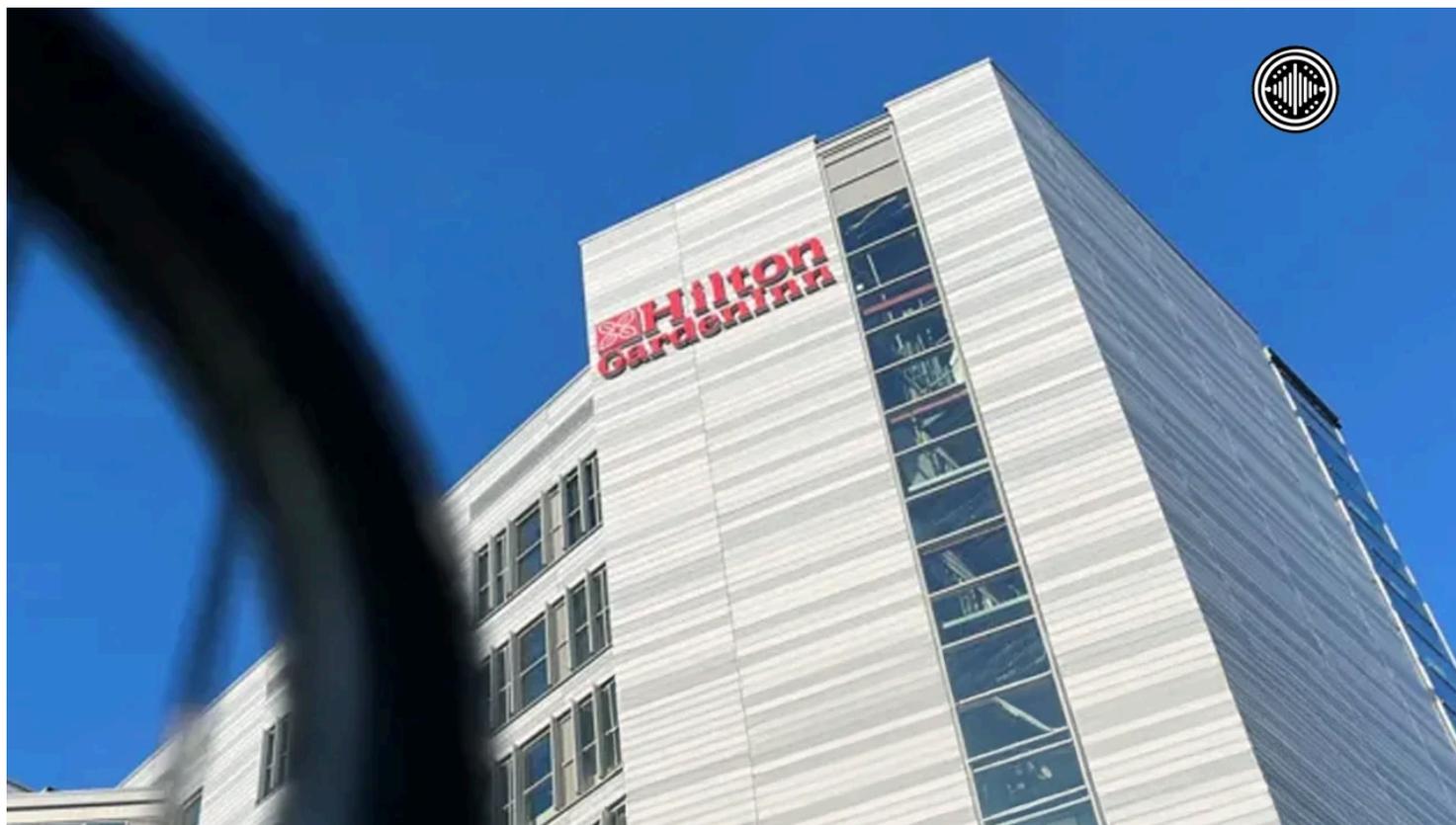


Auditors Raise Alarm Over £17m Loan for Unfinished Hilton Hotel

July 15, 2025

– Categories: Finance



[Download IPFS](#)

Peterborough City Council faces renewed scrutiny after auditors flagged serious risks surrounding a multimillion-pound loan intended to fund a Hilton hotel that remains incomplete years after construction first broke ground.

In 2017, the council borrowed £15 million from the central government to lend to a private developer for a 160-room Hilton Garden Inn at Fletton Quays. That figure has since grown

to about £17 million once interest was factored in. According to Ernst & Young (EY), the international accountancy firm tasked with reviewing the council's finances, there is now a "significant" chance the hotel's value will ultimately fall short of repaying the loan.

Work on the project came to a standstill in 2020, with officials citing disruptions across the construction sector brought on by the United Kingdom's departure from the European Union and the coronavirus pandemic. In 2023, the company responsible for building the hotel entered administration, throwing the development into further uncertainty.

Although the council initially reached an agreement to offload the incomplete property to another developer, the sale collapsed before contracts were signed. To recover taxpayers' money, the council has chosen to acquire the partially built site itself, aiming to complete construction and either sell the finished hotel or generate revenue by operating it.

EY's audit plan, which covers the financial year ending March 31, underscores concerns about "governance arrangements about the Hilton hotel loan." The report cautions that even a completed hotel might not fetch a price sufficient to cover the total borrowing costs, potentially leaving residents to shoulder the losses. "We recommend the council maintain vigilant oversight of the financial implications arising from the Hilton hotel loan," the firm advised in its findings.

The council's leadership maintains that the hotel remains a key element of the broader Fletton Quays regeneration plan, intended to revitalise the local economy. A spokesperson for Hilton Worldwide Holdings Incorporated said: "Hilton Garden Inn Peterborough remains an important project for us and we look forward to working closely with key stakeholders to complete the development at the earliest opportunity."

The audit committee is scheduled to review EY's report during a meeting on July 21. In supporting documents prepared ahead of that session, the council emphasised the importance of sound financial management as it works toward long-term stability. While local authorities have often struggled to balance ambitions for economic growth with fiscal responsibility, this case highlights the consequences when large public loans are exposed to market volatility and developer failure.