major investment destination, with annual spending projected to exceed £10 billion by 2029 and total private capital commitments currently reaching £24 billion[2]. Specifically, hyperscale operators are

[1] TechUK (2024) *Foundations for the future: How data centres can supercharge UK economic growth*. Available at: https://www.techuk.org/resource/techuk-report-foundations-for-the-future-how-data-centres-can-supercharge-uk-economic-growth.html

[2] Bain, D. (2025), *The future of data centres in the UK: Continued growth, sustainability and regional shifts, Barbour ABI,* 21 October. Available at: https://barbour-abi.com/the-future-of-data-centres-in-the-uk-continued-growth-sustainability-and-regional-shifts/

making multi-billion-pound commitments, positioning large-scale, energy-advantage regions to attract a large share of investment.

In addition to the direct contributions, the data centre sector unlocks further opportunity through its role in supporting the wider tech sector. According to the Tech Nation Report 2025[3], UK tech sector has reached a combined market valuation of $1.2 trillion, making it the largest tech ecosystem in Europe. UK has more than 17,000 venture capital-backed tech companies, and in the first half of 2025, the start-ups raised over $7 billion in venture capital investment, including the largest first-quarter fundraise in the past three years.

While London accounts for about 59% of the total UK tech sector value, the report identifies strong growth in other regions. It describes Scotland as one of the fastest-growing tech regions in the UK. Scottish tech sector grew by around 19% since 2020, becoming the second highest performing across the UK with a 120% growth in venture capital investment. The report highlights digital infrastructure, including data centres, as a key enabler of continued growth.

3.1.2 Why Scotland?

Although data centres are vital for the UK, they are major electricity consumers (currently they consume around 2.5% of the UK's electricity)[4] and their power demand is projected to increase by around four times by 2030[5]. As operators increasingly prioritise sustainability, the focus is shifting towards green data centres and Scotland is well placed to attract data-centre investment, offering the ideal conditions for low-carbon, high-efficiency development.

In the second quarter of 2025, the total installed capacity of renewable energy in Scotland was 17.7 GW[6], the sector is over four times bigger than it was at the end of 2008. Scotland's abundant renewable energy resources, expanding grid capacity and reliable high-speed fibre connectivity provide a strong foundation for sustainable growth. The cool climate naturally reduces cooling demands, while the availability of suitable land near clean-energy sources enables efficient site development. In addition, Scotland's skilled workforce, with expertise in energy, engineering and construction, supports both delivery and long-term operations[7].

[3] Tech Nation (2025), *The Tech Nation Report 2025: Unlocking the UK's Growth Potential.* Available at: https://report.technation.io/

[4] Clark, A., Woodhouse, J., Stewart, I. & Burnett, N. (2025) *Data centres: planning policy, sustainability, and resilience*. Commons Library Research Briefing CBP 10315, House of Commons. Available at: https://researchbriefings.files.parliament.uk/documents/CBP-10315/CBP-10315.pdf

[5] NESO (2024). *Our Clean Power 2030: Advice to Government.* Available at: https://www.neso.energy/news/our-clean-power-2030-advice-government

[6] Scottish Government (2025), *Energy Statistics for Scotland.* Available at: https://www.gov.scot/publications/energy-statistics-for-scotland-q2-2025/pages/renewable-electricity-capacity/

[7] Soben (2024), *Why Scotland is Europe's Next Data Centre Hub.* Available at: https://sobencc.com/white-papers/scottish-data-centres/

These strengths and the supportive policy environment, position Scotland as one of the most attractive locations in Europe for sustainable data-centre investment[8]. To maintain its advantage, Scotland must act decisively to position itself as a leading enabler of digital infrastructure investment.

3.2 A Digital Transition: National Strategies

3.2.1 Delivering AI Growth Zones

The UK Government's ambition is to position the UK as a global leader in AI innovation and adoption, ensuring that the benefits are distributed across every region and sector. Delivering AI Growth Zones is split into six themes, these include:

- **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;
- **Reducing planning barriers**: including updating national policy guidance to prioritise AI data centres, streamlining consent processes, and protecting land for AI Growth Zones;
- **Creating opportunities for people and places**: ensuring AI Growth Zones bring benefits to all - from thousands of jobs and local investment to skills and adoption programmes; and
- **Creating the best investment environment**: AI Growth Zone Delivery Unit will support investors and developers interested in partnering on delivering AI Growth Zones.

Cato would contribute to the "creating opportunities for people and places" theme of Delivering AI Growth Zones by creating a significant number of high-quality employment opportunities in the local area. The development of Cato would also bring a significant amount of investment to the local area. A large portion of this investment would come through the spending on constructing the data centre. For example, the construction of the data centre would involve hiring local contractors and suppliers. As a result, the Cato development would further contribute to the "creating opportunities for people and places" theme.

Data centres are critical for any business which stores, manages or moves data or information online and so the Stoics would be a significant signal for investors that Scotland is suitable for investment. Such projects would also increase the demand for sustainable energy consumption in the wider region, allowing renewable energy producers to offset some of their constraint costs through the delivering excess energy to the data centre which could not be transferred to other regions in the UK due to electricity grid constraints.

[8] Soben (2024), *Why Scotland is Europe's Next Data Centre Hub.* Available at: https://sobencc.com/white-papers/scottish-data-centres/

3.2.2 UK Compute Roadmap

This UK Compute Roadmap[9] sets out the UK Governments plan to put the infrastructure in place to support the needs of an AI-enabled economy. The roadmap sets out four key steps which include:

- **Building a modern public compute ecosystem**: Creating a connected system of powerful, publicly funded computers, data storage, software tools and skilled people that researchers across the UK can easily access;
- **Putting compute to work**: Prioritising high impact research over increased output including collaboration with the public sector, start-ups, SMEs, and industrial users;
- **AI development**: Building AI infrastructure to keep the UK at the forefront of AI development; and
- **Creating sovereign, secure, and sustainable capability**: Maintaining control of its own powerful computing systems. For example, ensuring that programmes like AI Growth Zones result in capacity that is physically located in the UK.

The Stoics will contribute directly to increasing the data storage capacity of the UK. They would be utilised by local businesses, industrial users, start-ups, public sector, and SMEs. This would allow organisations to see the benefits from a data management system. Cato Data Centre and the other Stoics would also directly contribute to the delivery of the objectives of the AI Growth Zones through the building of AI infrastructure that would ensure the UK has the capacity to support the AI sector.

3.2.3 Data Centres: Planning Policy, Sustainability, and Resilience

The Data Centres: Planning Policy, Sustainability, and Resilience report highlights the importance of data centres for the UK economy. The UK Government states that they "underpin almost all economy activity and innovation[10]". The report discusses the strategic case for data centre development in the UK and emphasises some of the major challenges of this development including planning policy, energy and water consumption, and resilience.

- **Planning policy**: UK planning policy is being reformed to better support data centres, by explicitly recognising their national importance, streamlining approvals through National Planning Policy Framework reforms, Nationally Significant Infrastructure Project route, and AI Growth Zones.
- **Energy consumption**: Data centres currently consume around 2.5% of the UK's electricity. This consumption is expected to rise fourfold by 2030.
- **Water consumption**: Depending on the size and the cooling method used, data centres can consume large quantities of water.

[9] UK Government (2025), *UK Compute Roadmap*. Available at: https://www.gov.uk/government/publications/uk-compute-roadmap/uk-compute-roadmap#foreword-by-the-secretary-of-state-for-science-innovation-and-technology

[10] UK Government (2025), *Cyber security and resilience policy statement*. Available at: https://www.gov.uk/government/publications/cyber-security-and-resilience-bill-policy-statement/cyber-security-and-resilience-bill-policy-statement. (Last Accessed: Dec 2025)

- **Resilience**: Data centres are becoming a critical part of a functioning UK economy. This places even more importance on their resilience to cyber-attacks, climate risks, and power outages.

Cato Data Centre and the other Stoics would be powered from Scotland's renewable energy capacity, ensuring secure and sustainable infrastructure that can withstand global shocks affecting energy prices or supply. They will exceed international benchmarks across various design features such as energy efficiency, cooling innovation, and carbon performance. TechUK[11] states that data centres designed in accordance with international standards are highly resilient.

3.2.4 UK Defence Industrial Strategy

The UK Defence Industrial Strategy[12] emphasises digital infrastructure and data sovereignty. For example, Cato Data Centre would strengthen the region's defence cloud capabilities, potentially supporting major defence programmes (such as submarine dismantling and future shipbuilding) which require secure, local data processing.

3.2.5 Scotland's National Planning Framework 4 (NPF4)

NPF4[13] is Scotland's national spatial strategy, setting out the principles to be applied to planning decisions, regional priorities and national developments.

NPF4 recognises digital infrastructure (Policy 24), including data centres, as "essential" to Scotland's economic resilience and long-term competitiveness.

Cato Data Centre aligns with Policy 29, which supports development that contributes to the sustainability of rural communities and economies. It would be an 'Essential Infrastructure' and would also form part of digital infrastructure referenced in Policy 29 (c). Therefore, it would support the resilience and capacity of the wider digital infrastructure network within the region, enabling economic activity and employment in rural areas.

3.2.6 Scotland's National Strategy for Economic Transformation (NSET) - Delivering Economic Prosperity[14]

By 2032, Scotland will build a strong, fair, and sustainable economy that creates secure, well-paid jobs, reduces poverty, fosters innovation and entrepreneurship, and ensures everyone benefits from prosperity within environmental limits.

[11] TechUK (2024), *Foundations for the future: How data centres can boost UK economic growth.* Available at: https://www.techuk.org/resource/techuk-report-foundations-for-the-future-how-data-centres-can-supercharge-uk-economic-growth.html

[12] Ministry of Defence (2025), *Defence Industrial Strategy Making Defence an Engine for Growth.* Available at: https://assets.publishing.service.gov.uk/media/68bea465223d92d088f01d6a/Defence_Industrial_Strategy_2025_-_two-pager.pdf

[13] Scottish Government (2023), *National Planning Framework 4.* Available at: https://www.gov.scot/publications/national-planning-framework-4/

[14] Scottish Government (2022), *Scotland's National Strategy for Economic Transformation.* Available at: https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/

To reach this goal, there is a need to collaborate with government, public sector, business, trade unions, third sector and social enterprises, to deliver five new policy programmes of action:

- **Entrepreneurial People and Culture**: make Scotland a world-class entrepreneurial nation by encouraging and supporting new business creation and growth in every sector.
- **New Market Opportunities**: Strengthen Scotland's position in emerging industries, generating well-paid jobs from the transition to net zero.
- **Productive Businesses and Regions**: boost productivity and innovation across businesses, public services, and all regions.
- **Skilled Workforce:** ensure people have the skills need at every stage of life to succeed in a changing economy and that employers invest in developing their workforce.
- **A Fairer and More Equal Society:** promote fair work, raise wages, and reduce structural inequalities and poverty so that everyone can share in Scotland's economic success.

NSET aims to increase national productivity. In this case, the focus is on labour productivity, a measurement of the efficiency of the region's workforce i.e. how much value is created per worker or per job. Cato Data Centre would increase productivity in the region through various channels. One main channel would be through improving the digital infrastructure in the region. As a result of the infrastructure needed for Cato Data Centre; other local businesses, public services, and research bodies would gain access to high-speed capacity required to store, process and analyse large volumes of data securely within the UK.

Cato Data Centre would generate significant opportunities for high-quality, well-paid jobs in the region with demand for a range of technical and digital roles. These would require training and help build a skilled workforce in Scotland. This in turn creates a stronger labour market for locals to obtain stable, better paying jobs that would otherwise not have been available. As a result, these roles would increase household income.

3.2.7 Scotland's National Innovation Strategy

This is a 10-year strategy (2023-2033)[15] sets out the vision to make Scotland one of the most innovative small nations in the world and make it fairer, more equal, wealthier and greener.

The strategy shows the constraints and opportunities across sectors. The main objectives are to make Scotland an innovation base and close productivity gap, accelerate innovation across sectors and commercialise research, and establish

[15] Scottish Government (2023), *National Innovation Strategy 2023 to 2033*. Available at: https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2023/06/scotlands-national-innovation-strategy/documents/scotlands-national-innovation-strategy/scotlands-national-innovation-strategy/govscot%3Adocument/scotlands-national-innovation-strategy.pdf

collaborations between industry, academia, government and local people to support innovation ecosystems.

There are four main innovation priorities themes identified where Scotland has strengths and future potential:

- Energy Transition;
- Health and Life Sciences;
- Data and Digital Technologies; and
- Advanced Manufacturing.

Based on these the following strategic priorities were considered:

- Building successful innovation clusters;
- Recalibrate innovation investment and support landscape to ensure alignment with innovation priorities;
- Research commercialisation;
- Supporting businesses to innovate to increase their productivity;
- Measuring and assessing the strength and performance of each level of Scotland's innovation ecosystem against international comparators.

The innovation strategy highlights data and digital technologies as a priority area for the country, showing the importance of AI adoption, the potential of digital sectors such as fintech and photonics and the need for digital R&D and tech business boost to increase the competitiveness of Scotland. There are all based on high-capacity computing, data processing, cloud access and connectivity that data centres like Cato Data Centre and the Stoics enable.

3.2.8 Digital Strategy for Scotland 2021

The aim of this strategy[16] is to ensure that Scotland realises the full potential of technology by promoting inclusive access to digital infrastructure, secure and ethical data use, strong digital skills and innovation and sustainable technology.

Some of the objectives of the digital strategy include:

- **People and place**: all businesses and individuals should have access to a stable, fast, and secure connection; the skills and confidence to use digital technology and be reassured that digital technology is being used ethically.
- **A strong digital economy**: to support all businesses transitioning into digital businesses, and to support the digital technology sector.

Across these objectives, the strategy also supports the **National Performance Framework (NPF)**[17] by strengthening the digital capability needed to achieve several of its National Outcomes. Improved connectivity, digital skills and access to online

[16] Scottish Government (2021), *A changing nation: how Scotland will thrive in a digital world*. Available at: https://www.gov.scot/publications/a-changing-nation-how-scotland-will-thrive-in-a-digital-world/documents/.
[17] Scottish Government (2024), *National Performance Framework*. Available at: https://www.gov.scot/collections/national-performance-framework/

services contribute directly to more productive economy, reduced inequalities, better learning opportunities and more resilient and well-connected communities.

3.2.9 Green Datacentres and Digital Connectivity: Vision and Action Plan for Scotland

The Scottish Government developed an action plan[18] to support Scotland's transition into a digital economy. The purpose of the Action Plan is to:

- attract investment and take advantage of Scotland's natural resources and international connectivity;
- increase Scotland's capacity for renewable energy generation;
- maximise the economic and social potential of technologies such as 5G, IoT and AI; and
- develop Scotland's competitiveness and internet resilience, linking the nation to other countries and markets.

One of the aims of the action plan is to attract investment and utilise Scotland's natural resources. Cato Data Centre would be a significant investment and would take advantage of Scotland's clean-energy sources, as well as the cold climate to mitigate for the expected heat generation. It would also improve Scotland's fibre connectivity as Cato Data Centre would demand high-speed and resilient broadband.

Another goal is to maximise the potential of various digital technologies. Cato Data Centre would be a vital part of the infrastructure required to take advantage of 5G, IoT, and AI. The development would therefore provide the required services to store, manage, and move data across the country and overseas. Cato Data Centre would support the Scottish Government's ambition of making Scotland a zero-carbon, cost competitive, green, data hosting nation. Contributing to the countries ambition of becoming Net Zero by 2045.

3.2.10 Green Industrial Strategy

The Green Industrial Strategy[19], published by the Scottish Government in September 2024, aims to help Scotland realise the economic benefits of the global transition to Net Zero. The strategy highlights Scotland's strengths and opportunities during the transition and outlines six key factors that the Scottish Government and partners will enable to foster a positive environment for investment and growth. These include:

- supporting investment, ensuring an investment-friendly ecosystem;
- investing in strong research and development foundations;
- supporting the development of a skilled workforce;
- helping supply chain businesses to seize opportunities;
- delivering an agile planning and consenting system; and
- delivering required housing and enabling infrastructure.

[18] Scottish Government (2021), *Green datacentres and digital connectivity: vision and action plan for Scotland*. Available at: https://www.gov.scot/publications/green-datacentres-and-digital-connectivity-vision-and-action-plan-for-scotland/

[19] Scottish Government (2024), *Green Industrial Strategy*. Available at: https://www.gov.scot/publications/green-industrial-strategy/

In addition to the enabling factors, there are five areas of opportunity identified for the Scottish economy. The fifth of these is in clean energy intensive industries (EIIs), which highlights Scotland's future capacity for renewable energy generation and the demand for clean energy from EIIs such as data centres. Cato Data Centre and the Stoics would be significant investments and would directly contribute to expanding the base of EIIs.

3.3 Regional Strategic Priorities

3.3.1 The Importance of Digital Infrastructure in Fife

Fife's economy is at a point of structural transition. For decades, the area has benefitted from major industrial assets that provided secure employment and anchored local supply chains. However, recent events have highlighted the vulnerability of this model. The closure of ExxonMobil's ethylene plant at Mossmorran in February 2026, reflects a wider pattern of multinational disinvestment from ageing, carbon-intensive infrastructure. These decisions are driven less by local factors and more by global competitiveness, energy costs and long-term capital allocation choices made outside of Scotland[20].

The Mossmorran closure is therefore a clear signal of the challenges facing places with a legacy industrial base. It shows the risks associated with economic dependence on a small set of sectors exposed to global price volatility, regulatory change and underinvestment. While such facilities have historically provided high-quality employment, they also illustrate the limits of an economic model linked to fossil fuel-based industries.

Fife's Economic Strategy 2023-2030[21] seeks to address three key areas:

- Supporting businesses;
- Investing in business premises and infrastructure; and
- Delivering skills, training and fair employment.

The strategy recognises that adopting digital technologies is key to building a more resilient, sustainable local economy. An essential part of creating a resilient economy is attracting and retaining new businesses which will need strong digital connectivity to operate efficiently. Additionally, the strategy emphasises the importance of building enabling infrastructure that supports a broader range of economic activity over time.

High-quality digital connectivity and computing capacity are vital across almost all sectors of the economy, from advanced manufacturing and professional services to life sciences, creative industries and public services. Unlike traditional industry,

[20] UK Parliament (2025) *ExxonMobil: Mossmorran*, House of Commons Debate, Volume 775, 18 November. Available at: https://hansard.parliament.uk/commons/2025-11-18/debates/5F4620E7-351B-438C-8F0D-D78C389654F6/ExxonmobilMossmorran

[21] InvestFife (2023) *Fife Economic Strategy 2023-2030: Growing a stronger, greener & fairer economy for Fife.* Available at: https://www.investfife.co.uk/wp-content/uploads/2023/08/FIFE-ECONOMIC-STRATEGY-2023-30-AUG.pdf

digital infrastructure, like data centres, supports productivity, innovation and competitiveness across the wider economy. For an area like Fife, Cato Data Centre represent long-term, capital-intensive investment that is less exposed to short-term commodity price shocks and more closely aligned with long-run growth in digital demand. Its operational lifespan and infrastructure will offer a degree of stability that contrasts with the recent experience of industrial withdrawal.

Fife Council has bid to become one of the UK's AI Growth Zones, in partnership with CGI, a global IT consultancy that specialises in digital transformation. The AI Growth Zone initiative aims to boost AI investment and Fife Council is aligned with this strategy.

In this context, Cato Data Centre contributes to Fife's economic transition by strengthening the area's role within Scotland and the UK's digital infrastructure network. The wider economic role of the data centre is in enabling growth, supporting skills retention and positioning Fife as a location equipped for the demands of a digitally driven economy.

3.3.2 Edinburgh and South East Scotland City Region Innovation Action Plan

The Action Plan[22] is focusing on economic growth through innovation in Edinburgh and South East Scotland, including Fife. The shared vision is to:

- Utilise regional innovation capabilities (data, AI, robotics, life sciences);
- Support inclusive growth to bring benefits to communities;
- Boost business productivity and competitiveness;
- Attract investments and global opportunities.

The region has various innovation hubs including universities and research institutes, tech companies, and data-intensive sectors such as advanced manufacturing (centred at Forth Green Freeport), health innovation, financial services and fintech. In order to achieve the abovementioned objectives, digital infrastructure is required and data centres in the area, like Cato Data Centre, are catalysts in supporting the AI and digital development and up-coming investments.

[22] Innovate UK Business Connect (2025) *Edinburgh and South East Scotland City Region Innovation Action Plan.* Available at: https://iuk-business-connect.org.uk/wp-content/uploads/2025/03/Innovate-UK-Edinburgh-South-east-Scotland-Action-Plan.pdf

4. Local Context

This section discusses the socio-economic context of Cato Data Centre.

Key Takeaways:

- The working-age population of Fife is expected to decrease over the next two decades alongside short-term disruptions to local employment sources, creating local employment opportunities will be increasingly important;
- The Local Area and Fife have an outsized proportion of their population working in sectors (construction and digital respectively) and in occupational roles (skilled trades) that may be relevant to the Cato Data Centre;
- The closure of ExxonMobil's Ethylene Plant is likely to change significantly the industrial structure and labour market indicators in Fife;
- There are potential opportunities for Cato Data Centre to have a positive contribution towards local community needs as well as to broader heat waste utilisation programmes.

4.1 Study Areas

The socio-economic baseline for Cato Data Centre focuses on the following study areas:

- **Local Area** (made up of the Data Zones: Auchtertool and Jamphlars and Lochgelly Landward);
- **Fife**; and
- **Scotland**.

4.2 Population

In 2024, the Local Area had a population of 1,191, 0.3% of the population of Fife (374,760). The Local Area is characterised by a lower proportion of working-age population (56.7%) compared to Fife (61.5%) and Scotland (63.3%).

Table 4-1 Population Estimates, 2024

	Local Area*	Fife	Scotland
Age 0-15	18.0%	16.2%	16.2%
Age 16-64	56.7%	61.5%	63.3%
Age 65+	25.4%	22.3%	20.5%
Total	**1,191**	**374,760**	**5,546,900**

Source: National Records of Scotland (2025), Mid-2024 Population estimates. National Records of Scotland (2024), Small area population estimates: mid-2022. *latest available population data for data zones is from 2022.

4.2.1 Population Projections

The population of Fife and Scotland are both projected to increase over the next 23 years. The population of Fife is projected to increase by 1.3% (5,042) while the population of Scotland is projected to increase by 4.3% (235,783).

However, while Scotland is projected to experience an increase in the number of working-age population by 13,075 (an increase of 0.4%), Fife is projected to see a decrease in the number of working-age population by 9,102 (a decrease of 3.9%).

While the lack of economic opportunities may not be the sole factor leading to a projected decrease in the working-age population in Fife, it may be a contributing factor, indicating a need for more economic opportunities in the area.

Table 4-2 Population Projections, 2024 to 2047

	Fife		Scotland	
	2024	2047	2024	2047
0-15	16.2%	14.2%	16.2%	14.0%
16-64	61.5%	58.3%	63.3%	60.9%
65+	22.3%	27.5%	20.5%	25.0%
Total	**374,760**	**379,802**	**5,546,900**	**5,782,683**

Source: National Records of Scotland (2025), Mid-2024 Population estimates. National Records of Scotland (2025), Subnational Population Projections: 2022-based.

4.3 Industrial Structure

As shown in Table 4-3, the main sources of employment in the Local Area include transport and storage (35.7%), human health and social work (20.6%) and construction (14.4%). The Local Area has a higher proportion of employment across these three sectors when compared to both Fife and Scotland as a whole.

In Fife, the largest industrial sectors include human health and social work (16.6%), wholesale and retail (14.4%) and manufacturing (10.1%). The region had a larger

proportion of the population working in these sectors compared to Scotland as a whole.

Table 4-3 Industrial Structure, 2024

	Local Area	Fife	Scotland
Total Employment	490	138,060	2,639,330
Transport and storage	36.1%	5.0%	4.1%
Human health and social work	20.6%	16.6%	16.2%
Construction	14.4%	5.8%	5.9%
Wholesale and retail	7.2%	14.4%	12.5%
Manufacturing	5.2%	10.1%	6.9%
Mining and quarrying	4.1%	0.1%	0.7%
Water supply; sewerage, waste, etc	4.1%	0.4%	0.7%
Agriculture, forestry and fishing	2.1%	2.9%	3.1%
Professional, scientific, technical	2.1%	4.3%	7.2%
Administrative and support	2.1%	3.6%	6.4%
Education	2.1%	10.1%	8.3%
Electricity, gas, steam, etc	0.0%	0.3%	0.8%
Accommodation and food	0.0%	7.2%	8.1%
Information and communication	0.0%	2.2%	2.7%
Financial and insurance	0.0%	2.2%	3.4%
Real estate activities	0.0%	1.1%	1.6%
Public administration and defence	0.0%	7.9%	6.5%
Arts, entertainment and recreation	0.0%	2.9%	3.0%
Other service activities	0.0%	2.9%	1.9%

Source: ONS (2025), business register and employment survey, 2024.

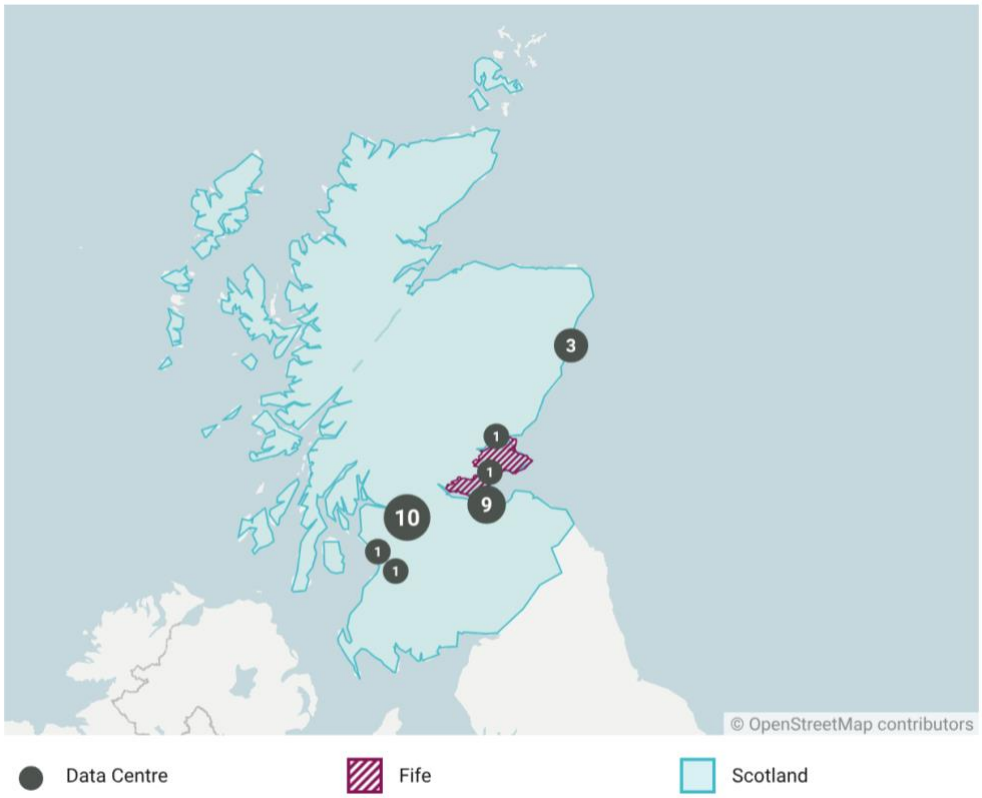
The sub-sectors in the Local Area that may benefit from the construction phase of Cato Data Centre include those working in the construction of buildings (11.2%) which includes the construction of commercial buildings (e.g. for industrial production, warehouses, etc) and those working in specialised construction (4.1%) which includes demolition, site preparation and electrical and plumbing.

4.4 The Digital Economy

The data centres sector is rapidly expanding with the increased demands from AI. Currently, most data centres in Scotland operate or are planned to operate in Edinburgh (9 out of 25) and Glasgow (10 out of 25) as seen in Figure 4-1 (this is not including the Cato Data Centre).

However, digital infrastructure may increasingly find compelling advantages of being located outside of large urban centres, closer to sources of electricity generation and with fewer competing land uses, while still being in close proximity to major urban centres. Fife's hosting of data centres could act to Edinburgh in a similar way the Ashburn Data Centre Alley located in Virginia is strategically situated close to Washington DC.

Figure 4-1 Data Centres in Scotland



Source: Data Centre Map (2026), United Kingdom Data Centres. Available at: https://www.datacentermap.com/united-kingdom/. [Last Accessed: 19 January 2026] Map made by BiGGAR Economics with Datawrapper. Does not include the Cato Data Centre.

The Department of Science, Innovation and Technology (DSIT) has defined the digital sector according to a set list of SIC codes[23]. Fife has a higher than average proportion of the population working in the digital sector (2.7%) compared to Scotland (2.2%) and the Local Area (2.0%)[24] as seen in Table 4-4.

[23] DSIT (2024), Defining and Measuring the UK Digital Economy. SIC07 codes: 2611, 2612, 2620, 2630, 2640, 2680, 4651, 4652, 5811, 5812, 5813, 5814, 1819, 5821, 5829, 5911, 5912, 5913, 5914, 5920, 6010, 6020, 6110, 6120, 6130, 6201, 6202, 6203, 6209, 6311, 6312, 6391, 6399, 9511, 9512.

[24] Note: however, given the Local Area's small working population, the number of people working in the digital sector is not sufficient to be considered statistically significant.

Table 4-4 Digital Sector Workers, 2024

	Local Area	Fife	Scotland
Digital Sector (no. jobs)	10	3,700	57,715
Digital Sector (% of total workforce)	2.0%	2.7%	2.2%

Source: ONS (2025), Business Register and Employment Survey, 2024. DSIT (2024), Defining and Measuring the UK Digital Economy.

4.5 Closure of ExxonMobil's Ethylene Plant

The industrial structure of Fife has recently changed with the closure of ExxonMobil's Fife Ethylene Plant at Mossmorran. The Fife Ethylene Plant manufactured the base material for the manufacturing of plastics used in food packaging, medical equipment, car parts and many other products used in everyday life[25]. When the closure was announced it was stated that it would result in local job losses across the 179 staff and 250 contractors working at the plant[26].

In addition, this will have an indirect effect due to a decrease in supply chain expenditure and induced staff expenditure from the employees. Many of these job losses were in higher productivity employment including scientists, chemical, mechanical and environmental engineers, technicians, analysts and planners. The Scottish Government has announced a £9 million support package to support the communities impacted by the closure of the plant[27]. The UK Government has also been involved in talks with the Scottish Government, local business leaders and trade unions to discuss how to best support the affected workers and local communities impacted by the closure of the plant[28].

4.6 Skills and Occupations

As shown in Table 4-5, the workforce in Fife has similar levels of qualifications compared to Scotland as a whole amongst those with qualifications ranging from RQF1 to RQF3. However, Fife has a lower proportion of the working-age population

[25] ExxonMobil (NA), Fife. Available at: https://corporate.exxonmobil.com/locations/united-kingdom/fife#AboutExxonMobilinFife. [Last Accessed: 19 January 2026].
[26] UK Parliament (2025), ExxonMobil: Mossmorran. Volume 775: debated on Tuesday 18 November 2025. Available at: https://hansard.parliament.uk/commons/2025-11-18/debates/5F4620E7-351B-438C-8F0D-D78C389654F6/ExxonmobilMossmorran. [Last Accessed: 20 January 2026].
[27] Scottish Government (2026), Scottish Budget 2026-2027: Finance Secretary's statement. Available at: https://www.gov.scot/publications/scottish-budget-2026-2027-finance-secretarys-statement-13-january-2026-2/. [Last Accessed: 20 January 2026].
[28] Fife Council (2025), Governments come together to support communities affected by Mossmorran closure. Available at: https://www.fife.gov.uk/news/2025/governments-come-together-to-support-communities-affected-by-mossmorran-closure#:~:text=Secretary%20of%20State%20for%20Scotland%20Douglas%20Alexander%20MP:%20%22Today%20was,by%20the%20closure%20at%20Mossmorran. [Last Accessed: 19 February 2026].

with qualifications of RQF4 and above (49.9%) compared to Scotland as a whole (53.7%) (RQF4 is equivalent to the first year of an undergraduate degree).

As shown in Table 4-6, Fife has a higher proportion of people working skilled trade occupations (12.6%) compared to Scotland as a whole (9.1%), this includes people working in electrical and electronic trades, skilled construction and building trades, construction and building trades and other skilled trades[29]. Fife also has a higher proportion of people working in managerial roles compared to Scotland (9.6% compared to 8.8%).

Table 4-5 Education, 2024

	Fife	Scotland
% with RQF 1+	88.3%	88.2%
% with RQF 2+	87.2%	87.1%
% with RQF3+	71.8%	71.9%
% with RQF4+	49.9%	53.7%
% with Other Qualifications	2.4%	3.5%
% with No Qualifications	9.3%	8.2%

Source: ONS (2026), Annual Population Survey, ages 16-64, Jan 2024 - Dec 2024

Table 4-6 Occupations, 2025

	Fife	Scotland
Managers, directors and senior officials	9.6%	8.8%
Professional occupations	22.6%	26.9%
Associate professional occupations	12.5%	14.8%
Administrative and secretarial occupations	7.5%	8.6%
Skilled trade occupations	12.6%	9.1%
Caring, leisure and other service occupations	10.9%	9.6%
Sales and customer service occupations	7.9%	6.6%
Process, plant and machine operatives	6.5%	5.3%
Elementary occupations	10.1%	10.2%

Source: ONS (2026), Annual Population Survey, Oct 2024 - Sep 2025

[29] ONS (2024), Standard occupational classification 2020. Volume 1: structure and description of unit groups.

4.7 Labour Market Indicators

Unemployment and economic inactivity rates in Fife are close to the Scottish average. Table 4-7 also shows the median annual gross wage for residents in Fife is lower than that for Scotland.

As seen in Table 4-8, the proportion of people receiving some form of benefits due to unemployment (out of work), low income (working) or not being able to work (no work requirements) was 18.1% in the Local Area and 18.2% in Fife (18.2%), both higher than for Scotland (16.2%).

These indicators pre-date the closure of ExxonMobil Fife Ethylene Plant and so it is expected that labour market conditions in Fife will have worsened.

Table 4-7 Labour Market Indicators, 2024

	Fife	Scotland
Inactivity Rate	23.0%	22.7%
Unemployment Rate	3.9%	3.7%
Median Annual Salary (for all residents)	£32,445	£33,061

Source: ONS (2026), Annual Population Survey, Oct 2024 - Sept 2025. ONS (2026), Model-Based Estimates for Unemployment, Oct 2024 - Sept 2025. ONS (2026), Annual Survey of Hours and Earnings, 2025.

Table 4-8 Claimant Count, 2025

	Local Area	Fife	Scotland
Out of work	3.4%	4.5%	3.8%
Working	7.0%	4.7%	4.3%
No work requirements	7.4%	9.0%	8.1%
Total*	18.1%	18.2%	16.2%

Source: DWP (2025), Stat-Xplore: Benefit Combinations, May 2025. *Definitions for each of the conditionality regimes can be found on the Stat-Xplore website.

4.8 Community Needs

This section covers the existing community networks that are present in the Local Area that could facilitate any community interventions from the Cato Data Centre. This section also highlights the digital connectivity infrastructure, fuel poverty and wellbeing performance of the Local Area.

4.8.1 Community Councils

Community councils consist of the most local form of representation in Scotland as serve as a bridge between the local inhabitants and local government, they assist in communicating the needs, challenges and aspirations of the communities and play a

role in advising local authorities on planning applications[30]. There are two community councils in the Local Area around the Cato Data Centre site that appear to be active, these consists of the community councils in:

- Auchtertool Community Council; and
- Lochgelly Community Council.

Local community trusts also play an important role in promoting local development. They aim to advance sustainable regeneration and long-term development of the communities in their respective areas. The common themes of their purpose include to improve the quality of life for residents by addressing needs, challenges and aspirations. These trusts do this by funding and delivering projects that promote community development, environmental conservation, education, health and well-being, culture and energy projects.

- **Auchtertool Community Trust (ACT):** set up in 2017 to administer the funds from the Celntrie Windfarm. The ACT has supported projects for health, ecology, education and transportation.
- **Four Winds Trust: The 4 Winds Trust:** was established to manage the funds from the Little Raith Wind Farm.

4.8.2 Scottish Index of Multiple Deprivation

The Scottish Index of Multiple Deprivation (SIMD) is a relative measure of deprivation that ranks small areas of Scotland across seven dimensions: income, employment, education, health, access to services, crime, and housing. These areas can be ranked based on which quintile (fifth of the distribution) they belong to, with a small area in the first quintile being in the 20% most deprived areas in Scotland.

The Local Area has 2 small areas (100%) in the second least deprived quintile, this is compared to Fife which has 494 small areas and has an equal distribution across all of the deprivation quintiles.

Table 4-9 Scottish Index of Multiple Deprivation by Quintile, 2020

	Local Area	Fife
1 (most deprived)	0%	20%
2	0%	20%
3	0%	20%
4	100%	21%
5 (least deprived)	0%	20%

Source: Scottish Government (2020), Scottish Index of Multiple Deprivation, 2020. *sums may not add up to 100% due to rounding.

[30] Our Place (NA) Community Councils. Available at: https://www.ourplace.scot/community-councils

4.8.3 Digital Connectivity

As seen in Table 4-10 the Local Area has lower proportion of premises able to receive 30 Mbit/s coverage (8%) compared to Fife (2%) and Scotland (4%). The Local Area also has less premises with Gigabit availability (63%) compared to Fife (78%) and Scotland (76%).

Table 4-10 Digital Connectivity, 2024

	Local Area	Fife	Scotland
Premises unable to receive 30 Mbit/s coverage	8%	2%	4%
Premises with Gigabit availability	63%	78%	76%

Source: Ofcom (2025), Connected Nations 2024: Data Download.

4.8.4 Heating

Data centres result in waste heat being produced, this has created opportunities for heat re-utilisation. The UK has already backed a £36 million government support programme to connect 10,000 new homes and 250,000m^2 of commercial space to use recycled waste heat from data centres leading to lower bills and contributing toward the drive to net zero[31].

One of the conditions for a household to be in fuel poverty is if they spend more than 10% of their income on fuel costs and to be in extreme fuel poverty, more than 20%[32]. As seen in Table 4-11, 24.1% of households in Fife are in fuel poverty and 11.0% in extreme fuel poverty. Heat recycling programmes from data centres represent an opportunity to reduce the number of households experience fuel poverty and extreme fuel poverty.

Table 4-11 Fuel Poverty

	Fife	Scotland
Fuel Poverty	24.1%	24.4%
Extreme Fuel Poverty	11.0%	11.9%

Source: Scottish Government (2020), Scottish House Condition Survey: Local Authority Analysis 2017 - 2019.

4.8.5 Wellbeing

One way of gauging the social welfare of a local area is through calculating the Wellbeing-Adjusted Life Years, known as WELLBYs. WELLBYs are calculated by

[31] UK Gov (2023), Thousands of homes to be kept warm by waste heat from computer data centres in UK first. Available at: https://www.gov.uk/government/news/thousands-of-homes-to-be-kept-warm-by-waste-heat-from-computer-data-centres-in-uk-first. [Last Accessed: 19 January 2026].

[32] Scottish Government (2025), Tackling fuel poverty in Scotland: periodic report 2021-2024. Available at: https://www.gov.scot/publications/tackling-fuel-poverty-scotland-periodic-report-2021-2024/pages/3/. [Last Accessed: 20 February 2026].

multiplying life expectancy of an area by its average self-reported life satisfaction on a 0 to 10 scale. WELLBYs can be compared across Scotland[33].

As shown in Table 4-12, Fife has a higher life expectancy (79.3) than the Scottish average (78.9). The region has broadly a similar level of life satisfaction to Scotland as a whole (7.3). This gives Fife an overall WELLBY score of 579, which is lower than to the Scottish average (587).

Table 4-12 WELLBYs in Fife

	Fife	Scotland
Life expectancy (years)	79.3	78.9
Life satisfaction	7.3	7.4
WELLBYs	**579**	**587**

Source: BiGGAR Economics (2023). Toward a Wellbeing Economy: The Distribution of Wellbeing in the UK.

4.8.6 Community Needs

The Local Area has higher lower levels of digital connectivity infrastructure compared to Fife and Scotland with a lower proportion of households unable to receive high speed coverage. Furthermore, Fife has almost a quarter of its population in fuel poverty and over 10% in extreme fuel poverty. Through collaboration with existing community councils in the Local Area, the Cato Data Centre has the opportunity to contribute to meaningful improvement on connectivity and heating costs in the Local Area.

The development is also expected to positively contribute to wellbeing in the local area through the provision of high-productivity, well-paid jobs and the support for a better quality of life.

[33] BiGGAR Economics (2023). Toward a Wellbeing Economy: The Distribution of Wellbeing in the UK, with an update in 2025.

5. Economic and Fiscal Impacts

This section presents an analysis of the economic and fiscal contributions of Cato Data Centre.

5.1 Approach and Methodology

5.1.1 Modelling the Economic Impact of Data Centre Developments

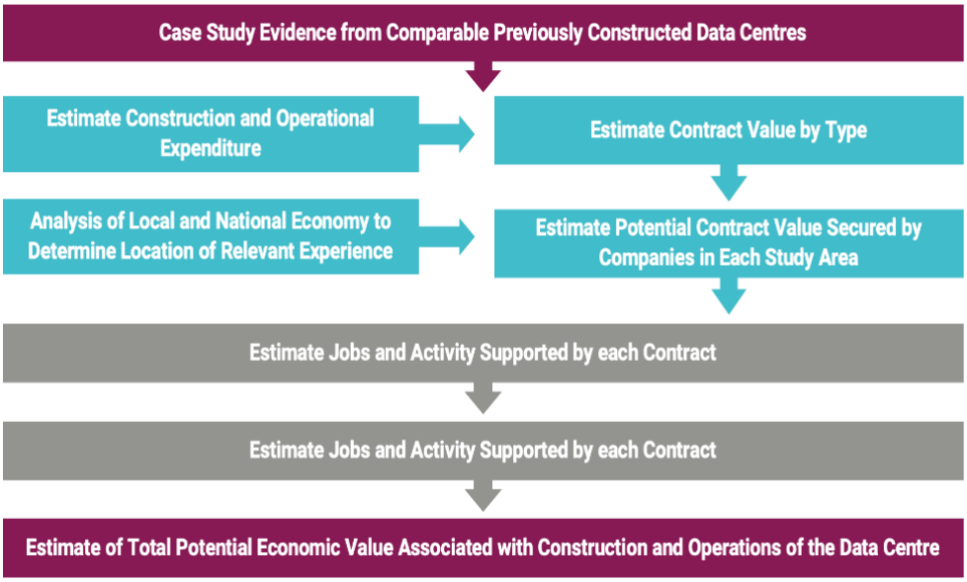
The analysis was conducted using an Input-Output modelling, combined with the data collected from the following sources:

- developer-provided reference projects and estimated costs;
- publicly available hyperscale data centre cost studies in the UK, Scotland and internationally;
- industry research reports and analyst publications; and
- prior BiGGAR Economics experience with data centre developments.

To estimate the economic activity supported by Cato Data Centre, it was necessary to calculate expenditure during the construction and operational phases. The total expenditure figure was then divided into its main components using assumptions regarding the expected share by main and sub-contractors. This provided an estimate for each main component that could be secured in each study area. There were four key stages of the economic modelling (see Figure 5-1):

- estimation of capital and operational expenditure;
- estimation of the value of component contracts that make up total expenditure;
- assessment of the capacity of businesses in the study area to perform and compete for component contracts; and
- estimation of economic impact from resultant figures.

Figure 5-1 Approach to Economic Impact



Source: BiGGAR Economics.

5.1.2 Study Areas

The assessment of economic impacts considered the following study areas[34]:

- Fife; and
- Scotland.

The Scottish economic impact included the economic impact in Fife.

5.1.3 Measures of Economic impact

The economic impacts were reported using the following measures:

- **Gross Value Added (GVA)**: a commonly used measure of economic output, GVA captures the contribution made by an organisation to national economic activity. This is usually estimated as the difference between an organisation's turnover and its non-staff operational expenditure (bought-in supplies of goods and services); and
- **Employment**: this is expressed as years of employment during the construction phase and as annual jobs for operations. Years of employment are used to report the short-term employment that is supported during construction. As an example, a full-time job that lasts for 18 months would support 1.5 years of employment.

5.1.4 Sources of Economic Impact

The assessment considered the following sources of economic impact:

[34] This is to consider **leakage**, the proportion of activity that might take place outside of the main study area. The economic impact considers the impact in Fife and Scotland to capture leakage effects. Consideration has also been taken for activities taking place outside the study areas presented in this report.

- **direct impacts**: the economic value generated through the contracts associated with Cato Data Centre;
- **indirect impacts**: the impact from the spending on bought in goods and services from suppliers; and
- **induced impacts**: the impact from the spending of those workers whose employment is supported by Cato Data Centre.

5.1.5 Fiscal Contributions: Methodology

The analysis included estimates of how Cato Data Centre will support public finances, fiscal impacts.

The approach to estimating impacts from Income Tax and National Insurance Employer and Employee contributions (NICs) drew on the estimate of direct and indirect employment supported by Cato Data Centre construction and operations phases.

Data on average earnings by sector as reported by the ONS Annual Survey of Hours and Earnings (ASHE) [35] were utilised to estimate the average tax liability of any given person employed. ASHE offers detailed gross annual earnings data for full-time employee jobs by sector in Scotland, providing a robust foundation to capture variations in the average earnings within each relevant sector.

NICs were estimated based on overall rates for employers and employees as set out in HM Revenue and Customs' 'Rates and Allowances National Insurance Contributions'[36]. Income tax bands for Scotland[37] were used to estimate income tax contributions.

The approach to estimating VAT impacts also drew on the estimate of direct and indirect employment and disposable income (i.e., income net of income tax and employee national insurance contributions). Based on the most recent data on the mean indirect taxes as a percentage of disposable income for all UK households[38], it was estimated VAT spend accounts for 6.7% of disposable income.

Non-domestic rates estimates were calculated using the average rateable rates per MW from other operational hyperscale data centres of comparable scale in London and South East. For example, the cluster of data centres in Slough which is of a similar scale to Cato Data Centre offers £30.0 million on business rates annually[39] and a 256 MW data centre in Southall in Ealing is expected to pay £14.6 million in

[35] ONS (2025), Annual Survey of Hours and Earnings (ASHE). Available at: https://www.gov.scot/publications/annual-survey-of-hours-and-earnings-2024/

[36] HM Revenue and Customs (2025), Rates and Allowances National Insurance Contributions. Available at: https://www.gov.uk/government/publications/rates-and-allowances-national-insurance-contributions/rates-and-allowances-national-insurance-contributions

[37] UK Government (2025), Income Tax in Scotland, available at: https://www.gov.uk/scottish-income-tax

[38] ONS (2025), Effects of taxes and benefits on UK household income: financial year ending 2024. Available at: https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/theeffectsoftaxesandbenefitsonhouseholdincome/2024

[39] Kao Data (2026),The *Quiet Revolution: How data centres remade Slough and secured the UK's digital future*. Available at: https://kaodata.com/uploads/Kao-Data-Slough-1GW-Hub-Whitepaper.pdf

business rates[40]. Hertsmere Data Centre (320 MW) is expected to pay £21.4 million in non-domestic rates annually[41], whereas the East Havering Data Centre (600 MW) will generate income for the Havering Council of £13.5 million annually[42]. For these projects, rateable values were estimated on a £ per MW basis based on the UK Government guidance[43]. The appropriate poundage rates were then applied following the guidance from the Scottish Government[44]. The annual liability was calculated by multiplying the estimated rateable value of Cato Data Centre by the Scottish Higher Property Rate of 56.8 pence. The resulting estimate is on average approximately £29 million per annum with an indicative range of £13.0 to £41.0 million. The figures provided are estimates and are subject to valuation by assessors.

5.2 Construction

5.2.1 Research and Market Data: Construction Costs

Table 5-1 considers the data centre construction costs per MW collected from various sources which vary in scope. Some sources report build and infrastructure costs only, while others include IT hardware. As a result, the derived cost per MW should be interpreted as an indicative all-in estimate. The figures are converted in pounds where relevant and are presented in 2025 prices. The purpose of this is to make a reasonable estimate of the construction costs, considering also estimates provided by the developer.

[40] Urquhart, C. (2025) *Second new data centre planned for Ealing*, The View from W5, 19 May. Available at: https://theviewfromw5.substack.com/p/gtr-southall-data-centre-ealing

[41] Hertsmere Borough Council (2025) *Data centre in Hertsmere given outline permission by planning committee,* Hertsmere.gov.uk, 24 January. Available at: https://www.hertsmere.gov.uk/news/data-centre-in-hertsmere-given-outline-permission-by-planning-committee

[42] Digital Reef (2025) *Find Out More – East Havering Data Centre*, East Havering Data Centre Campus. Available at: https://www.easthaveringdatacentrecampus.com/find-out-more#:~:text=The%20scheme%20is%20expected%20to,of%20%C2%A313.5million%20annually.

[43] Gov.UK (2026), Estimate your business rates. [online]. Available at: https://www.gov.uk/calculate-your-business-rates

[44] Scottish Government (2025), Non-Domestic Rates Guidance: Overview. Available at: https://www.mygov.scot/non-domestic-rates-guidance

Table 5-1 Data Sources: Construction Cost Estimates

Reference Area	Data Source	$m per MW	£m per MW (2025 Prices)	Average (£m)
Scotland	Soben (2024)[1]	-	8.6	**8.3**
	BiGGAR Economics' Previous Experience	-	7.7-8.1	
UK / London	Project-Specific Information[2]	-	9.4	**8.8**
	Savills (2024)[3]	10.2	8.1	
	Turner & Townsend (2025)[4]	12.0	9.0	
Europe	Dgtl Infra[5]	14.0	11.1	**10.8**
	Savills (2024)[3]	-	7.4-13.7	
USA	Dgtl Infra[5]	7.0-12.0	7.5	**8.1**
	Cushman & Wakefield[6]	9.3-11.7	8.7	

Sources: [1]Soben (2024), *Why Scotland is Europe's next data centre hub*; [2] This includes publicly available economic impact assessments and analysis from a variety of relatively large data centres in the UK and particularly London; [3] Savills (2024), *Costs on the rise*; [4] Turner & Townsend (2025), *Data centre construction cost trends*; [5] Dgtl Infra (2023), *How much does it cost to build a data center?*; [6] Cushman & Wakefield (2025), *Data Center Development Cost Guide 2025*.

Considering the markets in Europe, including London, tend to have more expensive costs, the estimates for Europe as a whole and UK/London are considered upper bound figures[45]. Costs are about 30-40% higher in Europe compared to the USA[46]. Based on Scottish available data, it is expected that the average construction cost is **approximately £8.3 million per MW**. This figure is in line with the developer's expectations for costs and has been used in this report. As Cato Data Centre remains at an early stage of development, these figures represent conservative estimates and are subject to refinement as design, planning and procurement progress.

According to publicly available sources on data centres[47] [48] [49] [50], the breakdown of construction contracts is expected to be as follows:

[45] Dgtl Infra (2023), *How much does it cost to build a data center?*. Available at: https://dgtlinfra.com/how-much-does-it-cost-to-build-a-data-center/#:~:text=$2%2C200%20per%20NRSF.-,Megawatts%20(MW),megawatt%20of%20commissioned%20IT%20load.

[46] Thunder Said Energy (2025). *Data-centers: the economics?*. [online] Thunder Said Energy. Available at: https://thundersaidenergy.com/downloads/data-centers-the-economics/

[47] Dgtl Infra (2023), *How much does it cost to build a data center?*.

[48] Vila, D. (2025) *Deconstructing the Data Center: A Look of Cost Structure Igniting the AI Boom!*. Alpha Matica

[49] Howell, J. (2025). *Breaking Down Data Center Cost: Building vs. Outsourcing*. ENCOR Advisors. [online]. Available at: https://encoradvisors.com/data-center-cost/

[50] Savills (2024), *Costs on the rise*. Available at: https://www.savills.co.uk/research_articles/229130/362695-0

- **Land and Building Shell (15-20% of expenditure)**: including building shell and raised floor;
- **Electrical Systems (40-45%)**: including electrical backup generators, batteries, power distribution unit (PDU), uninterruptible power supply (UPS), switchgear/ transformers[51];
- **HVAC/Mechanical/Cooling Systems (15-20%)**: including computer room air conditioner (CRAC), computer room air handler (CRAH), air cooled chillers, chilled water storage and pipes;
- **Fire Suppression (2-3%)**; and
- **Building Fit-Out (10-25%)**: lobby/entrance, meet-me room (MMR), shipping & receiving area[52].

However, these categories exclude the cost of computing hardware. Evidence from the USA indicates that expenditure on installed computing equipment is likely to be comparable to, or even exceed, the cost of constructing the facility itself[53]. Evidence from the UK shows that IT equipment usually accounts for about 40%-60% of the total capital expenditure of a data centre[54]. An estimate of approximately 50% of the total expenditure was used in this analysis. The shares across the other construction contract categories were readjusted to account for this.

5.2.2 Cato Data Centre Expenditure

Based on the planned capacity of Cato Data Centre, it was estimated that the construction expenditure could be £5.0 billion.

Table 5-2 Construction by Contract Type

	% of Capex	Value (£m)
Land & Building Shell	10%	503.5
Electrical systems	22%	1,113.0
HVAC/Mechanical/Cooling Systems	11%	530.0
Fire suppression	1%	53.0
Building Fit-Out	9%	450.5
Hardware (IT, Servers etc.)	47%	2,348.7
Total	**100%**	**5,000.0**

Source: BiGGAR Economics. Note: Totals may not sum due to rounding.

[51] The Network Installers (2025). *Data Center Construction Market Statistics.* Available at: https://thenetworkinstallers.com/blog/data-center-construction-market-statistics/

[52] Across different data sources this ranges between 10% - 15% and 20% - 25%. In the analysis a conservative 17% figure is used.

[53] Vila, D. (2025) *Deconstructing the Data Center: A Look of Cost Structure Igniting the AI Boom!.* Alpha Matica

[54] Secure I.T. Environments Ltd (NA) *What does it cost to build a Data Centre?.* Available at: https://siteltd.co.uk/what-does-it-cost-to-build-a-data-centre/

To estimate the economic impacts from the construction of Cato Data Centre, it was necessary to make assumptions on the ability of businesses within each study areas to carry out contracts.

Based on the evidence from supply chain capacity in Fife and Scotland, it was estimated that approximately 20% of the project's contracts will be carried out by Scottish businesses, with a value of £990.6 million. It was estimated that spending on businesses based in Fife would be approximately £202.7 million, equivalent to 4% of total construction expenditure.

The largest opportunity for Scottish businesses would be in contracts associated with the Land and Building Shell, which could be worth £428.0 million. Such contracts would also be the largest opportunity for businesses in Fife, worth up to £100.7 million.

Table 5-3 Construction Expenditure by Study Area

	Fife		Scotland	
	%	£m	%	£m
Land & Building Shell	20%	100.7	85%	428.0
Electrical systems	2%	22.3	10%	111.3
HVAC/Mechanical/Cooling Systems	2%	10.6	10%	53.0
Fire suppression	3%	1.6	20%	10.6
Building Fit-Out	15%	67.6	60%	270.3
Hardware (IT, Servers etc.)	<1%	<0.1	5%	117.4
Total	**4%**	**202.7**	**20%**	**990.6**

Source: BiGGAR Economics Analysis. Note: Totals may not sum due to rounding.

5.2.3 Economic Impact

Having estimated the size of the contracts that could benefit each of the study areas, it was possible to consider the GVA and years of employment that these could support. Each contract category was split into its component contracts and assigned to an industrial sector. Direct GVA was then estimated by applying the relevant turnover to GVA ratio from the Scottish Annual Business Survey (ABS)[55].

It was estimated that the construction of Cato Data Centre could generate £78.5 million direct GVA in Fife and £387.4 million direct GVA in Scotland as a whole, during construction.

[55] Scottish Government (2024) *Scottish Annual Business Statistics 2022*. [online] Available at: https://www.gov.scot/publications/scottish-annual-business-statistics-2022/ .

Table 5-4 Construction, Direct GVA by Study Area (£m)

	Fife	Scotland
Land & Building Shell	36.0	152.9
Electrical systems	10.1	50.7
HVAC/Mechanical/Cooling Systems	4.5	22.3
Fire suppression	0.7	4.7
Building Fit-Out	27.2	108.8
Hardware (IT, Servers etc.)	<0.1	48.0
Total	**78.5**	**387.4**

Source: BiGGAR Economics Analysis. Note: Totals may not sum due to rounding.

It was possible to estimate the number of direct jobs supported by spending in construction contracts, by dividing the expenditure in each contract by the turnover per job ratio for the relevant sector. In this way, it was estimated that the development of Cato Data Centre could generate 1,110 direct years of employment in Fife and 5,370 direct years of employment in Scotland.

Table 5-5 Construction, Direct Employment by Study Area and Contract Type (Years of Employment)

	Fife	Scotland
Land & Building Shell	471	2,000
Electrical systems	135	675
HVAC/Mechanical/Cooling Systems	68	341
Fire suppression	10	70
Building Fit-Out	430	1,720
Hardware (IT, Servers etc.)	-	560
Total	**1,110**	**5,370**

Source: BiGGAR Economics Analysis. Note: Totals may not sum due to rounding.

Expenditure in construction contracts is also expected to generate 'knock-on' effects across the economy. In particular, it will be associated with further rounds of expenditure along the supply chain, and with the spending of the wages and salaries of those involved in the construction of Cato Data Centre. These are referred to as 'indirect' and 'induced' impacts.

To estimate indirect and induced impacts, it was necessary to apply the relevant Type 1 and Type 2 GVA and employment multipliers from the Scottish Government

Input-Output Tables[56] to direct GVA and direct employment. Since the multipliers refer to sectoral interactions occurring at the level of the Scottish economy, it was necessary to adjust them when considering impacts taking place in Fife.

Adding up direct, indirect and induced impacts, it was estimated that the construction of Cato Data Centre could generate at least £104.8 million GVA and 1,450 years of employment in Fife and £708.3 million GVA and 9,660 years of employment in Scotland.

Table 5-6 Economic Impact of Construction Spending (£m)

	Fife	Scotland
Direct GVA	78.5	387.4
Indirect GVA	14.2	201.6
Induced GVA	12.1	119.3
Total GVA	**104.8**	**708.3**

Source: BiGGAR Economics Analysis. Note numbers may not sum due to rounding

Table 5-7 Economic Impact of Construction Spending (Years of Employment)

	Fife	Scotland
Direct Employment	1,110	5,370
Indirect Employment	200	2,880
Induced Employment	140	1,410
Total Years of Employment	**1,450**	**9,660**

Source: BiGGAR Economics Analysis. Note numbers may not sum due to rounding

In modelling the impacts during the construction phase, **displacement** was taken into consideration. This is the extent to which activity generated might replace activity elsewhere in the study areas, due to the presence of Cato Data Centre. Some limited displacement of construction activity may occur where labour is drawn from other projects regionally. However, the construction sector operates with a flexible and mobile workforce, with businesses operating across multiple sites and adjusting capacity in response to demand. Therefore, any displacement is expected to be limited and short-term in nature.

5.2.4 Opportunities in Fife

There are several local opportunities associated with the construction of Cato Data Centre. These are mainly related to:

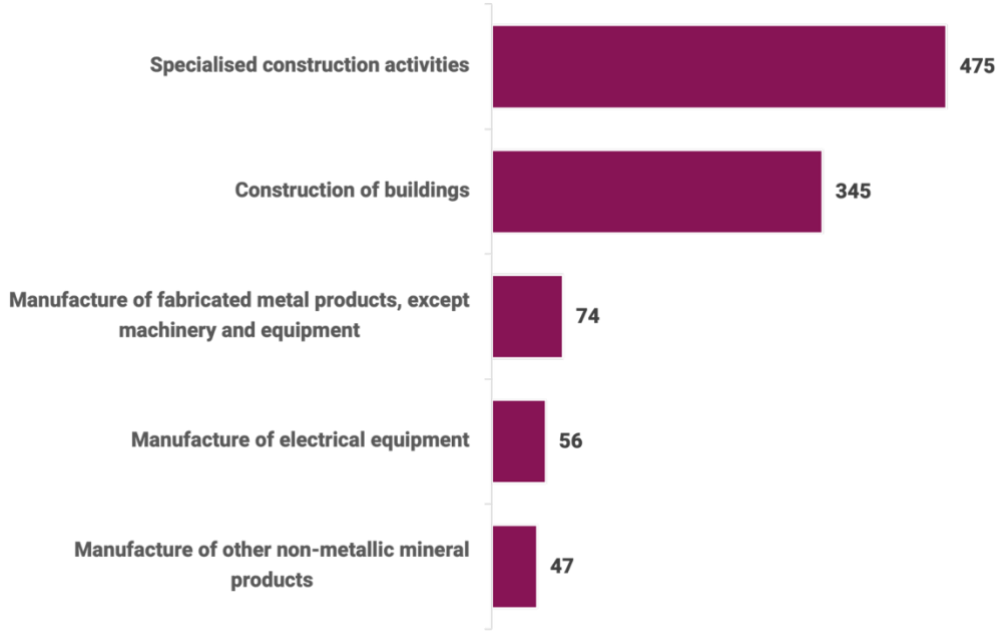
- core construction activities;
- specialist building services; and

[56]Scottish Government (2024) *Supply, Use and Input-Output Tables*. [online] Available at: https://www.gov.scot/publications/about-supply-use-input-output-tables/.

- manufacturing supplying materials and equipment.

The construction contracts associated with the project represent a significant opportunity for employment in the 'Specialised construction activities', 'Construction of Buildings' and 'Manufacturing of fabricated metal products' sectors. This could directly generate 475 job-years in the first sector, 345 in the second and about 74 in the latter (Figure 5-2).

Figure 5-2 Top 5 Construction Opportunities (Direct Job Years)



Source: BiGGAR Economics Analysis.

5.2.5 Fiscal Contributions

The economic activity arising from the construction of Cato Data Centre will also result in various fiscal benefits.

Staff contribute through the payment of employment taxes (in addition to the contribution of spending their wages), such as through their NICs and income tax, as well as the NICs made by the employer. In addition, VAT is generated through the purchase of goods and services associated with the Cato Data Centre.

Using the latest rates and the methodology described in paragraph 5.1.5, Cato Data Centre is estimated to generate £145.2 million in fiscal contributions (from direct and indirect employment) throughout the total construction period. This is broken down to £57.9 million in income tax revenues, £68.4 million in NICs, and it will also generate an additional £19.0 million of VAT paid.

Table 5-8 Fiscal Contributions – Construction, £m

	Scotland
Income Tax	57.9
NICs	68.4
VAT	19.0
Total Fiscal Contribution	**145.2**

Source: BiGGAR Economics Analysis. Note numbers may not sum due to rounding.

5.3 Operations

5.3.1 Research and Market Data: Operations Costs

Table 5-9 summarises data centre operations costs per MW collected from various sources.

Table 5-9 Data Sources: Operation Costs Estimates

Reference Area	Data Source	$m per MW	£m per MW (2025 Prices)	Average (£m)
Scotland	BiGGAR Economics' Previous Experience	-	0.7-1.0	**0.9**
USA	Vila (2025)[1]; Thunder Said Energy (2025)[2]	0.6-1.7	0.4-1.3	**0.9**

Sources: [1]Vila, D. (2025) *Deconstructing the Data Center: A Look of Cost Structure Igniting the AI Boom!.* Alpha Matica.; [2] Thunder Said Energy (2025) *Data-centers: the economics?*.

Based on available data, it is expected that the average operational cost will be **approximately £0.9 million per MW**. This will include:

- electricity;
- infrastructure maintenance;
- staffing and human resources;
- network and bandwidth; and
- software, security and compliance.

These figures exclude the cost of IT hardware refresh which represents a recurring capital reinvestment typically spread over a 5-6 year replacement cycle rather than an annual operating cost[57].

[57] [1]Vila, D. (2025) *Deconstructing the Data Center: A Look of Cost Structure Igniting the AI Boom!.* Alpha Matica.

5.3.2 Cato Data Centre Operations Impact

During the operations phase, the annual cost was estimated to be **£522 million**, a portion of which corresponds to the data centre's own workforce and value added. Operational spending was split into the following categories:

- **direct on-site** (Cato Data Centre staff);
- **supplier spending** (maintenance, energy and contracted services); and
- **staff spending** (induced impacts).

Direct On-site Impact

A similar approach to the construction phase was followed, with employment multipliers (i.e. turnover per job) applied to the 120 on-site jobs to calculate turnover associated with on-site operations. The total turnover generated in each study area was then divided by the turnover to GVA ratio of relevant sectors associated with these activities.

Supplier Spending Impact

The core output of Cato Data Centre will be data-processing and hosting services. This makes it a major consumer of energy. When modelling the operations-phase impact, the data centre is the final demand unit that purchases electricity but there are also maintenance and other support services. This expenditure creates indirect effects in the supplying industries.

Cato Data Centre will be built to the highest standards of efficiency, security, and sustainability with an aim to run on 100% renewable energy[58]. For the purposes of modelling, a renewable energy scenario was applied, with wind generation used as an illustrative example of renewable resources available in Scotland. This provides a reasonable indication of the scale of renewable capacity associated with Cato Data Centre, recognising that the actual energy mix may include a combination of wind, storage and grid support. The economic impacts of using other renewable technologies would not differ substantially.

An input-output modelling exercise was undertaken to estimate the impact associated with the renewable energy projects supplying Cato Data Centre. This was based on BiGGAR Economics' previous experience on renewable energy assessments and provides an indicative estimate of energy-related impact.

This renewable energy supply involves substantial capital investment. Demand for renewable electricity supports investment in new generation infrastructure, creating significant economic benefits during construction, in addition to ongoing operation and maintenance activity.

For other maintenance and support services, including infrastructure maintenance, network and bandwidth, software, security and compliance contracts, the

[58] ILI Group (2025), Cata Data Centre Project. [online]. Available at: https://meetings.ili-energy.com/Cato Data Centre-data-centre-project/

expenditure was analysed and assigned to relevant sectors and the GVA and employment impact in each sector was estimated using figures from the Annual Business Survey in a similar way as with the construction phase. About 16% of this spending was estimated to be in Fife and about 41% in Scotland as a whole.

Further impacts throughout their supply chain (indirect) and from staff spending their wages (induced) were captured by applying multipliers from Scottish Government's Input-Output Tables.

Staff Spending Impact

The 120 staff members who will be directly associated with on-site operations of Cato Data Centre are also expected to create an impact by spending their wages and salaries each year.

Based on analysis of typical household expenditure, it was assumed that staff would spend 40% of their salaries in Fife and 70% in Scotland as a whole. The GVA and employment impacts were estimated based on the typical sectors for household expenditure.

Total Operational Impact

Adding up direct, supplier and staff impacts, it was estimated that, during its annual operations, Cato Data Centre could generate about £31.7 million GVA and 262 jobs in Fife, and £66.9 million GVA and 540 jobs in Scotland.

Table 5-10 Economic Impact of Operational Spending

	Fife		Scotland	
	GVA (£m)	Jobs	GVA (£m)	Jobs
Direct	8.5	120	8.5	120
Supplier	18.1	99	45.8	313
Staff Spending	5.1	43	12.6	107
Annual Total	**31.7**	**262**	**66.9**	**540**
Over a Typical Economic Cycle (~15 years)	**475.1**	**262**	**1,033**	**540**

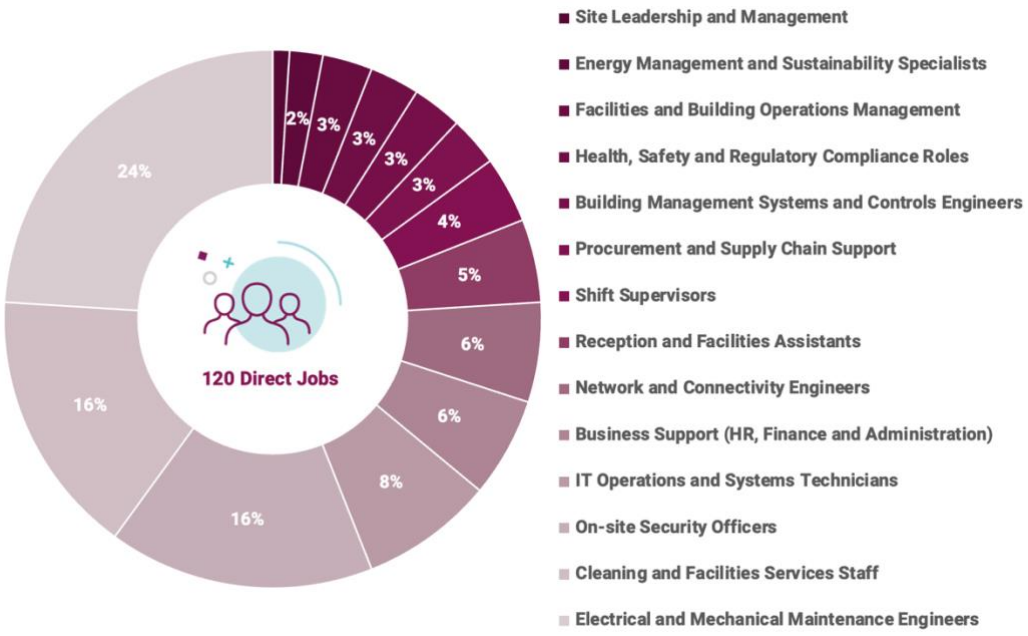
Source: BiGGAR Economics Analysis.

The analysis considers potential **displacement** of activity during operations. Cato Data Centre is expected to add to rather than displace existing activity in sectors relevant to the operation phase. The region could become a hub for innovation leading to beneficial displacement of economic activities towards more data-intensive sectors. This would create high demand of skilled pool of workers. Therefore, there will be a displacement of low productivity to high productivity jobs which positively affects productivity and economic growth.

5.3.3 Opportunities in Fife

The main direct economic opportunities during the operational phase of Cato Data Centre are likely to be related to electrical and mechanical engineering, including maintenance and repair activities, cooling and energy systems management. Other opportunities will be related to security and monitoring, facility and site management as well as IT and data centre operations, including network management and energy systems support (see approximate breakdown in Figure 5-3).

Figure 5-3 Direct Operational Jobs



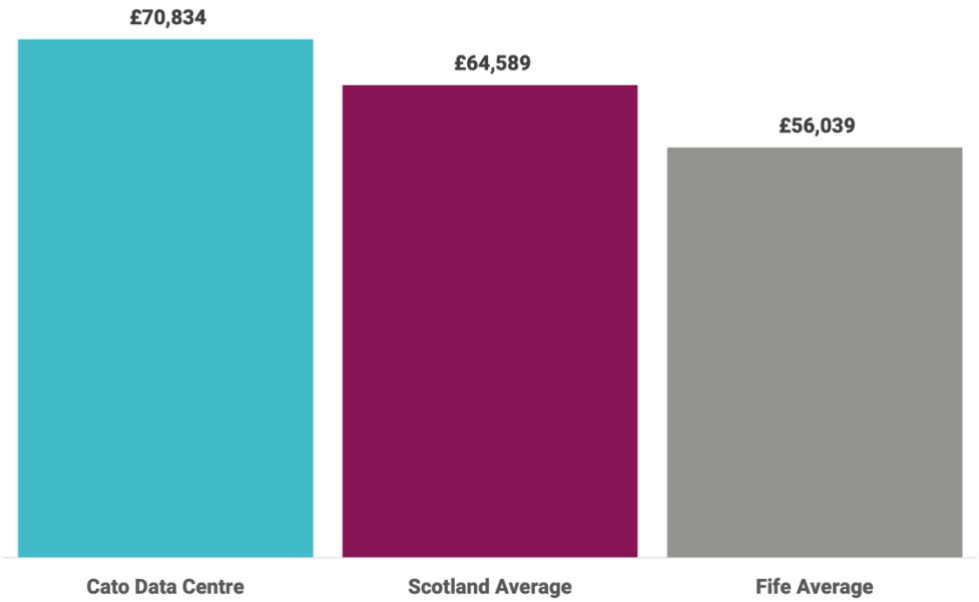
Source: BiGGAR Economics Analysis.

Jobs supported in the operation of Cato Data Centre will tend to be in sectors that have relatively high levels of productivity and staff costs[59]. Overall, direct GVA per job (a measure for productivity) associated with Cato Data Centre is estimated to be £70,834 which is significantly higher than the average in Fife (£56,039) and Scotland as a whole (£64,589)[60].

[59] Office for National Statistics (2025), Annual Business Survey, Division by Country and Region, 2008 to 2023 Datasets.

[60] Scottish Government (2025), Scottish Annual Business Statistics 2023.

Figure 5-4 GVA per Job (Productivity)



Source: BiGGAR Economics Analysis; Scottish Government (2025), Scottish Annual Business Statistics 2023.

High-productivity jobs are also well-paid, high-quality jobs. The average salary estimated for these roles is over £50,000, which over 50% higher than the average full-time salary in Fife and Scotland as a whole (see section 4.7).

5.3.4 Fiscal Contributions

As with the construction phase, using the latest rates and the methodology described in paragraph 5.1.5, Cato Data Centre is estimated to generate £4.3 million in fiscal contributions when it becomes operational. This is broken down to £1.7 million in income tax revenues, £2.0 million in NICs and it will also generate an additional £0.6 million of VAT paid.

Table 5-11 Annual Fiscal Contributions – Operations, £m

	Scotland
Income Tax	1.7
NICs	2.0
VAT	0.6
Total Fiscal Contribution	**4.3**

Source: BiGGAR Economics Analysis. Note numbers may not sum due to rounding.

Although precise **corporation tax payments**[61] cannot be quantified at this stage, the data centre sector is considered by high operating performance once facilities are operational. Particularly for larger-scale data centres, like Cato Data Centre, industry evidence shows that they can achieve high operating margins (assessed using EBITDA as proxy for profitability)[62]. This implies that Cato Data Centre is expected to generate substantial taxable profits over its operational life and to make a significant contribution to UK corporation tax receipts.

Non-Domestic Rates

In addition to the above-mentioned fiscal contributions, Cato Data Centre will be liable for non-domestic rates, the payment of which would contribute directly to public sector finances and infrastructure investments.

Using the approach outlined in paragraph 5.1.5, it was estimated that over its operational period, Cato Data Centre could make a total annual contribution of about £29.0 million to public finances. Across a typical 15-year operational economic cycle, this contribution towards non-domestic rates is anticipated to accumulate to about £435.0 million.

Demand for public services has been increasing whereas the funding has been reduced in recent years and Fife Council expects its budget gap to be around £16.8 in 2025/26, rising to a cumulative £30.6 million for 2026/27 and £46.5 million for 2027/28 [63]. Considering this, Cato Data Centre's £29.0 million per year would significantly strengthen the Council's financial position, supporting additional spending on public services, though in practice not all the income would necessarily go to this Council since the distribution of non-domestic rate revenues is determined nationally.

[61] Corporation tax is a UK-wide tax paid to HMRC and not assigned to Scotland. While the tax is reserved to the UK Government, economic activity in Scotland contributes to the wider UK fiscal position from which Scottish public funding is drawn.
[62] CBRE Investment Management (2024). *Data Center Investment: Decoding Opportunities.* By T. Tsoneva and J. Affleck, 17 July. Available at: https://www.cbreim.com/insights/articles/decoding-data-centers [Accessed Jan 2026].
[63] Audit Scotland (2025). *Best Value: Fife Council.* Accounts Commission. Available at: https://audit.scot/uploads/2025-02/coa_250225_fife_council.pdf

6. Wider Socio-Economics Implications

Cato Data Centre is expected to generate wider catalytic impacts and community benefits, supporting local development, enhancing digital infrastructure and boosting long-term economic resilience.

Key Takeaways:

- Cato Data Centre and the Stoics deliver core digital infrastructure that can help reverse low productivity by strengthening connectivity and enabling higher-value digital activity;
- They acts as a catalyst for skills, innovation and supply chain growth, supporting a cluster between regional hubs and Scottish universities and helping build a critical mass of data-driven businesses and cross-sectoral investments;
- Opportunities for local business will be enhanced by mapping the local supply chain and mandating local content in contracts, while proactively closing the anticipated initial skills gap through skills provider partnerships to support medium-to-long term workforce development and supporting Community Wealth Building;
- Cato Data Centre can support community wellbeing by fostering collaboration among local groups and helping to address key local issues; and
- The design of the data centre will ensure a net overall benefit to the natural environment, focusing on opportunities for landscape enhancement and improved biodiversity, and connections with Green Networks in Scotland.

6.1 Wider Catalytic Impacts

Wider catalytic impacts refer to the longer-term impacts that arise when the data centre enhances digital infrastructure and enables new business activity, innovation and productivity beyond the immediate construction and operational impacts. These contributions directly support the national and regional priority areas considered throughout Section 3 of this report.

6.1.1 Strengthening Digital Infrastructure and Connectivity

Taking into consideration the increasing volume of data, additional digital infrastructure enabled by data centres is vital in supporting a digital economy. This is shown in the findings on the TechUK report referenced in paragraph 3.1.1 which

highlights the significant economic impact data centres generate in the UK in terms of GVA and employment and the future potential. Cato Data Centre supports this growth opportunity by providing additional low-carbon, capacity digital infrastructure being one of the largest data centres in the world. It will strengthen Scotland's role within the UK's digital economy, supporting productivity and long-term economic development.

Cato Data Centre will support new investment in fibre and power infrastructure in Fife, improving connectivity for surrounding communities (see paragraph 4.8.3) and supporting future digital growth that could benefit businesses and consumers.

6.1.2 Building Skills and Talent Ecosystem

The creation of a skills ecosystem is the most important catalyst for the economic future. The challenge is shown by the Scotland's Productivity Challenge report published in 2025[64], which highlighted a key contradiction: Scotland has one of the most educated workforces in the OECD and the second highest highly-skilled (NVQ4+) workforce in the UK, however, businesses report significant gaps in digital skills and job growth since 2009 has been concentrated in 'relatively low value-added service sectors'. Fife is an example of a region below the Scottish average for productivity in Scotland since 2004[65].

Cato Data Centre is intended to act as a catalyst to help reversing this trend by creating demand for new, high-productivity jobs that require advanced digital, technical and professional skills which are transferable across multiple sectors and may not be present in the region (see paragraph 4.6). Digital and AI skills are particularly relevant for sectors already present in Fife, including defence, robotics, energy and advanced manufacturing, which are increasingly adopting data-intensive operations to expand their activities, and improve efficiency and competitiveness. This can create an opportunity for a local talent base and provide more job security for residents, making the surrounding area more attractive for other skilled workers to move to and creating a cycle of talent attraction and retention. This would be beneficial after the closure of ExxonMobil's ethylene plant at Mossmorran which is expected to result in more than 400 job losses in Fife (section 4.5).

At a national level, the Stoics' Green Digital Corridor will be the base of a cross-regional skills and talent ecosystem. The data centres will provide the digital infrastructure needed to support new ways of working, encouraging people to develop new capabilities and shift to more productive sectors. This will provide a pathway for upskilling the existing workforce.

[64] Williams, D., Tsoukalas, J., Wessels, B. and Gaska, P. (2025) *Scotland's Productivity Challenge: Exploring the Issues – 2025*. Productivity Insights Paper No. 045. The Productivity Institute. Available at: https://www.productivity.ac.uk/wp-content/uploads/2025/01/PIP045-Scotland-Insights-Paper-January-2025.pdf [Accessed 12 November 2025].

[65] Williams, D., Tsoukalas, J., Wessels, B. and Gaska, P. (2025) *Scotland's Productivity Challenge: Exploring the Issues – 2025*. Productivity Insights Paper No. 045. The Productivity Institute. Available at: https://www.productivity.ac.uk/wp-content/uploads/2025/01/PIP045-Scotland-Insights-Paper-January-2025.pdf [Accessed 12 November 2025].

6.1.3 Supporting Supply Chain and Innovation

Cato Data Centre can support wider economic activity by giving existing businesses and organisations the digital capacity they may currently lack. With access to reliable computing, businesses across Fife will be better able to run data-heavy processes, improve the way they work and develop new ideas. This supports business growth and helps keep more economic value in the wider region.

Rather than operating in isolation, the project will serve as a base for a wider digital ecosystem. Cato Data Centre is located in the centre of the economic corridor from East to West Fife. This is the main digital hub connecting the following zones:

- **East**: including activities at the University of St. Andrews related to R&D, marine science and photonics sector[66];
- **West**: including activities at the Babcock International at Rosyth, robotics, advanced manufacturing[67], automation in welding and shipbuilding; and
- **Central Digital Hub**: including potential digital infrastructures such as the Cato Data Centre itself and the Queensway Park that will support activities in the other two zones and major industrial developments such as the Westfield[68] project which is considered one of the largest redevelopments in Scotland for industrial, employment and energy related use.

In addition, this area connects HMS Caledonia (military establishment of the Royal Navy) and the Arrol Gibb Innovation Campus (AGIC) to defence facilities. Cato Data Centre is important for Scotland's defence sector as it supports secure data flows across the region.

The development will also support innovation ecosystems in the wider region as described in paragraph 3.3.2. The priority innovation clusters (see **Error! Reference source not found.**) related to sustainable advanced manufacturing, health innovation, and financial services and fintech are digitally driven and they are the strongest connection to AI, cloud services and computing.

At a national level, improved digital capability makes it easier for organisations to collaborate. Cato Data Centre and the Stoics could enable a cluster, where universities, research groups and businesses can collaborate through shared digital infrastructure. This approach allows partners across Scotland, to test, analyse and share data more easily, boosting existing relationships and encouraging more R&D activity.

The developments enhance activity in connected sectors such as renewable energy, telecommunications and software development. Its use of renewable power and

[66] Photonics & Quantum Accelerator (2025) *Photonics & Quantum Accelerator – Maximising sustainable growth in photonic technologies in Scotland.* Available at: https://photonicsaccelerator.ac.uk/
[67] InvestinFife (2022), *Mid-Fife Economic Investment Prospectus (April 2021).* Glenrothes: InvestFife. Available at: https://www.investfife.co.uk/wp-content/uploads/2022/06/IF-MID-FIFE-PROSPECTUS-4.3-FINAL-JUNE-2-1.pdf
[68] InvestFife (2025) *Westfield – key investment opportunity.* Available at: https://www.investfife.co.uk/land-property/key-investment-opportunities/westfield/

connectivity reinforces demand for these industries and helps sustain specialist skills and services within the Scottish economy[69].

6.1.4 Increasing Investment Attraction and Competitiveness

An additional, catalytic benefit is that of attractiveness for investment that comes from improved digital, business and skills infrastructure, increasing the likelihood of further inward investment in Scotland across all the abovementioned sectors. Cato Data Centre can support investment in energy and low-carbon infrastructure, reflecting the increasing integration of data centres with renewable generation, energy storage and grid. It can also drive inward investment into construction, engineering and specialist manufacturing supply chains throughout the delivery programme.

Beyond user-facing industries, Cato Data Centre and the Stoics act as anchors for the tech sector itself, providing the high-capacity, secure infrastructure such companies need to develop their own digital offerings. This is particularly important in Scotland considering it is one of the fastest-growing tech regions in the UK with a continuous increase in venture capital investments (see paragraph 3.1.1).

As a key part of Scotland's national strategy to become a leading zero-carbon data hosting location, Cato Data Centre, in conjunction with the other Stoics projects, help build a more distributed digital network. This complements established tech hubs strengthening the entire Scottish ecosystem and enhancing its competitiveness for further international investment. It creates a critical mass, a data cluster which may attract major international investors who are searching for regions with scalable capacity.

6.2 Local and Community Benefits

To explore the potential for local and community benefits from the development, this section draws on the Community Wealth Building (CWB) model. CWB provides a framework for thinking about ensuring local and community benefits and is referenced in Scotland's National Planning Framework (see paragraph 3.2.5).

6.2.1 Community Wealth Building

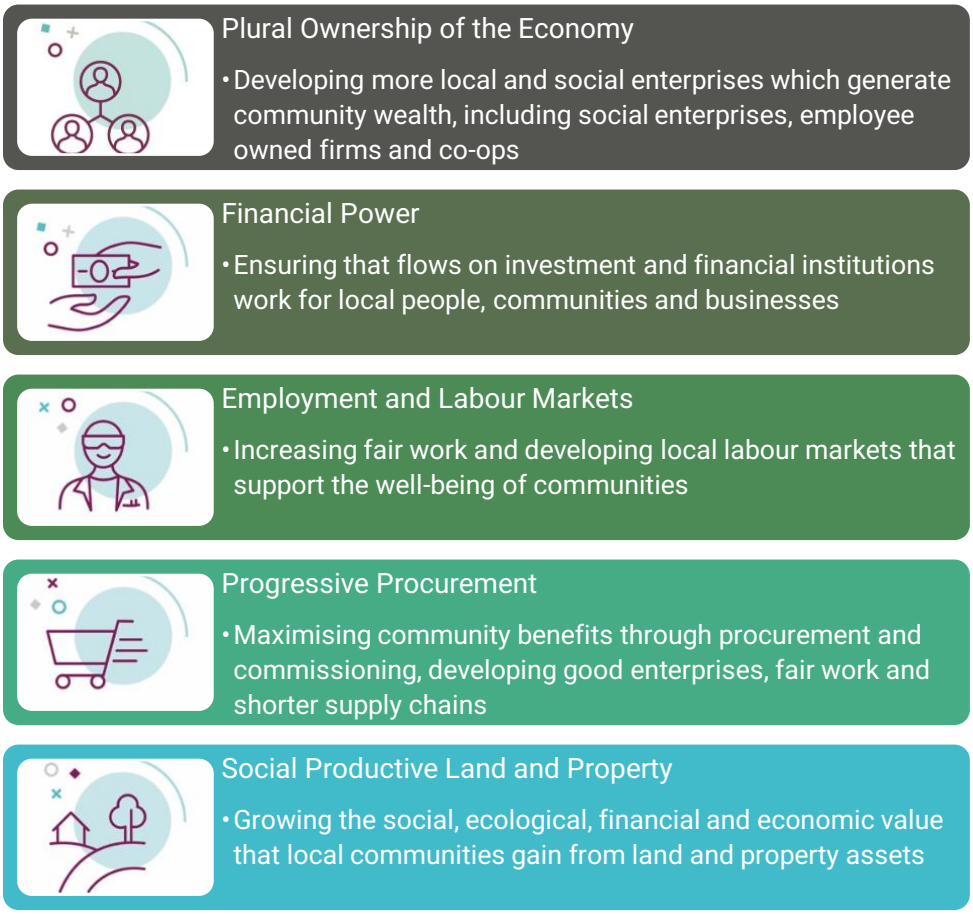
To ensure that communities benefit from a given development, CWB encourages the consideration of five pillars:

- plural ownership of the economy;
- making financial power work for local places;
- fair employment and just labour markets;
- progressive procurement of goods and services; and
- socially productive use of land and property.

[69] Soben (2024), *Why Scotland is Europe's Next Data Centre Hub.* Available at: https://sobencc.com/white-papers/scottish-data-centres/.

More details on what each of these pillars are outlined in Figure 6-1. Acting on each of these pillars helps wealth circulate around the local economy to the benefit of a community, limiting the ease by which wealth is extracted from the local area.

Figure 6-1 Community Wealth Building Pillars



Evidence shows that when projects and procurement practices are designed with CWB in mind, the outcomes on communities are noticeably improved[70].

6.2.2 Principles to Support Local and Community Benefits

Building on the CWB model, Scottish Renewables has developed guidance to support the maximisation of socio-economic benefits for renewables.[71] The guidance outlines a set of principles to support developers in exploring potential local and community benefits, and a set of themes through which to assess potential benefits of the development. This guidance has proved useful in encouraging renewable developers to consider their local and community benefits and a useful way to examine the benefits that this development will bring.

[70] Centre for Local Economic Strategies (April 2023) https://cles.org.uk/blog/does-it-work/
[71] Scottish Renewables (2025), Maximising net socio-economic benefit of renewable energy guidance and reporting framework

Whilst that guidance is for renewable energy developments, it is a useful framework for all types of development, including data centres.

The guidance recommends that a developer's approach is:

- **Place based**: every project and community is different, any approach to ensuring local and community benefits needs to be tailored to the local community.
- **Innovative**: many of the benefits come about because of innovation at the project level.
- **Collaborative**: many of the benefits may require input and support of others in the public, private and third sector to realise.
- **Transparent**: transparency creates trust which is essential for building relationships with communities and collaborators.
- **Flexible**: a project can change from inception and completion, and being flexible supports the realisation of benefits.
- **Deliverable**: providing communities with realistic expectations about what can be delivered helps achieve trust.

In applying these principles the guidance has identified four themes that casn be used by developers when considering what commitments they might make:

- skills and workforce development;
- supply chain;
- community empowerment; and
- environmental protection and enhancement.

These principles and themes help form the basis for structuring the assessment of local and community benefits.

6.2.3 Skills and Workforce Development

A well-developed, future-ready workforce is essential to ensuring that infrastructure investments translate into long-term economic and social value. Skills and workforce development are among the most effective ways to maximise local benefits, by creating high-quality employment and by ensuring local people can access and thrive in these roles.

Cato Data Centre is likely to generate at least 120 jobs on-site. Many of these jobs will support implementation and operations, and require medium to high skills, including network, systems, and storage engineers and technicians, and data managers. There are ways in which the project could support the attainment of skills locally and help make a major contribution to building community wealth.

Potential Opportunities:

The main opportunity is a **collaboration with Fife College** which has a wide range of relevant courses in subject areas such as IT (cybersecurity, data, 3D modelling), business management, engineering and construction. The college has approximately 26,000 students and 150 staff members and welcomes about 400 new apprentices annually. Fife College is willing to support the project through:

- hosting conferences and events;
- helping to identify skilled staff;
- supporting apprenticeships for local/regional residents including people from disadvantaged backgrounds;
- providing employability services;
- assisting with recruitment (e.g. pre-screening applicants);
- developing specific provision to address skills gaps for employers;
- providing placements and organising site visits for students; and
- undertaking school engagement work.

Fife College is already working with large local employers, including Babcock International at Rosyth, and other colleges located near other data centre sites. Such connections can enhance the digital network and connectivity and support the exchange of knowledge and people across the country.

The developer is considering offering approximately **£500,000 on apprenticeships**.

Cato Data Centre could also utilise facilities such as the **Shell Energy Transition Skills Hub** and particularly the NanoGrid Learning Environment (NGLE) in the college to train the workforce with an aim to shift focus from traditional chemical/industrial roles into digital and green energy infrastructure.

Other opportunities could include collaborations with **Developing the Young Workforce** (DYW) Fife to make young people in Fife aware for the career opportunities that will be unlocked in the future due to Cato Data Centre. Engagement with organisations like **Young Enterprise Scotland and Social Enterprise Academy** may also spread the opportunities across Scotland[72].

6.2.4 Supply Chain

A strong local supply chain can play a vital role in supporting employment and retaining wealth within communities. Progressive procurement practices, particularly those that actively support small and medium-sized enterprises (SMEs), employee-owned firms, co-operatives, social enterprises, and community-owned businesses, can help ensure that investment generates lasting value locally.

While specialised capital equipment may need to be sourced from further afield, procuring more general goods and services from local suppliers can deliver meaningful local economic benefit. By collaborating with local stakeholders and supporting the growth of regional supply chains, large-scale investors can help reshape the long-term economic trajectory of the places in which they operate.

Potential Opportunities:

To encourage local content the developer could explore the following:

[72] InvestFife (2025) *Fife Enterprise Pathway Booklet Version 1 (January 2025).* Available at: https://www.investfife.co.uk/wp-content/uploads/2025/02/Fife-Enterprise-Pathway-Booklet-Version-1-Jan-25.pdf

- **Local content requirements**: directly specifying local content within contracts or using a weighting system in favour of local content to select between contractors. This incentivises companies that are already have policies to maximise the use of local suppliers.
- **Directory of local contractors**: collating a list of local contractors and actively expanding it to ensure competitiveness. Sub-contractor selection would be based on factors like locality, quality, speed, travel distance, and price. Additionally, organisations like Business Gateway Fife could potentially support the creation of a directory of local contractors to share with Tier 1 contractors, helping to assess local supply chain capacity and identify areas where a cost advantage might exist.
- **Meet the buyer events**: encouraging Tier 1 contractors to organise events that will support local contractors in understanding what will be needed and how to maximise their benefits.
- **Explore potential local and regional business partners**: a number of potential regional partners to be identified, including local tech businesses or innovation hubs.

6.2.5 Community Wellbeing

Community wellbeing[73] is about creating the conditions for people to thrive socially, economically, and environmentally, while also recognising and addressing the specific challenges that a community may face. A new development can have wide-ranging impacts on local communities, both positive and negative, and it is important that the overall legacy of a project leaves the community better off.

While the identified initiatives in the previous sections, those targeting skills and workforce development and supporting the local supply chain, will generate significant community benefits; the immediate and primary financial and employment benefits will naturally accrue to those directly engaged in the development. Therefore, for the development's value to resonate across the entire community, developers must consider a holistic approach. This means moving beyond the critical goals of job creation and local business opportunities to actively and explicitly address broader effects.

A successful approach is one that promotes shared prosperity by mitigating negative impacts, enhancing positive contributions, and fostering a sense of ownership and pride in the development among local residents.

Potential Opportunities:

The following could support the community:

- **Supporting community councils**: community councils can sometimes face difficulties in generating plans and making applications for funding. Supporting

[73] This theme is described using 'community wellbeing' rather than 'community empowerment' as suggested in the Scottish Renewables Guidance. Community wellbeing offers a broader, more universally understood framework for improving overall quality of life, and in under-resourced areas this direct focus on wellbeing often resonates more immediately than the potentially abstract concept of 'empowerment'.

community councils with these will help get a clearer idea of what the community needs and support the community to advocate for themselves;

- **Local pub redevelopment contribution:** The Auchtertool Community Trust has acquired the Tiel with the aim to transforming it into a pub and community hub that will provide social, economic and wellbeing benefits for local residents. While the community has secured ownership of the building, funding is required to complete the internal fit-out and bring the facility into active use. The developer is committed to supporting this initiative by providing a financial contribution toward the fit-out costs, helping to enable the delivery of an accessible community hub.
- **Internet Connectivity:** the developer will explore the opportunities to improve internet connectivity in the area (see paragraph 4.8.3). Following feedback raised at a public engagement event, the developer will investigate opportunities to bring broadband to the area and will potentially carry out viability appraisal to assess delivery.
- **Heat project to reduce related costs for the communities:** with the development generating a significant amount of heat there is potential for a heating project that might support nearby houses or participate in a regional heat transfer scheme. Heat recovery from Cato Data Centre aligns with Fife Council's Local Heat and Energy Efficiency Strategy (LHEES)[74] by supporting future low-carbon district heat networks in the Greater Kirkcaldy area. This is an opportunity which will be expanded with collaboration with other parties developing heat network proposals.

Potential community support options are being explored by the developer, including examples such as short-term support for household data costs and locally managed funding mechanisms that could be directed by the community toward identified priorities, including digital connectivity.

6.2.6 Environmental Protection and Enhancement

This theme focuses on aligning development with environmental protection and proactive enhancement. Maximising environmental benefits requires more than minimising harm; it calls for developments to actively contribute to ecological resilience and sustainability. This means adopting a forward-looking approach that not only mitigates environmental impacts but also creates opportunities for long-term environmental gain.

Environmental protection and enhancement must be embedded in project design. This involves taking steps to preserve existing ecosystems and deliver measurable improvements through actions such as habitat restoration, the creation of wildlife corridors, and reforestation efforts. The aim is to deliver a net positive environmental outcome, where natural systems thrive alongside new infrastructure. Engaging the local community in shaping environmental outcomes is also key to ensuring that enhancements reflect local needs and values, while fostering long-term stewardship.

[74] Fife Council (2025) *Local Heat & Energy Efficiency Strategy (LHEES) and Delivery Plan.* Available at: https://www.fife.gov.uk/kb/docs/articles/environment2/local-heat-and-energy-efficiency-strategy-lhees-and-delivery-plan

Potential Opportunities:

Whilst planning and design of the data centre is on-going, the following opportunities could emerge:

- **Green building fabrics use:** the developer is considering using materials with high thermal insulation which could be beneficial in terms of energy use;
- **Biodiversity:** the design seeks to ensure there is no net loss of biodiversity;
- **Supporting land access and sustainable transport networks**: there will also be opportunities to support land access through improving and maintaining footpaths, which could be of benefit to both employees at the data centre and the public. This could improve sustainable transport options; and
- **Connect to Green Networks:** use of data centre site to connect to wider Green Networks that promote natural initiatives to make Scotland a more attractive place to live, work and visit.

7. Conclusion

Cato Data Centre will deliver significant economic value, strengthen digital infrastructure and generate lasting benefits for businesses, communities and the wider economy of Fife and Scotland.

UK and Scottish strategies strongly support green digital infrastructure as a driver of productivity and innovation. UK initiatives such as the AI Growth Zones focus on accelerating advanced computing capacity and attract investment, whereas Scotland's strategies show data centres as part of the transition to a Net-Zero economy. In Fife, this is important as there is a need to diversify the local economy, particularly in light of the closure of ExxonMobil's ethylene plant at Mossmorran. Cato Data Centre aligns with these priorities by boosting digital capacity and contributing to high-value economic activity.

During the construction phase it is estimated that Cato Data Centre will generate:

- £104.8 million GVA and c.1,450 job years in Fife; and
- £708.3 million GVA and c.9,660 job years in Scotland.

During construction, the main opportunities for local suppliers would be related to construction activities, including specialised construction services.

During the operations phase, it is estimated that Cato Data Centre will generate an annual impact of:

- £31.7 million GVA and support c.262 jobs in Fife; and
- £66.9 million GVA and support c.540 jobs in Scotland.

During operations, the direct opportunities could be related to electrical and mechanical engineering, security and monitoring, facility and site management, as well as IT and data centre operations.

Cato Data Centre is also expected to generate fiscal impacts including:

- £145.2 million during construction in Scotland[75];
- £4.3 million each year of operations in Scotland[76]; and
- about £29.0 million each year of operations in non-domestic rates.

Over a typical 15-year operational economic cycle, Cato Data Centre will contribute £499.9 million in tax revenues including:

- £64.9 million in Income tax, National Insurance Contributions and VAT paid; and

[75] These include income tax, NICs and VAT paid.
[76] These include income tax, NICs and VAT paid.

- about £435.0 million in Non-Domestic Rates, significantly supporting local public finances.

Cato Data Centre also has wider catalytic impacts beyond its construction and operations. Along with the rest of the Stoics projects, it enhances regional digital infrastructure, supports higher-value digital activity and contributes to a growing innovation ecosystem across Scotland and UK as a whole. By operating on renewable energy and enabling data-driven business growth, it boosts the competitiveness and investment appeal of the Fife and wider Scottish economy. These contributions are in line with UK and Scottish economic policy priorities.

Cato Data Centre is also expected to have substantial local and community impacts. An assessment in line with Community Wealth Building shows potential benefits to local skills development and local supply chains, as well as wider community impacts. This contribution also aligns with the regional priorities outlined in Fife Council's Economic Strategy.

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