# North East poised to lead UK’s AI infrastructure boom with £10bn data centre



The North East of England is fast becoming a cornerstone of the UK’s ambition to lead in global data centre development and AI infrastructure. At the centre of this shift is a £10 billion hyperscale data centre project in Cambois, Blyth, approved by Northumberland County Council and backed by US private equity firm Blackstone. Covering 540,000 square metres, the site will be among the largest AI data centres in Europe, offering high-capacity cloud computing and digital storage capabilities.

The project is a flagship for a wider national strategy to attract digital infrastructure investment and solidify the UK’s place in the AI economy. The North East offers strategic advantages, including its coastal geography and skilled workforce, making it well placed to capitalise on the growing demand for data processing power.

Dynamo North East CIC, a regional innovation group, has outlined three pillars for long-term success: green infrastructure to ensure environmental sustainability, an integrated innovation ecosystem underpinned by infrastructure planning, and strong academic-industry collaboration to close skills gaps. Dr David Dunn, CEO of Dynamo, said the value of the development would come not only from the data centre itself but from the networks and capabilities it helps generate across the region.

Blackstone’s project is forecast to create around 4,000 jobs, including 1,200 in construction and 2,700 indirect roles linked to local economic activity. However, academic analysis suggests direct employment in operational data centres remains modest, given their capital-intensive nature. Most jobs will emerge through supply chains, construction and wider economic stimulation.

A £110 million fund from Blackstone will support skills training and transport upgrades in Blyth—an investment aligned with calls to embed digital growth in local communities and ensure long-term benefits for the region. Prime Minister Sir Keir Starmer welcomed the project as a “huge vote of confidence in the UK” and a sign that the country is “open for business.” Local leaders echoed the sentiment, calling the development a catalyst for placing the North East at the centre of the UK’s AI transformation.

Yet challenges remain. The UK’s planning system, while being streamlined for digital infrastructure, still requires adherence to strict environmental protections. Future data centre projects must navigate potential ecological constraints—such as safeguarding habitats of protected species—through robust mitigation strategies. The transformation of the Cambois site—from a failed battery gigafactory project to a cornerstone of AI infrastructure—symbolises a significant shift in the region’s economic trajectory. The data centre’s success will rest on sustainable development, policy alignment and the strength of the innovation partnerships built around it.

While the scale of investment is a clear cause for optimism, the future of the UK’s digital economy in regions like the North East will depend on ensuring infrastructure growth is both responsible and inclusive—bridging local ambition with global opportunity.

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## Bibliography

1. <https://www.thenorthernecho.co.uk/news/25258602.north-east-key-uks-data-centre-expansion/?ref=rss> - Please view link - unable to able to access data
2. <https://www.reuters.com/technology/artificial-intelligence/blackstone-confirms-13-bln-investment-britain-ai-data-centre-2024-09-25/> - Blackstone, the U.S. private equity firm, has confirmed a £10 billion ($13.3 billion) investment for an AI data centre in northeast England, situated on a previously derelict site in Blyth, Northumberland. The project, set to begin construction next year, is expected to create 4,000 jobs, including 1,200 dedicated to construction. As part of the agreement, Blackstone will also invest £110 million in a local fund for skills training and transportation infrastructure improvements in Blyth.
3. <https://www.ft.com/content/a080c618-c250-45cf-9728-8ec8ddd0a56c> - Stephen Schwarzman, CEO of Blackstone, has encountered an unusual challenge at his £80 million country estate in Wiltshire, southern England: the great crested newt. Despite consultations suggesting low likelihood of newt presence, extensive regulations still apply due to the species' protected status. Schwarzman must follow a detailed habitat mitigation plan during construction of new estate features, including a lake and new staff housing. Compliance includes daily searches for amphibians by construction crews and long-term ecological supervision, potentially lasting 30 years after project completion. UK Chancellor Rachel Reeves, who supports simplifying planning processes, assured Schwarzman she would expedite other projects like Blackstone’s proposed £10bn data centre in Northumberland. However, she cannot alter newt-related restrictions. Schwarzman had previously expressed frustration over Britain's stringent planning system, echoing similar difficulties faced by former Prime Minister Boris Johnson in 2023. Reeves emphasized the importance of data centres for artificial intelligence infrastructure during engagements with New York investors.
4. <https://www.reuters.com/technology/blackstones-plans-northern-england-hyperscale-data-centre-get-green-light-2025-03-05/> - Blackstone, a U.S. private equity firm, has received approval from Northumberland County Council to build a $13 billion 'hyperscale' data centre in North East England. The centre, covering 540,000 square metres and involving an investment of up to £10 billion, will provide data storage and cloud computing services. The project is expected to create hundreds of long-term jobs, 1,200 construction jobs, and potentially 2,700 indirect jobs. Additionally, Blackstone will fund a £110 million growth and job scheme in the area. The demand for data centre capacity has surged due to technological advancements and the increased use of AI, contributing to a rise in energy requirements. This development follows a previous failed project by UK startup Britishvolt.
5. <https://www.ft.com/content/2f25065d-3eeb-49f6-a5eb-8d22ed4697a5> - The new Labour government of Britain, led by Prime Minister Sir Keir Starmer, aims to attract AI firms by removing planning obstacles for data centre infrastructure investments, predicting significant job creation. However, actual job forecasts for data centre projects may be inflated. For instance, a £10 billion investment in Northumberland is estimated to create 4,000 jobs according to the government, but direct employment in data centres is around 400 jobs. The additional jobs come from construction over a decade and indirectly linked employment in the local economy, often based on multipliers from economic models, which may be overestimated. Academic studies, like one by Henry Overman, suggest smaller actual job multipliers. The government should provide transparent, realistic job estimates rather than overly optimistic numbers. Data centres are crucial for economic progress but are capital-intensive rather than labour-intensive, requiring an updated narrative aligning with productivity growth goals.
6. <https://www.bbc.co.uk/news/articles/c3e957k9d1yo> - A £10bn investment in a new artificial intelligence data centre will create about 4,000 jobs, the government has said. The site in Cambois, near Blyth, Northumberland, will become one of Europe's biggest AI data centres. The land was bought by private equity giant Blackstone earlier this year, after the collapse of Britishvolt which had planned to build an electric car battery factory on the site. Prime Minister Sir Keir Starmer said the investment showed that the UK was 'open for business'. Sir Keir said Blackstone's investment was a 'huge vote of confidence in the UK' and proved Britain was back as a 'major player on the global stage'. The plan for the data centre was first revealed in April, before Sir Keir's election. Northumberland County Council official Richard Wearmouth said at the time the project would put north-east England 'at the heart of the AI revolution'. About 1,200 jobs would be dedicated to the project's construction, the government said. The council also previously said the data centre would create about 2,700 related jobs. Britishvolt's plans for a car factory had been slated to create about 8,000 jobs. Construction on the site is expected to start next year, the government said.
7. <https://www.reuters.com/business/retail-consumer/blackstone-proposes-hyperscale-data-centre-northern-england-2024-04-15/> - Blackstone, a major private equity firm, is proposing the construction of a massive 'hyperscale' data center in Blyth, Northumberland, northern England. This project is intended for a derelict site that was previously slated for an electric vehicle battery factory by Britishvolt, which went bankrupt last year. The new data center could potentially attract an investment of up to £10 billion ($12.5 billion) and create hundreds of jobs. Northumberland County Council will vote on the proposal on April 23, with an expected payment to the council of £110 million over time. This payment will be used to create a fund for further job opportunities in the region. Blackstone has already engaged in preliminary discussions with the National Grid and other power suppliers about securing the necessary energy for the project.