

Agenda Item	11
Report No	SR/24/26

The Highland Council

Committee: Isle of Skye and Raasay

Date: 31 August 2026

Report Title: Taigh na Sgìre Redevelopment Project - Progress Update

Report By: Assistant Chief Executive - Place

1.0 Purpose/Executive Summary

- 1.1 This report provides Members with an update on the Taigh na Sgìre Redevelopment Project in Portree. The project forms a key element of the Place Based Demonstrator Programme and will create a modern shared public services hub supporting public sector collaboration, improved service delivery, town centre investment and more effective use of the public sector estate.
- 1.2 Construction works continue to progress well and the project is forecast to complete in late 2026. Whilst delivery has been impacted by unforeseen structural defects and associated statutory requirements, these issues have now been addressed and the project has progressed into its final delivery stages.
- 1.3 While the project has faced some funding challenges steps are being taken to ensure delivery of the project as planned, and to control the project costs.

2.0 Recommendations

- 2.1 Members are asked to:-
 - i. Note the current progress of the Taigh na Sgìre Portree Demonstrator Project;
 - ii. Note the revised project completion date of late 2026;
 - iii. Note the current budget position and actions being taken to manage project costs; and
 - iv. Note the community benefits being delivered through the construction contract.

3.0 Implications

- 3.1 **Resource** – The current projected final cost of the project is approximately £5.0m. Cost pressures have arisen principally from unforeseen structural defects, asbestos removal requirements, statutory compliance measures and other latent conditions identified during construction. Enhanced cost controls remain in place and opportunities to mitigate costs continue to be actively pursued. Notwithstanding these challenges, the project remains on course to deliver the original Place Based Demonstrator objectives.
- 3.2 **Legal** – There are no specific legal implications arising from this report. The project continues to be delivered in accordance with contractual and statutory requirements. Legal Services continue to support the proposed purchase of part of the completed building by Highlands and Islands Enterprise (HIE).
- 3.3 **Risk** – The principal project risks relate to programme delivery, budget management and future occupation arrangements. These risks continue to be actively monitored and managed through established project governance arrangements.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – Construction health and safety continues to be actively managed throughout the project. Appropriate arrangements are in place to monitor compliance with statutory requirements and maintain a safe working environment for the workforce, visitors and neighbouring properties.
- 3.5 **Gaelic** – The project supports the promotion and visibility of Gaelic within the community. The completed building will incorporate Gaelic signage and reflects the Council's wider commitment to Gaelic language and culture.

4.0 Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken. The completed project will support the Council's climate change, accessibility and community planning objectives through the refurbishment and re-use of an existing public asset, the introduction of low-carbon technologies and the creation of a modern shared public services hub in Portree.
- 4.2 Considering impacts is a core part of the Council's decision-making process and Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring update report and therefore a further impact assessment is not required.

5.0 Project Progress

- 5.1 Construction works continue to progress well and the project has now moved beyond the most significant technical and structural challenges encountered during delivery. The focus is now on completing the internal refurbishment and preparing the building for future occupation. Appendix 1 provides some progress photos.

- 5.2 The current forecast completion date is late 2026, representing an extension of approximately sixteen weeks against the original programme. This delay arose primarily from the discovery of significant structural defects within part of the existing building. Demolition and reconstruction of the affected structure was required to ensure the building was safe, compliant and capable of securing the necessary statutory approvals.
- 5.3 While the project has faced funding challenges steps are being taken to secure additional funding to ensure delivery of the project as planned, and to control the project costs. Alongside approval from the Capital Programme Board for an additional £200,000 contribution a funding bid is also being made to the Community Regeneration Fund and is due to be considered by the Skye & Raasay Area Committee. This is in addition to capital receipts associated with the co-location area of the building, an application to the Climate Emergency Fund and ongoing discussions with the Scottish Government, Scottish Futures Trust, and other stakeholders regarding potential funding opportunities.
- 5.4 In addition to the physical redevelopment of the site, the project continues to deliver significant social and economic benefits across Skye. Benefits delivered to date include local apprenticeships and employment opportunities, educational engagement with local schools, and support for a range of community organisations and initiatives, including Skye Camanachd, Portree Primary School, the Portree Ice Rink Project and the Skye Youth Pipe Band.

6.0 Future Occupation and Strategic Benefits

- 6.1 The Council continues to work with partner organisations to ensure Taigh na Sgìre delivers long-term community, economic and public sector benefits. The Council's investment will enable a number of public sector partners to co-locate in the refurbished and redeveloped building. Occupation arrangements continue to be developed alongside the construction programme, with Highlands and Islands Enterprise (HIE) remaining a key project partner and agreement in principle reached regarding the purchase of co-location space within the completed building.
- 6.2 The delivery of the Annex element of the building, which will form the final stage of the construction project, will facilitate the future relocation of Citizens Advice Bureau (CAB) to Taigh na Sgìre and support delivery of the wider Place Based Demonstrator objectives. The co-location of partners will improve access to services, strengthen partnership working, support more effective use of public assets and deliver long-term benefits for residents, service users and partner organisations.
- 6.3 The project therefore supports wider objectives around public sector collaboration, co-location and asset rationalisation by bringing together a range of public and third-sector services within a single facility. In turn, this will also unlock key assets across Portree that will be pulled together in to an Asset Strategy report that provides an overview of the wider benefits that the Taigh Na Sgìre project will unlock.
- 6.4 Taigh na Sgìre represents one of the most significant public sector investments undertaken in Portree in recent years. Once complete, it will provide a modern shared public services hub that improves access to services, strengthens partnership working, maximises the use of public assets and demonstrates the value of collaborative investment in delivering long-term community outcomes. Work will

continue over the coming months to finalise occupation arrangements and ensure the building delivers maximum benefit for the local community following completion.

7 Annex Accommodation

- 7.1 The progress report for the Taigh na Sgìre Redevelopment Project notes that a bid to the Community Regeneration Fund is proposed to help support the full delivery of the project. A review of the scope of works and the costs has indicated that a further £200,000 would be required to complete this work within the current project timeframe.
- 7.2 £100,000 has been confirmed from the capital programme to meet the costs of this work and up to a further £100,000 has been requested as match funding from the Community Regeneration Fund to meet the balance. Undertaking this work will allow the Citizens Advice Bureau to move their base into the annexe. This is an important step in the overall co-location project which will support the long-term occupation of the building by a range of public sector partners, providing benefit to the wider community in the accessibility of the service.

Designation: Assistant Chief Executive - Place

Date: 12 August 2026

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Background Papers: None

Appendices: Appendix 1 – Progress Photos

APPENDIX 1 Progress Photos



Drill Hall annex scaffold stripped



Drill Hall front elevation zinc progress



Drill Hall rear dormer side profile



Drill Hall annex dormer window



Drill Hall rear elevation dormer window



Drill Hall roof venting



Armoury FF taping progress



Armoury FF taping progress ceilings and walls



Armoury FF taping progress



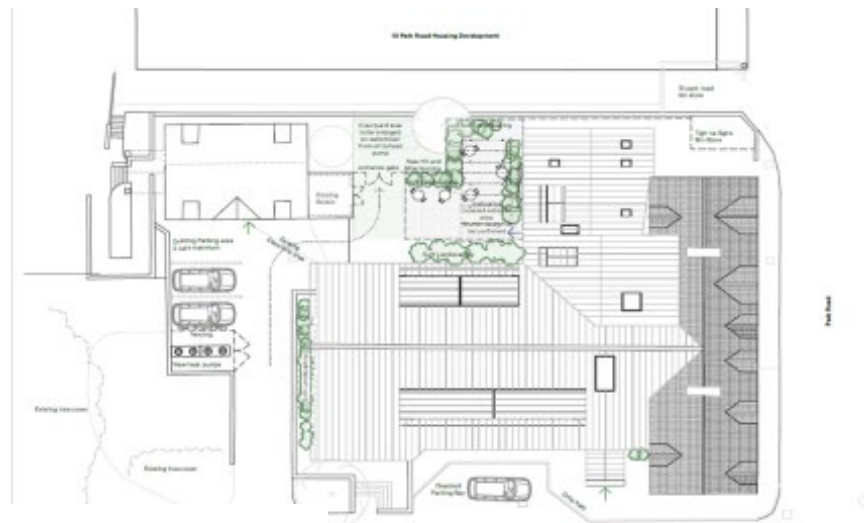
Armoury top floor wall patching progress



Armoury top floor taping progress



Drill Hall rear elevation dormer internal progress



1997-1998



Tigh na Sigrè Hot Dressing Office

