

Brexit and data centres

8th February: EURECA Workshop, UEL

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- **Change stuff (policy intervention)**
 - Could be positive, seeking a level playing field
 - Could be negative, resisting regulation
- **Mitigate what we can't change**
 - Reducing cost and other burdens
 - Advocating pragmatism
 - Simplifying compliance requirements
- **Explain and Inform**
 - Risk radar
 - Data centres for Tiny Tots
 - Technical Committee

What's keeping operators awake at night?

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GDPR

MCPD

EU ETS

Generator Woes

LOT9

GPP

Heat Networks

MEES, MID.....

Energy costs & taxes

Energy security

Energy footprint

UK competitiveness

Technical skills

Severe weather

Cyber attacks

Compliance burdens

**and
BREXIT**





Data Centre Brexit Dashboard

THREAT	UNCERTAINTY	DATA FLOWS / DATA PROTECTION	TRADE	SKILLS	ENERGY and COMMODITY COSTS	INWARD INVESTMENT	ENVIRONMENT & CLIMATE CHANGE	OPPORTUNITY
What is the risk?	Paralysis, planning blight. Loss of FDI. Offshoring, relocation, attrition	UK deemed inadequate as data host. Restrictions on data flows to EU. Offshoring, relocation, attrition	Exclusion from trade agreements. Tariffs on physical goods. Non-tariff barriers on services.	Acute skills shortage, especially technical skills. Operational and business risk. Constraint on expansion.	Increased operating costs. Failure to compete.	Loss of FDI. UK competitiveness damaged. Relocation.	Competitive disadvantage. Burdens without benefits	What is the risk?
How do we mitigate this risk?	Immediate high level commitment to protect data flows and trade in services.	Adequacy. Legal clarity.	Single market access	Free movement of skills. Review Tier 1 & Tier 2 criteria. Protect non UK employees.	Protection from high energy costs and non-commodity energy costs	Explicit support for sector. Bespoke incentives. Practical help for FDIs	Equivalent standards and targets but greater freedom in how they are achieved.	How do we mitigate this risk?
Can we turn this into an opportunity?		Parity = success. Simplified GDPR possible in theory but unlikely in practice.	Parity = success. Limited scope for additional third party trade agreements.	Opportunity to rethink migration rules and access a wider pool of international talent.	Better support for priority sectors freed from constraints of State Aid Rules.	Scope to radically upgrade the UK's offering. Incentives can be targeted where they will be most effective.	Unprecedented opportunity to review and streamline a burdensome array of policy measures	Can we turn this into an opportunity?

MCPD, ESOS, CRC, EPR, IED, CCA, EUETS, GPP, LOT9



Data Centres Compliance Healthcheck

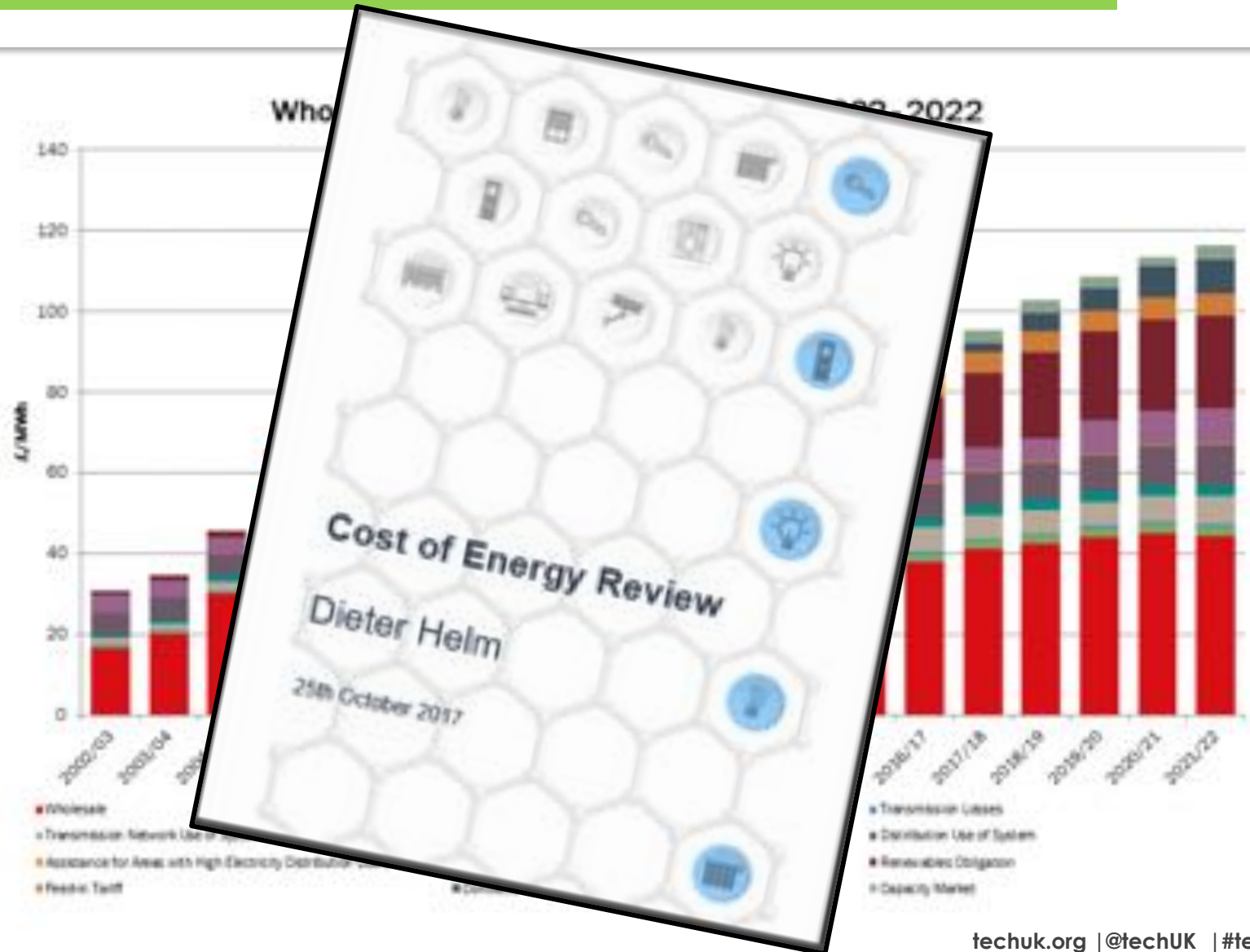
What is it and why does it matter?	Who is affected?	In force?	Compliance burden	Regulatory risk	Potential penalties	Where info?
UEE - Carbon Footprint Communication: imposed on the revenue neutral cap and trade, essentially a complex energy law	Organisations not on a LCA using calculated GHG (i.e. EUE also exempt)	Not in force yet				
Hardware Directives - EUE for servers: aims to improve environmental performance of servers by imposing requirements at the design stage	Primarily impacts IT hardware suppliers and operators that use their own IT hardware	Not yet implemented				
EU EED - Energy Efficiency Directive Art 8 / EUE: This requires large organisations to implement an energy audit. Data to drive energy use awareness and efficiency	All large organisations across all sectors. Exemptions apply to holders of ISO20000	July 2018				
EUE - EU Emissions Trading Scheme Phase III: Cap and trade scheme to reduce scope 1 carbon emissions	Start with electricity plant capacity >100MW in scope 1 & 2	Not in force yet				
EUE Phase III - Not about Phase III likely to continue to capture data centres due to electricity capacity	Not yet known whether will participate	Not in force yet				
GHG reporting - Large firms to report scope 1 and 2 emissions. May impact smaller firms in supply chain	All UK listed companies, quoted on main LSE (5,100 businesses)	Oct 2018				
GDPR - Green Public Procurement for EUE: Not really a compliance obligation but may be a prerequisite for EU public sector contracts	Providers of data centre services to EU public sector bodies	Not yet implemented				
GDPR - General Data Protection Regulation: Broadens definition of personal data. Federal liability for breaches to data processors	All organisations in all sectors that store or process personal data	May 2018				

Inward Investment and UK Competitiveness

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Energy costs



Skills and Migration



..and attracting a diverse workforce

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OH MY GOD! I
FORGOT TO
STUDY MATHS!
HOW WILL I EVER
GET A JOB IN A
DATA CENTRE?





Data flows

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GDPR, EU-US Privacy Shield, Role of ICO

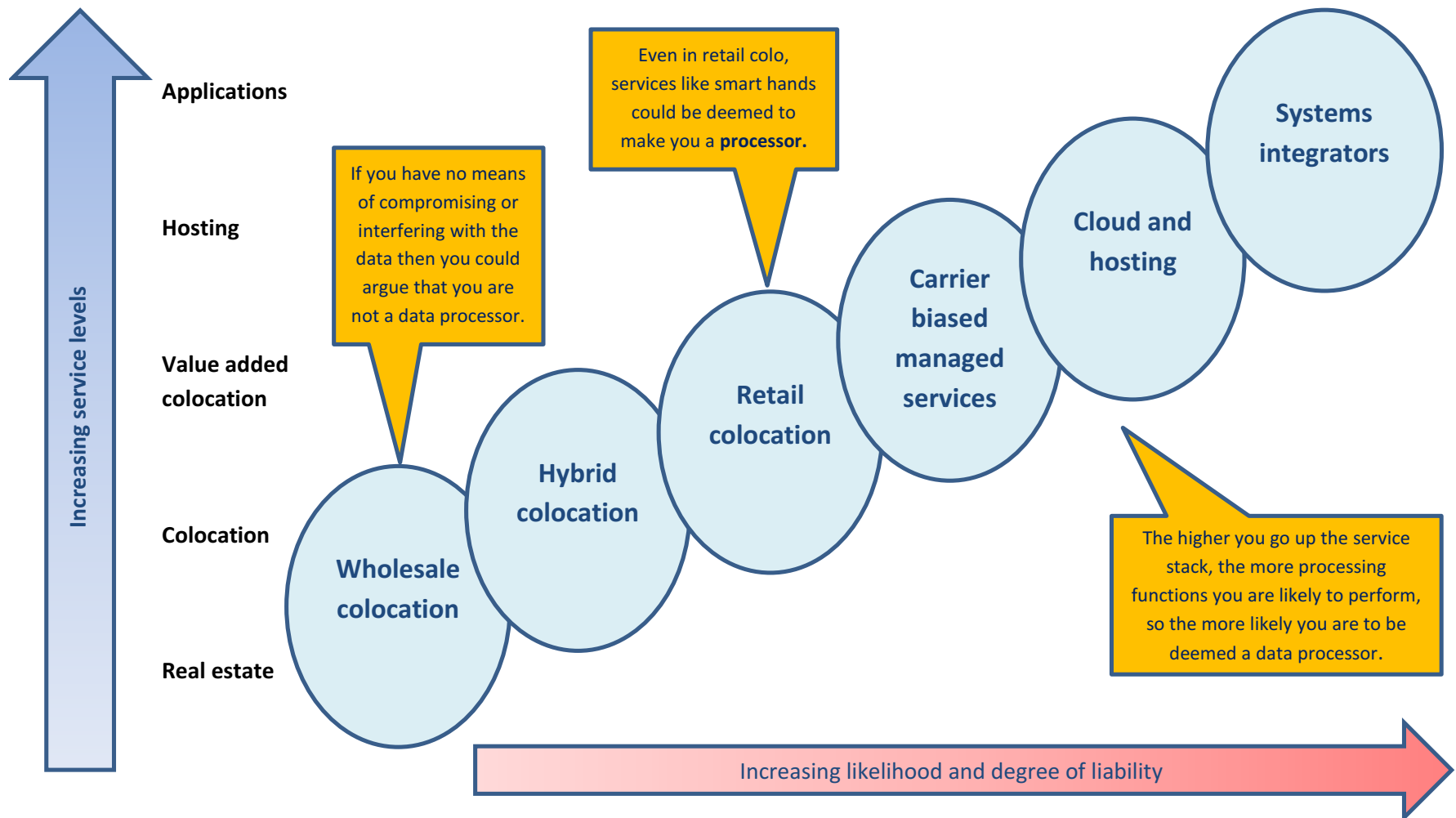
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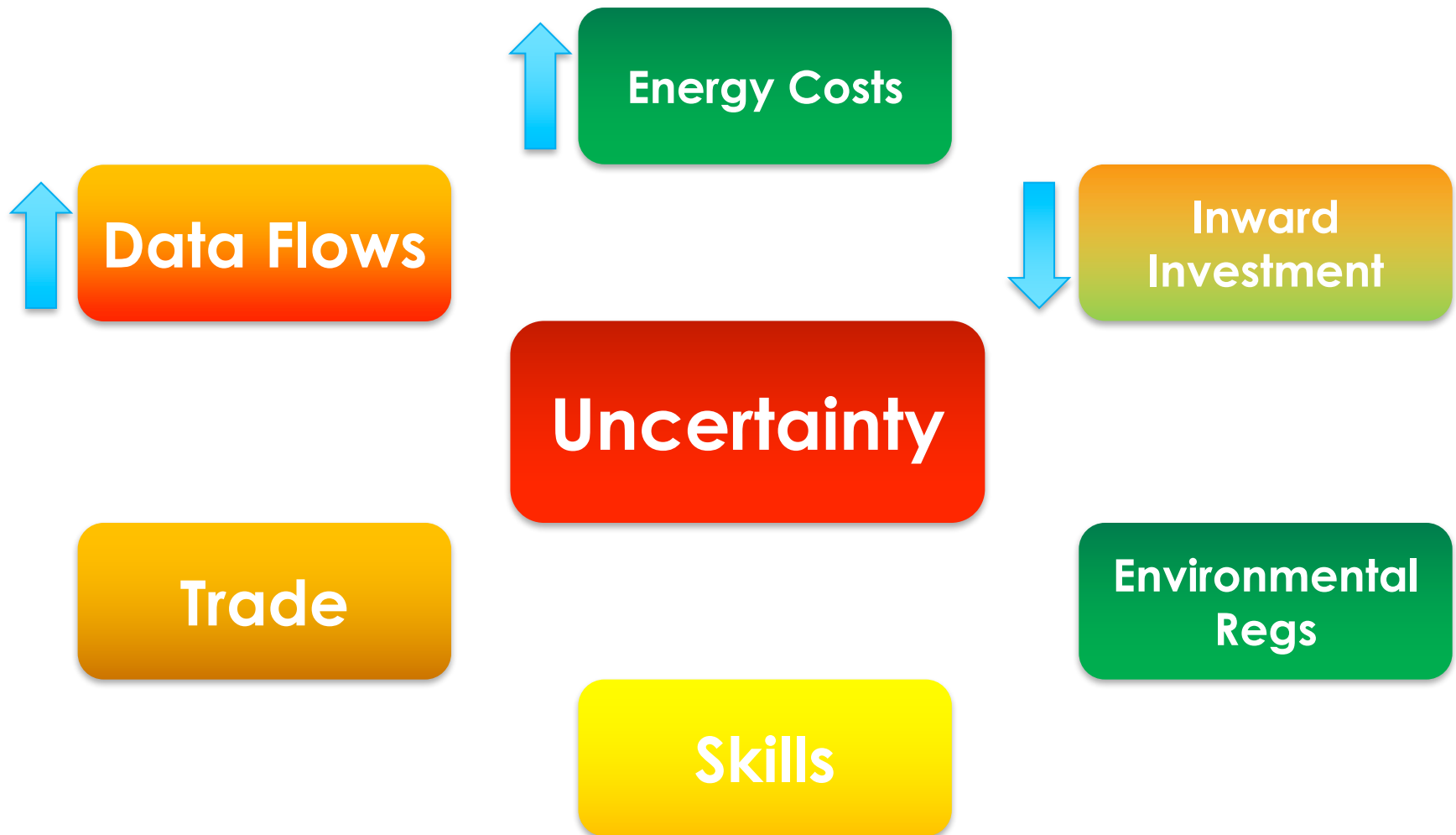


- GDPR comes into force on 25th May 2018
- Changes to definition of personal data
- Liability expanded to processors.



GDPR: Am I a Data Processor?





Data Centre Brexit Dashboard* September 2017

Impact	Uncertainty	Data flows / Data protection	Trade	Skills	Energy and commodity costs	Inward investment	Environment & climate change	Opportunity
What is the risk?	Paralysis, planning blight. Loss of FDI. Offshoring, relocation, attrition.	UK deemed inadequate as data host. Restrictions on data flows to EU. Offshoring, relocation, attrition.	Exclusion from trade agreements. Tariffs on physical goods. Non-tariff barriers on services.	Acute skills shortage, especially technical skills. Operational and business risk. Constraint on expansion.	Increased operating costs. Failure to compete.	Loss of FDI. UK competitiveness damaged. Relocation.	Competitive disadvantage. Burdens without benefits.	What is the opportunity?
How do we mitigate this risk?	Immediate high level commitment to protect data flows and trade in services.	Adequacy. Legal clarity.	Single market access.	Free movement of skills. Review Tier 1 & Tier 2 criteria. Protect non UK employees.	Protection from high energy costs and non-commodity energy costs.	Explicit support for sector. Bespoke incentives. Practical help for FDI.	Equivalent standards and targets but greater freedom in how they are achieved.	How do we mitigate this risk?
Can we turn this into an opportunity?		Parity = success. Simplified GDPR with user protection possible in theory but unlikely in practice.	Parity = success. Limited scope for additional third party trade agreements.	Opportunity to rethink migration rules and access a wider pool of international talent.	Better support for priority sectors freed from constraints of State Aid Rules.	Scope to radically upgrade the UK's offering. Incentives can be targeted where they will be most effective.	Unprecedented opportunity to review and streamline a burdensome array of policy measures.	Can we turn this into an opportunity?
Recent Developments	Govt published Brexit White Paper and range of other papers setting out intentions but uncertainty unresolved.	GDPR will be adopted. Govt committed to a mutual adequacy agreement and continued engagement of IPO at EU level.	We are unlikely to be in the single market or customs union. Transitional period being discussed. Non tariff barriers likely to be priority issue.	Initial commitment on EU citizens right to remain. Further residency proposals published plus EU-UK joint statement published outlining differences, July 2017.	Unilateral instruments still in place. Non-commodity costs to escalate. Commodity costs rising due to weak pound increasing hardware and other commodity costs.	UKTI now DIT, reorganised as a much better connected entity.	Mixed messages on EU ETS. Consultation ongoing.	Recent developments
What is techUK doing?	Multiple activities and communications including DC perspective (Silver Linings), Economic analysis, Migration report and Customs report.	Sustained campaign. Multiple consultation responses. Written and oral evidence submitted to Select Committee inquiries.	Oral and written evidence to HQT, EU Sub-Committee inquiry on Trade in Services. Brussels event in European Parliament.	Oral and written evidence submitted to Economic Affairs Committee on impact of Brexit on labour market. Skills and migration report published March 2017. Evidence to MAC forthcoming.	Active dialogue with DCMS, HMT, and BIS on energy costs. Submission to Select Committee inquiries and govt consultations. Industry briefings. BIS has committed to reducing energy costs.	Position paper on UK as location of choice for data centres due Q4, 2017. Export clinics scheduled with DIT.	Multiple dialogues with DEFRA, Environment Agency, BIS and Treasury on streamlining regulation and compliance.	What is techUK doing?
Revised Risk	UNCHANGED	IMPROVED	UNCHANGED	UNCHANGED	IMPROVED	DETERIORATED	UNCHANGED	Revised Risk

Key Developments to end 2017

- **Brexit White Paper:** Government published their [Brexit White Paper](#) on 2nd February
- **Article 50:** UK Government triggered Article 50 on 29th March 2017, setting our exit date.
- **A snap General Election:** Government did not achieve the strong majority it needed
- **The Great Repeal Bill:** The European Union (Withdrawal) Bill published.
- **Brexit negotiations:** UK Govt agreed to sequence and timetable. The formal negotiations opened on 10th June. Phase 1 completed, Phase 2 started.
- **Transition deal:** There is still considerable fluidity on whether there will be a transition deal.
- **Divorce Bill:** That there will be a divorce bill in the region of £35Bn

- **Major concessions on migration, skills:**
 - Citizens right to remain
 - Application for settled status
 - Retention of settled status
 - Family rights
- **Divorce Bill likely to rise**
 - Depending on other programmes
- **Northern Ireland**
 - Postponed
- **Second round started: Trade**
 - UK expects a trade deal by October
 - Commission expects “the form” by October

Brexit Timeline – February to October

Negotiations/ EU

February: Cabinet agrees view on post Brexit relationship (?)

March 22/23:

Council meeting to agree:

- Transition
- Negotiating mandate on future partnership

March – October:

Negotiations on Future Partnership (what this means likely determined by Barnier mandate)

October 18/19:

Council meeting - proposed deadline for conclusion to Article 50 negotiations

Domestic

February – July:

EU (Withdrawal) Bill - in Lords (*10+ likely defeats*)

Trade Bill – awaiting Report in Commons then Lords

Taxation (Cross-border Trade) Bill – awaiting Report in Commons, then Lords (*defeat possible on Customs Union*)

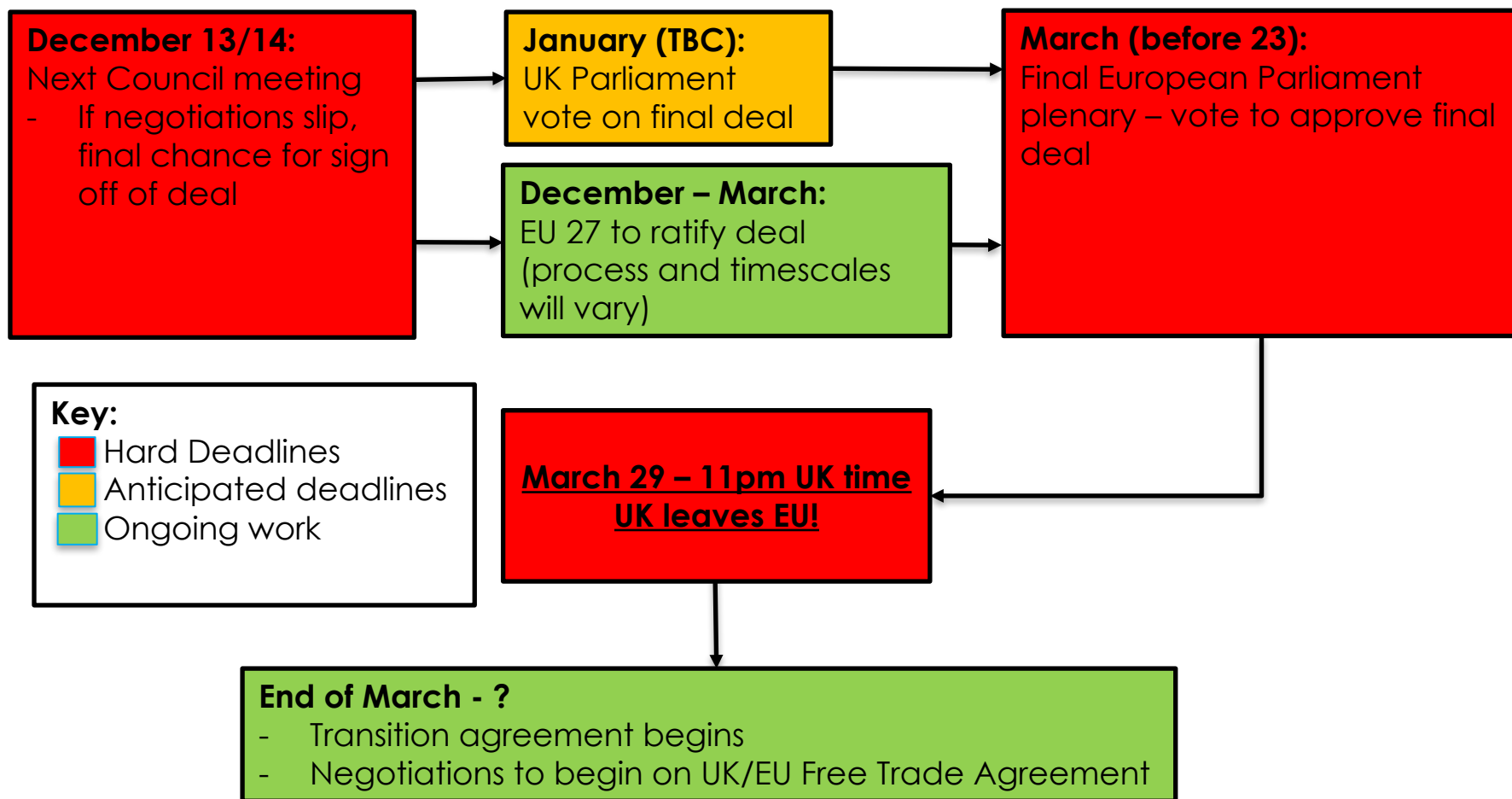
August:

- Government Immigration White Paper released (?)

September:

- Migration Advisory Committee Immigration Report released

Budget Timeline – October to March (and beyond)





**Unrealistic
expectations on
timetable**

**The Pushmi-Pullyu: Cabinet
divergence on key issues**



**Having your cake and
eating it**

Contacts and links

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Brexit

[Brexit and Data Centres: Where are we now?](#)

[Silver Linings: The Implications of Brexit for the UK Data Centre Sector](#)

[Silver linings Update September](#)

[The UK Digital Sectors After Brexit](#)

[Leaving the Customs Union: Challenges and Opportunities for a Digital Global Britain](#)

[Global Tech Talent Powering Global Britain](#)

[techUK Negotiating priorities](#)

[BSG Report on implications of Brexit for digital communications](#)

[Impacts of Brexit on Spectrum Policy](#)

[Data Transfers Needed for post-Brexit Global Britain](#)

[No Interruptions: Options for the Future UK-EU Data Sharing Relationship](#)

[techUK position on Govt's Post Brexit Customs Plan](#)

[Breaking the Brexit Bank: The Importance of the EIB and EIF](#)

Data Centres For Tiny Tots

[Er, what is a data centre?](#)

[Data Centres: Engine of Growth](#)

[So What Have Data Centres Ever Done for Us?](#)

[Data Centres: A Day in YOUR Life](#)

[Data Centres and Power: Fact or Fiction](#)