

<b>Title of Report</b>	Britannia Masterplan - Phase 2b Update	
<b>Key Decision No</b>	F S755	
<b>For Consideration By</b>	Cabinet	
<b>Meeting Date</b>	20 July 2026	
<b>Cabinet Member</b>	Cllr Alastair Binnie-Lubbock, Cabinet Member for Regeneration, Planning and Inclusive Neighbourhoods  Cllr Florence Schechter, Cabinet Member for Finance, Resident Services, and Digital	
<b>Classification</b>	Open with Exempt Appendices	
<b>Ward(s) Affected</b>	Hoxton East and Shoreditch Ward	
<b>Key Decision &amp; Reason</b>	Yes	Results in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function
<b>Implementation Date if Not Called In</b>	29 July 2026	
<b>Group Director</b>	Rickardo Hyatt, Executive Director for Housing, Climate and Economy  Naeem Ahmed, Executive Director Finance and Corporate Resources	
<b>Report Authors</b>	Justin Feltham, Major Capital Projects Delivery Lead  Hayley Craig, Phase 2b Project Director	

## 1. **Cabinet Member's introduction**

- 1.1. The Council is in the final stages of delivering the Britannia Masterplan. Following the delivery of a new Britannia Leisure Centre (BLC), City of London Academy Shoreditch Park (CoLASP) secondary school, and new public realm and square as part of Phase 1, Phase 2b will deliver 51 social rent homes and 30 shared ownership homes. As the Council is the developer, the delivery of 290 outright sale homes was intended to help provide the leisure centre, affordable housing and new school.

- 1.2. The Council, under the previous administration, contracted with Ardmore Construction Group (ACGL) in 2023, following a Find a Tender Service (FTS) open public procurement competition. At that time, ACGL passed the Council's financial standing requirements and all mandatory project specific prequalification requirements (based on the UK Government's PAS91 prequalification questionnaire.) A 10% performance bond was procured as part of the design and build contract, and a Parent Company Guarantee was secured from Ardmore Group.
- 1.3. Since entering into contract on 21 July 2023, ACGL have been working with the Council's project team and technical advisors to build the 4 housing blocks on the site of the old BLC. As at the date of their entering administration, the contractor had been working on site for 36 months, with a further 6 months estimated to complete all blocks.
- 1.4. The impact of Ardmore's construction companies entering administration is not limited to Hackney, and its reasons for entering administration are unrelated to the Britannia project. Its impact however touches a broad range of stakeholders; from those expecting to move into their new homes, to the suppliers and consultants who were working as part of Ardmore's supply chain and have not been paid for work or materials.
- 1.5. As a Council, our priority is to act swiftly and confidently to minimise the financial impact of this on the Council and to give clarity to project stakeholders on the plan to complete the project.
- 1.6. This report sets out the urgent next steps to move forward to re-start construction and assesses the impact of ACGL's exiting the project on the cost to deliver the homes as well as the impact on sales obligations and forecasts.
- 1.7. We know that this is a stressful time for people close to the project and we would like to take this opportunity to thank council officers who have been working incredibly hard to minimise the impact of this situation on the council and get the project over the line.
- 1.8. We commend this report to Cabinet.

## **2. Group Director's introduction**

- 2.1. The Council entered into a Design and Build contract with ACGL for the delivery of 81 affordable homes and 290 homes for outright sale on 21 July 2023. This was the final phase of the Britannia masterplan, with the sale of the private homes cross subsidising the up front investment in the new BLC, CoLASP, and public realm in the newly named BRAFA Square.
- 2.2. Following the outcome of a high court case against the Group of Ardmore companies on 1 April 2026, and subsequent changes to the financial standing of the company, ACGL entered administration on Thursday 11 June

2026. This resulted in all works on site being stopped, and Ardmore and their supply chain leaving the site the same day.

- 2.3. The site initially remained under the ownership of the Administrator, and all aspects of site security and safety were their responsibility. The Council's immediate priority was to ensure that all aspects of site security and safety were in place, and that the works and materials on site were protected from damage and warranty invalidation. The administrator handed back the security and management of the site to the Council on 29 June 2026. The Council subsequently terminated the contract on 2 July 2026.
- 2.4. The Council has been working on contingency plans since the increased risk of ACGL's insolvency was identified on 1 April 2026. This has included due diligence to understand what options were open to the Council to move forward to complete the scheme.
- 2.5. This report updates Cabinet on the next steps to re-procure a replacement contractor to complete the works, as well as the estimated additional costs to do so. Initial estimates in relation to this, and the potential avenues to recover costs are set out in this report. These assessments are included at Exempt Appendix 1, due to the highly commercial and sensitive nature of these assessments to any future claims and re-procurements.
- 2.6. Finally, this report also provides an update on the current position relating to private sales, and sets this in the context of the current macro economic and project specific context. Exempt Appendix 2 sets out confidential information relating to the Council's obligations in relation to current transactions, and a current assessment of future market sales on the scheme.

### 3. **Recommendations**

**Cabinet is requested to:**

- 3.1. **Note that the cost of delivering the Britannia Phase 2b project is now likely to exceed the current approved budget of £196.875m before costs can be recovered.**
- 3.2. **Give approval to the revised current estimated funding requirements set out in Exempt Appendix 1.**
- 3.3. **Note the position set out in Exempt Appendix 2 in relation to market sales and delegate authority to the Executive Director, Finance and Corporate Resources, to explore all routes open to the Council to mitigate the Council's risk in relation to the disposal of the new homes on Britannia Phase 2b.**
- 3.4. **Note that Cabinet will be updated on the scheme on a quarterly basis, or as otherwise required to enable decision making, as part of the Capital Update and Property Disposals and Acquisitions report or the Overall Financial Position report.**

#### 4. **Reason(s) for decision**

- 4.1. Following the administration of ACGL, the Council is no longer able to complete the construction of the Britannia Phase 2b homes within the existing approved budget. This is due to the additional time to procure, mobilise, assess and re-commence works on site with a replacement contractor.
- 4.2. Whilst a performance bond is in place for such eventualities, losses need to be incurred and demonstrated in order to be agreed and recovered from the bond provider.
- 4.3. The main risk to cost escalation on the project is the time taken to re-commence the works. Contingency planning has thus focused on being in a position to move forward with a replacement contractor as soon as the administration process has allowed.
- 4.4. The Council's initial priority was to work with the administrator to ensure the site was safe and secure. In conjunction with this, critical services remained operational, to mitigate the risk of damage and warranty invalidation.
- 4.5. The next step, which commenced following handover of the site from the administrator on 29 June 2026, is to work with a new contractor to assess the immediate actions which are required to protect the works and personnel on site, and put in place the required risk management protocols for a site of this scale and nature.
- 4.6. Concurrent with this, the Council is working towards entering into a Pre Construction Services Agreement (PCSA) with Wates Construction Ltd in order to work up a recovery plan to complete the works. A construction contract will subsequently be recommended to the Cabinet Procurement and Insourcing Committee (CPIC) for approval as soon as possible but no later than the autumn.
- 4.7. In order to mitigate the Council's sales risk, it is necessary to consider off plan sales to date, forecast sales going forward, and how the latest economic context and project specific delay impact on these basecase forecasts.
- 4.8. This is a fast moving issue, and greater clarity on cost risk, programme timelines, and the future sales strategy will be gained as the Council works over the next 3 months with Wates and the supply chain to recommend a works contract.

#### 5. **Background**

- 5.1. The Council approved the Britannia Masterplan in April 2017, subsequently delivering the new BLC, CoLASP secondary school and new public realm in BRAFA Square.

- 5.2. The second and final phase of the masterplan commenced in summer 2023, with the award of the residential phase construction contract to ACGL.
- 5.3. This residential phase contains 4 blocks:
  - 5.3.1. H3 (3 storeys) and H4 (10 storeys) blocks will deliver 51 social rent homes
  - 5.3.2. H6 (20 storeys) will deliver 30 shared ownership homes and 122 outright sale homes
  - 5.3.3. H5 (25 storeys) will deliver 168 outright sale homes
- 5.4. Whilst the homes were forecast by ACGL to be completed by November 2026, the Council's most recent assessment was that this programme was in delay by circa 3 months. It is now critical to work with a new contractor to assess the status of the works completed and work up a realistic 'works to complete' assessment. Current working assumptions estimate a handover of the new homes in late summer 2027. This assessment is however without the benefit of a contractor assessment, and so is for initial modelling purposes only.

#### Strategic Policy Context

- 5.5. The Britannia masterplan has been presented to Cabinet at each key project gateway since the approval of the Business Case in April 2017. The project has delivered a new secondary school and an award winning state of the art leisure centre in the absence of sufficient central government funding, and has already implemented significantly upgraded public realm and site wide infrastructure pending the completion of the masterplan through the delivery of Phase 2. This infrastructure includes the masterplan's connection to a permanent energy centre and District Heat Network which will be delivered on the Colville regeneration site.
- 5.6. The completion of the construction will enable the delivery of 51 social rent homes. These homes are to be used for the rehousing of some of the Colville Estate households whose homes are being demolished as part of the Colville Estate Regeneration Programme. The use of these homes for the rehousing strategy is vital to the Colville programme as it unlocks the next phase of the Colville estate to be delivered which will deliver 175 Social Rent homes. In addition to this the prompt rehousing of the 51 households from Colville to Britannia is much needed to move households out of homes which are life-expired and costly to run and maintain and into new high quality homes. The Colville Estate is part of the Council's Estate Regeneration Programme (ERP). The programme was originally approved by Cabinet in July 2011. The current update to the programme was agreed in April 2019.

- 5.7. In line with policy requirements at the time of the masterplan's original hybrid planning permission, secured in December 2018, the development will also deliver 30 shared ownership homes.
- 5.8. As a key driver to the financial business case for the masterplan, the 290 open market sale homes will provide cross subsidy to pay for the up front infrastructure and affordable housing which has and is being delivered through the development.

Options appraisal

- 5.9. **Do Nothing (Discounted).** As the works have been on site for nearly 3 years prior to the administration of ACGL, and in the final stages of facade completion and fit out, there is no 'do nothing' option. The longer that the site is left abandoned, the greater the cost risk to the Council of materials, equipment and infrastructure becoming damaged, out of warranty, and/or in need of replacement. In such emergency circumstances, the option is not whether to progress the works, but how to mitigate the Council's risk in doing so.
- 5.10. Since the date of ACGL's administration, the Council has been working with the administrator and insurers to agree a position which enables the Council to move forward to complete the scheme. Given the advanced nature of the works, and the Council being a named party on the existing Construction All Risks insurance, discussions have focused on being in a position to novate this to the Council. Following the successful novation of this insurance, the Council subsequently terminated the construction contract with ACGL on 2 July 2026
- 5.11. **New Competitive Procurement (Discounted).** During contingency planning, the Council's technical team canvassed 14 contractors to assess the market's likely response to an insolvency scenario. This confirmed that given the complexity and risk profile of stepping into the abandoned project, contractors would not compete by way of a mini competition for the work. They were however interested in working with the Council on a directly appointed basis.
- 5.12. Other key themes which emerged from these contingency planning discussions included:
  - 5.12.1. General unwillingness to take on the risk of works completed to date. Negotiations would be required to agree and define the risk profile for these existing works and any new works
  - 5.12.2. Recommended that the Council proceed to re-commence works as soon as possible, on a management contractor basis, to avoid further damage and losses relating to the site being abandoned

- 5.12.3. Recommended that a PCSA phase would be required to work through the current status of the works and recommend a contract scope, programme and commercial approach to complete the works
- 5.13. **Direct Award Contingency Plan Deployment.** Following soft market engagement, and to mitigate any further delays caused by a re-procurement, the Council worked up contingency plans on the basis of a direct call off of a contractor from a suitable framework.
- 5.14. The Council considered the following criteria in selecting a construction partner to work with:
  - 5.14.1. Financial Standing - meet the original requirements of the project, AND giving confidence to insurers, warranty provider, and buyers
  - 5.14.2. Experience of completing projects of a similar scale and nature - based on the total scope and value of the project and not just the works to complete
  - 5.14.3. Experience of stepping in following a contractor insolvency, with experience of working with administrators and bond providers
  - 5.14.4. Available to procure by direct call off via a suitable public procurement route
  - 5.14.5. A willingness to work with the Council in a collaborative and open book manner to agree the optimum commercial approach and risk allocation to complete the project
  - 5.14.6. Ability to mobilise experienced resources at short notice to deploy the Council's contingency plan as and when appropriate
- 5.15. Following further contingency planning discussion and due diligence, the Council decided to progress discussions with Wates Construction Ltd, with a view to entering a PCSA in the near future. The entering into of a PCSA is within the delegated authority available to officers.
- 5.16. Wates will be called off using the Notting Hill Genesis Contractor's Framework (Find a Tender Service Contract Award Notice (F03): 202215 000-017894, expiry June 2028). This framework enables the Council to directly call off pre qualified contractors on a direct call off basis, both for pre construction services and for works contracts.
- 5.17. In the first instance, the headline services required from the PCSA are as follows:
  - 5.17.1. Take possession of the site, and ensure it is safe, secure, well managed, and meets the insurer's specific site requirements

- 5.17.2. Assess the baseline condition of the works undertaken to date on site, and recommend any immediate actions to protect the site and mitigate any further losses until works re-commence
  - 5.17.3. Carry out surveys and inspections in order to clarify the scope of any remediations, whether through defects or site abandonment
  - 5.17.4. Work with the administrator and Council project team to re-engage with the supply chain and consultants, understand the current status of works and design, and develop a commercial strategy and programme to re-commence works
  - 5.17.5. Work in collaboration with the Council's technical team in an Open Book manner, to recommend a construction contract for presentation to CPIC
- 5.18. In anticipation of entering into a PCSA, and given the short notice withdrawal of the administrator from managing the site on 29 June 2026, Wates took over the security and management of the site from the Council on 30 June 2026.
- 5.19. The Council will work in an open book and collaborative manner with Wates and the supply chain over the next 3 months to agree a works contract to complete the works. It is currently anticipated that this will be recommended to the CPIC in September or October 2026.
- 5.20. As we work with our replacement contractor, our assessment of the programme to complete will become clearer, enabling us to update stakeholders more accurately than our initial assessments.
- Equality, inclusion, diversity and belonging (including statutory equality impact assessment)
- 5.21. There are no equality, inclusion, diversity and belonging implications relating to this report.
- Sustainability and climate change
- 5.22. There are no sustainability and climate change implications relating to this report.
- Consultation/engagement
- 5.23. There are no statutory consultation or engagement requirements relating to this report.
- 5.24. The administration of AGL and impact on the Britannia Phase 2b project does have a range of stakeholders and interested parties. These include:
- 5.24.1. The existing supply chain and consultants

- 5.24.2. Open market sale buyers who have exchanged or reserved a property
- 5.24.3. Colville neighbours and residents
- 5.24.4. Britannia site neighbours
- 5.24.5. Peabody and Mawson Court neighbours
- 5.24.6. The CoLASP secondary school

5.25. The Council and project team have issued initial communications to key stakeholders and updates will be provided as and when available. These communications have been constrained by the administration process, and the need to ensure the Council’s contractual and commercial interests are protected.

5.26. In line with best practice under the Consumer Code for New Homes, and as Developer, the Council is required to provide reliable and realistic information relating to construction completion and handover of the new home to the buyer. The Council has written to all off plan buyers who have exchanged updating them on the latest programme assessment relating to the completion of the scheme. Further details relating to the impact on off plan buyers is provided at Exempt Appendix 2.

Risk assessment

5.27. Strategic risks on the Britannia Phase 2b project are reported to the officer steering group on a monthly basis and the Major Projects Board on a bi-monthly basis.

5.28. Given the extraordinary nature of this report, the following key risks are identified specifically in relation to the realisation of Ardmore’s insolvency as an issue to the completion of the project.

<b>Risk</b>	<b>Action to avoid/mitigate risk</b>
The abandonment of the site causes further damage and losses in relation to the existing works on site, leading to further cost exposure and insurer concern	Prioritise: <ul style="list-style-type: none"> <li>● taking back possession of the site and putting in place construction site management to assess and mitigate risk</li> <li>● Continuity of critical infrastructure and services</li> <li>● Carrying out a risk mitigation survey and implementing measures and protocols in line with recommendations</li> </ul>

Risk	Action to avoid/mitigate risk
A failure to communicate clear next steps risks supply chain re-engagement and retention	Prioritise: <ul style="list-style-type: none"> <li>● Weekly communications to the supply chain with updates</li> <li>● Re-engagement by the team/contractor as soon as a termination is in place</li> <li>● Engage with the administrator over any interfaces in supply chain conversations</li> </ul>
A failure to protect and re-commence works as quickly as possible leads to a lack of continuity/protection from warranty providers	Prioritise: <ul style="list-style-type: none"> <li>● Ensure new home warranty provider (LABC) is content with proposed next steps</li> <li>● Discussions with individual product warranty providers to ensure maintenance and continuity of cover</li> </ul>
Delay to construction completion impacts on current new home sales assumptions and obligations	Prioritise: <ul style="list-style-type: none"> <li>● Customer Care team communications with buyers on programme updates as soon as available</li> <li>● Buyer specific communications in relation to specific obligations - refer Exempt Appendix 2</li> </ul>
Perceived legacy left by ACGL impacts on future sales due to concerns relating to future defects	Prioritise: <ul style="list-style-type: none"> <li>● Appointment of a tier 1 contractor to complete the works, with the financial standing and technical ability to give confidence to all stakeholders on the quality of the completed works</li> <li>● Continuity of new home warranty provider due diligence</li> <li>● Continuity of Building Control due diligence</li> </ul>
Delay and/or non completion of the social rent homes impacts on the current plans for the Colville	Prioritise: <ul style="list-style-type: none"> <li>● Confirm a robust programme for the social</li> </ul>

Risk	Action to avoid/mitigate risk
Estate regeneration	rent homes as an early output from PCSA phase of the recovery plan

6. **Financial implications**

- 6.1. Following the administration of ACGL, it is no longer feasible to complete the Britannia Phase 2b project within the currently approved capital budget of £196.875m. The immediate costs of reclaiming and securing the site, auditing the structural integrity of works completed to date, and mobilising Wates Construction Ltd under a Pre-Construction Services Agreement (PCSA) will inevitably escalate the baseline delivery cost. The revised capital funding requirements and the detailed commercial exposure assessments are commercially sensitive and are fully detailed within Exempt Appendix 1.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by Mizanur Rahman, Assistant Director of Corporate Finance,  
 Email: [mizanur.rahman@hackney.gov.uk](mailto:mizanur.rahman@hackney.gov.uk) Date: 2 July 2026

7. **VAT implications on land and property transactions**

- 7.1. The VAT implications associated with the Britannia master plan are unaffected by this report and remain unchanged.

VAT implications prepared on behalf of the Group Director Finance & Corporate Resources by Mizanur Rahman, Assistant Director of Corporate Finance,  
 Email: [mizanur.rahman@hackney.gov.uk](mailto:mizanur.rahman@hackney.gov.uk) Date: 8 July 2026

8. **HR/OD implications**

- 8.1. There are no HR/OD implications relating to this report.

HR/OD implications prepared on behalf of the Director of HR/OD by Adenike Fafolu, Strategic HR & OD Business Partner,  
 Email: [adenike.fafolu@hackney.gov.uk](mailto:adenike.fafolu@hackney.gov.uk), Date: 8 July 2026

9. **Legal implications**

- 9.1. The decisions in paragraph 3 of this Report regarding the cost of delivering the Britannia Phase 2b project comprise a key decision under Regulation 8 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, as it is an executive decision which is likely (a) to result in the relevant local authority incurring expenditure

which is, or the making of savings which are, significant having regard to the relevant local authority's budget for the service or function to which the decision relates; or (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority. Key decisions can be made by Cabinet under Article 13.6 of the Constitution and therefore this report is being presented to Cabinet for approval.

- 9.2. Paragraph 2.3 of the Cabinet Procedure Rules states if the Elected Mayor delegates functions to Cabinet, the Cabinet can delegate further to an officer or an individual member. Therefore, subject to the approval of Cabinet, the Executive Director, Finance and Corporate Resources would be permitted to exercise the functions delegated to them through paragraph 3.3 of the report.
- 9.3. Further progress with the project, including the award of any necessary contracts and project updates, will be subject to the approval by Cabinet/ Cabinet Procurement and Insourcing Committee or Officers in accordance with the Council's Constitution and Contract Standing Orders.

Legal implications prepared on behalf of the Director of Legal, Democratic & Electoral Services by: Patrick Rodger, Senior Lawyer,  
Email: [Patrick.Rodger@Legal.Hackney.gov.uk](mailto:Patrick.Rodger@Legal.Hackney.gov.uk) Date: 3 July 2026

## **Appendices**

- Appendix 1 - Recovery Plan Initial Cost Assessment (Exempt)  
Appendix 2 - Recovery Plan Initial Sales Assessment (Exempt)

## **Reason(s) for exemption**

By Virtue of Paragraph 3 Part 1 of schedule 12A of the Local Government Act 1972 this appendix is exempt because it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

## **Background documents**

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 the following background papers were used in the preparation of this report:

None