

Bridging the G_P | February 2026

Certainty Drives Growth

I've spent the last few weeks speaking with clients across our three core sectors, and one thing stands out: everyone's talking about the same tension. There's more capital circling UK infrastructure, nuclear and defence than I've seen in years. The £725bn 10-Year Infrastructure Strategy, Sizewell C's FID, SDR pipelines lengthening. But delivery confidence is the missing piece that keeps deals from closing.

Last week I was with a major programme client working on one of the UK's largest capital delivery challenges. They'd locked in funding and activities across 10+ supply chain partners, but paused scope acceleration because they couldn't get line-of-sight certainty on who would coordinate the logic links, eliminate non-productive time between activities, and actually hit the hard 2030 handover readiness reviews. "We've got the budget and baseline programme, but without clear ownership, weekly priority reviews and constraint mitigation across supply chains, we're just stacking risk." the client told me.

Same story across sectors. Defence mid-tiers love the SDR headlines, until they realise the DIP's now four months late and nobody can sequence which uncrewed tranche or long-range capability actually breaks ground first. Capital's ready to flow, but only where execution gaps get bridged by genuine coordination, not just more milestones.

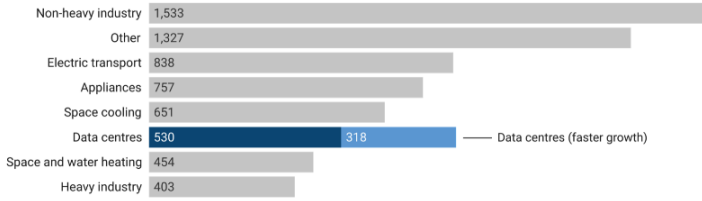
What struck me most was how quickly the conversation turns to execution risk across the board. Defence primes want to know which SDR clusters will hit tender first, not just the 2.5% GDP headline. Nuclear supply chain players are asking which SMR selection cohorts actually break ground before 2030. And everyone from PE funds to consultancies, quietly wonders if government has genuinely learned from NISTA's Government Major Projects Portfolio's (GMPP's) amber-red reality or if it's just another cycle of ambition without delivery.

That's why this first Bridging the G_P matters, it provides the signal we've been filtering from three months of noise across client calls, pipeline tracking and policy parsing. My promise is simple: if there's a delivery path through Clean Power reform, nuclear supply chains or defence's new industrial base, you'll read it here first. Because when markets move this fast, clarity isn't nice to have. It's the edge that actually wins.

Natural Resources

As geopolitical risk intensifies, capital is again gravitating toward assets that look durable across cycles: critical minerals, energy infrastructure and the digital systems that depend on them. That pattern is visible in 2026. Gold has reached fresh highs, while energy and power markets are being repriced around a single structural question: how to feed an economy in which artificial intelligence and electrification move from edge use-cases to core infrastructure.

Projection of electricity demand growth between 2024 and 2030, Twh



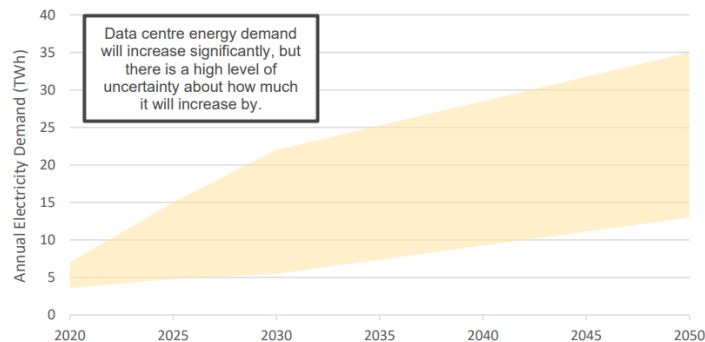
Source: IEA energy and AI report¹

Around a tenth of the growth in global electricity is expected to come from data centres over the next 5 years.

The pressure point is data centres. Globally, electricity consumption from data centres is expected to nearly double this decade, rising toward roughly 800–850 TWh by 2030 as AI workloads expand. In the UK, the system operator’s clean power scenarios point to an increase in total electricity demand of around 10-15% by 2030, with data centres a major contributor to that growth². Text-based large language models are the first wave; AI video, real time inference and edge computing all exceed 10x higher and more continuous loads³.

This is colliding with grid and connections constraints. Ofgem reports a sharp rise in demand connection requests, with data centres understood to account for a growing share. Government’s Clean Power 2030 plan now treats timely connection of “strategic load”, including data centres and gigafactories, as a priority alongside new generation.

Range of uncertainty of GB data centre electricity demand between today and 2050



Source: nationalgridESO, Data Centres report⁴

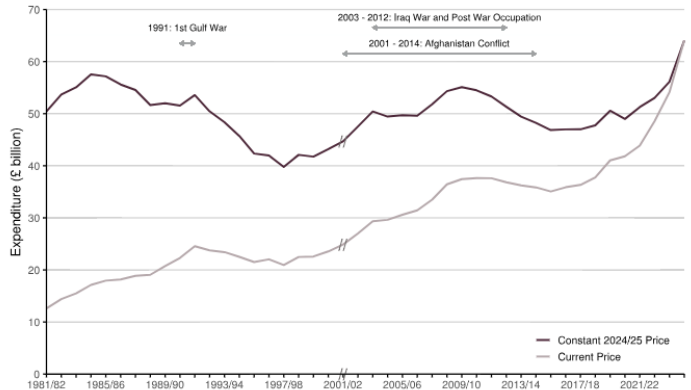
Within this framework, nuclear is being repositioned as a strategic enabler of digital growth. The UK has committed up to £14.2 billion of public capital to Sizewell C as part of a projected £38 billion investment, and is targeting 24 GW of nuclear capacity by 2050 through large reactors and small modular designs⁵. Together, long lived nuclear assets and rising digital demand anchor a power system where a large share of costs can be fixed decades in advance. In a world of volatile fuels and fast technology cycles, that combination of predictability and scale is what ultimately underpins credible growth.

Defence

Geopolitics Sets the Spend. Strategy Sets the Mix.

UK defence spending is set to rise to 2.5% of GDP from April 2027. A shift worth approximately £13.4 billion annually and the largest sustained increase since the Cold War. This translates to a structural uplift in procurement appetite, but the real market story lies in the tension between supply and cost.

UK Defence Expenditure 1981/82 to 2024/25



Source: MOD departmental resources: 2025

Defence spending was £64.1bn in 2024/25. This was a nominal increase of £10bn on the year before (up 14% when adjusted for inflation).

The Strategic Defence Review commits £1.5 billion to building at least six new munitions and energetics factories across the UK, with feasibility studies underway at sites in Scotland (Grangemouth), the North East (Teesside), and Wales (Milford Haven). The goal is "always-on" production capacity, which is a dramatic shift from the past two decades, when the UK had minimal domestic munitions manufacturing. Defence jobs linked to this commitment are estimated at around 1,800 across skilled manufacturing and supporting roles.

However, there is a structural constraint the market is only now grappling with. Defence procurement inflation has historically outpaced general GDP inflation; MOD data shows defence inflation running 3.1 percentage points above the GDP deflator, driven by rising labour costs, supply-chain complexity, and higher security compliance burdens⁶. With both demand and defence spending rising sharply, without procurement reform and investment in private capital, the Defence Secretary has warned that the UK risks paying more for the same military output.

The mitigation is threefold. First, the creation of the National Armaments Director role, which centralises design and procurement across all domains to reduce redundancy and speed decision-making. Second, explicit reliance on private capital and foreign direct investment alongside public spending. Third, a pivot in procurement philosophy from "competition by default" to partnership-based awards that prioritise resilience and UK supply-chain depth, particularly for critical materials like steel and energetics.

For suppliers, the implication is clear: cost inflation is a real risk, but so is the opportunity to lock in long-term, stable demand if capacity is available and delivery is credible.

1 "In focus: Data centres – an energy-hungry challenge", European Commission, November 16, 2025

2 "Clean Power 2030 – A reflection on energy demand following NESO’s advice to government", Energy Demand Research Centre, June 18, 2025 #

3 "Neso: UK can achieve clean power by 2030, even if data center demand quadruples", DataCenterDynamics, November 5, 2024

4 "Data Centres: What are data centres and how will they influence the future energy system?", National Grid Electricity System Operator (now NESO), March 2022

5 "Sizewell C gets green light with final investment decision", UK Government, July 21, 2025

6 "Defence inflation estimates: financial year 2015/16", UK Ministry of Defence, January 26, 2017

Infrastructure

UK infrastructure policy is moving from piecemeal projects to a more programmatic, capital-heavy approach as government seeks to align growth, net zero and regional rebalancing. The 10-Year Infrastructure Strategy, published June 2025, commits at least £725 billion of public funding over the decade across economic, social and housing infrastructure, electricity networks, clean energy, hospitals, courts, schools, roads and rail⁷. The 2025 Spending Review (SR25) lifts capital departmental expenditure limits from £114.6 billion (2024/25) to £129.5 billion (2025/26), committing an additional £120 billion through 2029/30 versus prior plans⁸.

GMPP Summary by department - whole life cost



Source: NISTA Annual Report 2024/25

The NISTA 2024-25 Annual Report reveals MoD dominates the Government Major Projects Portfolio (GMPP) at £331 billion whole life costs across 45 military capability projects (average 20-year duration). DESNZ (£136.3bn), Home Office (£106.9bn) and DfT (£113bn) manage substantial portfolios focused on net zero, security and transport⁹.

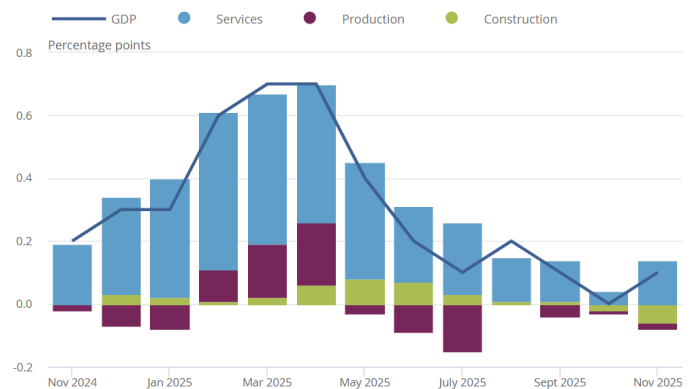
Energy and grid infrastructure anchor this expansion. Clean Power 2030 targets £40 billion annual investment (2025–2030), split £30 billion generation (offshore wind, solar, nuclear, CCS) and £10 billion networks. Ofgem's connections reforms fast-track "ready and needed" projects to double effective grid capacity within five years¹⁰. Transport (£4.8bn National Highways 2025/26), housing (£39bn decade-long), and flood defences (£4.2bn three years) complete the frame. NIC's Second Assessment argues upfront costs yield cheaper long-run systems, if policy converts to delivery¹¹.

The so-what demands execution focus across three interlocking markets. GMPP's £996bn total exposure (213 projects) shows ambition, but MoD's 33% share reveals delivery's defence-security conflict, where primes struggle to scale alone. DESNZ/DfT pipelines need system integration specialists for Lower Thames Crossing (£9bn civils/M&E), commissioning constraint mitigators for Mona offshore wind, and supply chain coordinators for 21 newly green-lit schemes. Certainty compounds, investors back programmes where SROs own P2Cs which are not just milestones, mid-tier delivery expertise will need to bridge government ambition to reality, and fragmented supply chains finally sequence toward 2030 readiness. Execution edge isn't optional; it's now the market's true multiplier.

Summary

The UK government must now turn a decisive corner from policy ambition to delivery execution if it is to catalyse genuine growth across infrastructure, defence and natural resources. Investors will only deploy capital at the scale required if they can be confident that major programmes will hit their budgets, maintain quality standards, and meet deadlines. The reality check came in late 2025: real GDP grew by just 0.1% in the three months to November, following flat growth in the prior quarter, with services scraping together modest gains while production and construction barely registered¹². This poor performance underscores the reality; capital-intensive sectors remain bottlenecked by delivery risk rather than starved of opportunity.

Real GDP growth between November 2024 and 2025



Source: ONS GDP Monthly Bulletin, December 2025

The path forward demands three structural shifts. First, ringfenced multi-year funding pipelines that span parliamentary cycles, replacing annual fiscal firefighting with decade-long certainty. Second, ruthless triage of shovel-ready projects through accelerated consenting and grid connections reform, ensuring private capital flows to outcomes not just announcements. Third, accountability that sticks, where senior responsible owners own whole-life P&L not just milestones, and delivery expertise sits at the heart of government decision-making from the outset.

“Bureaucracy grows fastest when accountability is unclear”
 - Tyler Skerton, Managing Director

Athena P3M deliver through confidence, credibility & consistency, turning complex market signals into executable delivery strategies. This report forms part of that assurance, equipping clients and teams to navigate uncertainty where durable growth opportunities exist. These reports will be issued monthly, with the following focused more on sub-sectors, delving deeper into the challenges faced and opportunities presented.

Disclaimer: This report is prepared exclusively for our clients and institutional partners. This report is for informational purposes only and does not constitute professional advice. Recipients remain solely responsible for conducting their own research and analysis prior to making any decisions or actions. Athena P3M accepts no liability for any loss or damage arising from its use.

7 "Decade long Infrastructure Strategy to deliver stability, investment and national renewal", UK Government, June 18, 2025

8 "Will Longer-Term Planning Support Better Infrastructure Delivery?", ICE, July 24, 2025

9 "NISTA Annual Report 2024-25", National Infrastructure and Transformation Authority, August 10, 2025

10 "Clean Power 2030 Action Plan: A new era of clean electricity", DESNZ, April 14, 2025

11 "Second National Infrastructure Assessment", NIC, October 2024

12 "ONS GDP Monthly Bulletin", ONS, December 2025