

**DARLINGTON RAIL HERITAGE QUARTER**

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**Responsible Cabinet Member – Councillor Heather Scott**  
**Leader and Local Services Portfolio**

**Responsible Director – Ian Williams**  
**Director of Economic Growth and Neighbourhood Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To present to Members the Master Plan and proposals for Darlington Rail Heritage Quarter and to agree to progress further development work to finalise the scheme in the next 12 months.

**Summary**

2. Over the past year, officers have been working closely with colleagues in the Combined Authority in developing a Master Plan for the Head of Steam site, which currently has a working title of Darlington Rail Heritage Quarter (DRHQ). This site is part of a wider Stockton and Darlington Rail Heritage programme and part of the Heritage Action Zone.
3. The intention of the Master Plan is to develop DRHQ into an international visitor attraction and museum before 2025 to enable Darlington to be a central part of the Bicentenary celebrations of the Stockton and Darlington Railway.
4. The key elements of the Master Plan need to be delivered prior to 2025, therefore subject to final funding, the plan will be phased with Phase 1 being the key footfall drivers being completed by 2024 ready for the celebrations in 2025.
5. Working closely with on-site partners and key stakeholders, the Master Plan will be refined over the next 12 months with further design work and costings produced.

**Recommendation**

6. It is recommended that :-
  - (a) The £20million allocation from Tees Valley Combined Authority is released, subject to final business case being approved by the TVCA.
  - (b) Note that a funding agreement for the TVCA funding will be entered into under the current delegated approval to the Assistant Director Resources in the Scheme of Delegation.

- (c) Approve the phased approach to delivery detailed in the report and delegated changes to the approach to the Director of Economic Growth and Neighbourhood Services who will liaise as necessary with the Portfolio holder.
- (d) The Director of Economic Growth and Neighbourhood Services be given delegated authority to negotiate and agree terms for the acquisition of the properties mentioned in the report and if required additional properties with an individual value of up to £1million with terms being reported to future Cabinet meetings on the Schedule of Transactions.
- (e) The AD Law and Governance be authorised to document the acquisition of properties accordingly.
- (f) Approve the procurement as strategic with the procurement route being delegated to the Council Procurement Board chaired by the Managing Director and further updates returned to members in the Procurement Annual Plan report.
- (g) Officers work with representatives of Darlington Railway Preservation Society (DRPS) to relocate to a suitable location to enable the priority works to the Goods Shed to be carried out with a view to returning to DRHQ once the whole site is refurbished.
- (h) Once reopened, entry to the Museum is free with a paid for immersive experience.

## **Reasons**

7. The recommendations are supported by the following reasons:-
- (a) To enable Darlington Rail Heritage Quarter to move forward and be further developed with future reports coming to Cabinet;
  - (b) To carry out essential works to the Goods Shed as a priority to secure the stability and arrest the decline of the building.

**Ian Williams**  
**Director of Economic Growth and Neighbourhood Services**

## **Background Papers**

No background papers were used in the preparation of this report.

S17 Crime and Disorder	Regenerating the area of town that the existing museum is located in will have a positive impact on crime and disorder.
Health and Well Being	There will be a positive impact on health and well being of the local community by improving the site and providing significant outdoor play opportunities.
Carbon Impact and Climate Change	As part of the development, where possible and appropriate, renewable energy sources will be used.
Diversity	There is no impact on diversity as a result of this report.
Wards Affected	Northgate
Groups Affected	No particular group is affected as part of this report.
Budget and Policy Framework	There is no change to the Council's budget or policy framework.
Key Decision	Yes
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The regeneration of this part of town will be a catalyst to improving the area impacting on the Council's Place agenda.
Efficiency	There is no impact on efficiency as a result of this report.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

## MAIN REPORT

### Information and Analysis

#### Strategic Context

8. Stockton and Darlington railway programme is a key priority for the Tees Valley Combined Authority (TVCA). Under the Culture and Tourism strategic priority within the Strategic Economic Planning (SEP) 2016-2026, TVCA has committed £20million through the Tees Valley Investment Plan 2019-2029 for Darlington Railway Heritage Quarter (DRHQ). Darlington Borough Council's Visitor Strategy identifies as a key priority the opportunity to build on the railway heritage of the town to develop visitor numbers and the economy of Darlington. Historic England designated the 26-mile route of the Stockton and Darlington Railway a Heritage Action Zone (HAZ), which will run from 2018 to 2023. The aim of this is to help rejuvenate and restore the 26-mile stretch of the historic railway and to help realise its potential to become a major heritage attraction and visitor destination in the build up to the 200-year anniversary in 2025.
9. The Stockton and Darlington Railway programme, whilst it has many projects within it, has three key strands:

- (a) The Stockton and Darlington Railway (HAZ)
- (b) Darlington Rail Heritage Quarter
- (c) Bicentenary Event in 2025

10. This report focuses on DRHQ only, however in due course Cabinet will receive reports with regard to the other two key parts of the Stockton and Darlington Rail Heritage programme.

## Background

11. The DRHQ is focused around the Head of Steam site and some of the surrounding area. Attached at **Appendix 1** is the map of proposed site. The Council have been working closely with the TVCA to develop a master plan for the site and DRHQ narrative and interpretation plan over the past year. This work has been carried out by a range of consultants working closely with officers, partners on the site and carrying out consultation with various stakeholders and interested parties. Detail of the consultation carried out and the outcome is included later in this report.
12. The master planning and interpretation work has now concluded, which provides the opportunity to move forward with the master plan, reimagining the Head of Steam site prior to Bicentenary celebrations in 2025.
13. The Stockton and Darlington Railway is where modern passenger rail began on 27 September 1825, transforming the world.

## Master Plan

14. Attached at **Appendix 2** is the master plan developed for the site. While providing a strong starting point, once the team is assembled to deliver the project, the plan will be refined and adapted to ensure it can be delivered within the financial envelope available.
15. The vision of the RHQ is:

*“By 2024, Darlington is recognised as the world’s most historic railway town with the Railway Heritage Quarter becoming an internationally significant major visitor attraction in the Tees Valley, which will be central to the Stockton & Darlington Railway’s bicentennial celebrations. This project will reveal the story of Darlington and its communities that saw an opportunity and seized it, connecting and transforming the world in the process. Our unique and authentic heritage will be reimagined with a strong narrative, varied interpretation, reimagined spaces and new experiences to engage a wider audience, including local residents, businesses and visitors from around the globe. This site will act as a catalyst for heritage-led regeneration and social cohesion, empowering our communities and businesses to be part of the next transformational change.”*

16. There are then a number of objectives to help realise the vision:
- (a) **Heritage** – reveal, conserve, protect and promote aspects of heritage on site and secure its long-term future.

- (b) **Engineering** – retain live engineering on site through developing third sector capacity and providing opportunities for the wider community through skills, learning and volunteering.
  - (c) **Innovation** – use past, current and future innovation to inspire, engage and motivate visitors and communities to raise aspirations and instil pride in the area.
  - (d) **Play** – through bespoke play, engage the local community and improve the wider visitor experience across the whole site.
  - (e) **Events and Activities** – develop an events and activity programme with an extended and engaging plan to increase the range and number of site users and audiences.
  - (f) **Skills and Learning** – deliver an educational programme for local and regional schools alongside more formal and informal skills and training opportunities in partnership with on-site partners and other interested relevant education bodies.
  - (g) **Community** – be a vehicle for improved health and well-being through increased activity and volunteering opportunities that provide positive social, health and quality of life benefits.
  - (h) **Interpretation** – engage a diverse audience including those that do not normally visit and interpretation helps to do that by being exciting, creative and immersive through the telling of the story to keep the site fresh and vibrant.
  - (i) **Economy** – the site will act as a catalyst for economic growth by attracting local, national and international visitors, investment and spend, and creating employment and enterprise opportunities for the local community.
  - (j) **Heritage Action Zone** – act as one of the key orientation points along the 26 miles of the Stockton & Darlington Railway, providing a hub for visitors to not only access the site but also the S&DR walking and cycling route, and wider interpretation.
  - (k) **Commercial** – applying a commercial approach, demonstrating heritage and tourism as a viable sector for private investment.
  - (l) **Sustainability** – proposals will work towards contributing to the overall climate change 2050 target.
17. All will be brought to life with a cross-cutting theme of Interpretation across the site. The site will celebrate the heritage, bring to life skills and learning opportunities for young people, showcase innovation from the past and future, provide play and a fun experience while at the same time developing skills and learning with a significantly enhanced events programme throughout the year. The master plan articulates the overall vision for DRHQ, which will take longer than 2025 to deliver both practically and financially. However, the key components of the site, which will be the footfall drivers, can be delivered prior to 2025 and within available resources. The funding strategy is discussed later in this report.

## Site Strategy

18. Visitors to the site will arrive potentially by train to North Road Station, on foot, cycle or by car. Work is currently ongoing with a range of partners, TVCA, Darlington Borough Council, Durham County Council and Stockton Borough Council with regard to providing a walking and cycling route for the 26 miles that will pass by DRHQ, which would become a key stop off point for the route.
19. The overall site layout is as follows:

### External Zones:

- (a) New car park for the site located next to Skerne Bridge
- (b) Skerne Bridge, the oldest operating railway bridge in the world
- (c) Main accessible entrance off McNay Street, which will be closed to traffic other than residential
- (d) External plaza between Goods Shed and Head of Steam building
- (e) External play area
- (f) External events space

### Existing Buildings on site:

- (a) **Goods Shed** – currently occupied by Darlington Railway Preservation Society (DRPS), early discussions have taken place with regard to their relocation on site as the restored Goods Shed will become the Reception/Orientation Point for the site with café, WCs and retail space. The Goods Shed was added to Historic England's Heritage at Risk Register in October this year. Following a condition report carried out in September by specialist conservation architects, there are a number of structural defects that require attention and are discussed later in this report.
- (b) **Head of Steam** – will be the main museum experience, the primary visitor offer providing the immersive and interactive historic narrative. It will also house the 'WOW' immersive ride experience. The museum will focus on the story of the Stockton and Darlington Railway 1825 and Darlington's contribution to rail, telling the stories of people and places along the line and town and will be where the past meets the future.
- (c) **Goods Agent Office** – currently occupied by Model Railway Club and Northern Eastern Railway Association. The intention is to retain these two organisations on site, potentially in the same building. Further discussions will be required.
- (d) **Lime Cells** – currently in private ownership, however if brought back into the site, potential uses to be explored.
- (e) **Carriage Works** – currently occupied by A1 Trust in one side and North Eastern Locomotive Preservation Group (NELPG) in the other. Early discussions have been held with both organisations; A1 Trust aspirations are to relocate onto the other side of the railway line in new build facility with a private rail siding. With regard to NELPG, further discussions will be held to provide the most suitable options for their future aspirations, whether that is remaining

in the existing building or relocating to new build. Depending on the final moves there is also the option of relocating DRPS into the Carriage Works.

- (f) **1861 Shed** – potential for live engineering/storage or other related use, with option to bring private rail siding onto the site to enable access via the main rail line for A1 Trust and others to bring engines onto site to restore/refurbish/maintain. The private siding will also provide opportunity for steam demonstration events.

**Proposed New Builds:**

- (a) **Live Engineering Shed** – proposed new building with private rail siding access for relocation of A1 Trust as their main new build facility and paint shop, with internal viewing areas for the public to view work going on within the shed.
  - (b) **Footbridge** – to make better connectivity between the new build and Head of Steam, there is potential to install a footbridge across the main line allowing access from the existing site without having to leave site and go round via North Road and Bonomi Way.
  - (c) **Pop Up Café Kiosk** – depending on the final location of the play area it may be necessary to provide an additional café kiosk for seasonal/activity use only.
20. The overall master plan vision and site strategy is extremely exciting, game changing and challenging to deliver but gives the opportunity to put Darlington and wider Tees Valley on the international map as we move towards 2025.
21. As stated earlier it is unlikely the whole vision will be delivered pre-2025 both practically and financially. It will therefore be essential to phase the overall development of DRHQ. Finalising the actual content of each phase will be developed in coming months with further ongoing discussions with on-site partners and potential funders.
22. Whilst there is a phasing proposal within the master plan document, this will need refining, challenging and updating as discussions are ongoing with partners as to how deliverable certain aspects of the overall vision are.
23. The key to the phasing strategy is the requirement to ensure that the elements that will bring footfall onto the site are completed first, followed by improving facilities for partners and finally, the added value elements.
24. Subject to the caveats above, the potential phasing strategy would be:
- (a) **Phase 1:**
    - Timescale: completed by 2024**
    - New Build Shed
    - Head of Steam
    - Goods Shed
    - Entrance/Car Park
    - Outdoor Play
    - Outdoor Events Space
    - Private rail siding

**(b) Further Phases post 2025:**

Turntable  
1861 Shed Development  
Bridge over the track  
Lime Cells

**Goods Shed Grade 2\* Listed**

25. As mentioned earlier, the Goods Shed has been placed on the Historic England's Heritage at Risk Register and following a condition survey carried out in September requires structural repairs carrying out within the next 12 to 24 months to ensure the stability of the building and arrest the decline.
26. To enable these works to be carried out safely, it will be necessary to empty the building and relocate DRPS. Initial discussions have taken place with their representatives. Officers within Estates are looking for alternative accommodation that can be provided for them to continue to operate. Whilst this is unfortunate and certainly inconvenient for DRPS, the Council cannot allow the building to continue to deteriorate for another two years. The Council will fund the relocation and rental costs until DRPS return to DRHQ.
27. The estimated value of the works that need to be carried out is approximately £225,000. This money will not be wasted as they are required to be undertaken and would have to be done with a full refurbishment anyway.
28. Historic England have allocated £100,000 to this work; the remaining funding will come from the main project budget.

**Site Acquisition**

29. In order to deliver the overall vision there is a requirement to acquire a number of sites and work has commenced with the owners on this strand of work. Sites required are:
  - (a) Car Park land next to the Skerne Bridge
  - (b) 1861 Shed and associated land which is currently used as a scrap yard
30. Further buildings and acquisitions may be required as part of the overall DRHQ and therefore it is proposed to delegate authority for acquisition to the Director of Economic Growth up to the value of £1million per acquisition subject to such purchases representing fair value.

**Business Plan**

31. As part of the development of the master plan, a business plan was also developed. Tourism UK were engaged by the master planning consultants to work with them on developing the business plan.
32. Through the research work carried out in developing the business plan, the identified markets for DRHQ are as follows:

- (a) Locals with a 30-minute drive time from the site
  - (b) Domestic tourists and day visitors from outside the area
  - (c) Specialist interest groups
  - (d) Educational trips
33. The business model was therefore developed as a result of the market research consultation and other work to create an offer that would achieve the following:
- (a) Appeal to new and existing markets.
  - (b) Draw new markets that were not traditionally heritage users (lower socio-economic markets from the local population).
  - (c) Use the new offer to open up the heritage, encouraging the non-engaged to sample the museum by removing intellectual and financial barriers.
  - (d) Create an experience that would draw new markets competing with alternative offers (not just attractions, the current competitor for young audience includes computer simulation, games that can be accessed at home). Include a ride experience that would be appealing as to draw young visitors who want to repeat the experience over and over again.
34. The outcome would need to create a new experience that better tells the fabulous story of Darlington Rail Heritage Quarter and its role in changing the world through the development of modern passenger rail. The project will interpret the collection better, sharing it with visitors using interactive displays, live engineering, a ride-type experience, a new play area and a new café space.
35. The key elements of the business model are based on:
- (a) Reimagined, remodelled museum offer that provides an exciting interpretation through both traditional and virtual interaction with a range of audiences. The provision of an education learning programme that is relevant to a broad age range of students from primary school through to university.
  - (b) The ride experience, Black Box: This will be an exciting, immersive interpretation of the past, present and future including a ride type experience. This offer would differentiate the museum from Locomotion and the National Rail Museum and would be unique within the area. The business model assumes that this element of the experience would be charged for while general access to the museum is free. The ride experience would be designed in such a way that it can be refreshed at an appropriate time.
  - (c) Play Park: Research at other heritage attractions across the UK have shown the impact that play parks can have on visitor numbers. The key consideration in designing the play park is it needs to be bespoke to tell the story of rail heritage in Darlington through play. It could include features that would help children learn about engineering whilst still being a play experience. Play and learning will be a key theme across the whole site not just the play park.
  - (d) Café: A new café facility will be developed, which will be part of the overall offer and part of the key principles:

- (i) To be part of interpretation
  - (ii) Quality is key
  - (iii) In-house rather than franchise
  - (iv) A flexible space that could allow for some evening/corporate hire
  - (v) Needs to be part of a mixed-use experience
  - (vi) Needs to be good enough to draw users in its own right – destination café
  - (vii) Can be a driver of repeat visits
  - (viii) Should include retail, which can be managed by café staff at quiet times
  - (ix) Will offer a grab and go style catering initially with options for some small lunch offer not requiring fully fitted kitchen and staffed kitchen.
36. Interpretation and heritage should be a key part of the experience where visitors can learn about rail heritage while enjoying a cup of coffee at the museum.
37. Overall, the business plan assumptions for annual visitor numbers to each element of the offer are:
- |   |         |
|---|---------|
| (a) Free entry to the museum                      | 94,000  |
| (b) Chargeable element, immersive experience ride | 23,000  |
| (c) Play area                                     | 140,000 |
| (d) Café  | 17,000  |
| (e) Events  | 18,000  |
38. The above attendances are for each element of the offer; however one individual may use the museum and also the chargeable element as well as using the café, therefore the estimated total number of individual visitors to the site is 230,000.

## Financial Implications

39. The overall revenue implications for the site have been modelled based on a free museum offer, chargeable ride experience, café, events, retail and car parking. Additional costs have been included to cater for the large site as well as a sinking fund to ensure funds are available to refurbish/refresh the offer. Using a sensitivity analysis of plus or minus 10%, the revenue costs are estimated to be between £227,000 and £309,000. This estimate is within the existing revenue budget of £320,000.
40. The Combined Authority have allocated £20million towards the Darlington Rail Heritage Quarter project, of which £2million has already been released to DBC for the scheme to progress. Officers are currently working on a full business case for TVCA, which will then enable the remaining £18million to be released to DBC once approved.
41. Historic England have allocated £100,000 to the priority repairs required for the Goods Shed.
42. Officers are looking at other opportunities for funding that will assist in the delivery of the scheme. An expression of interest was submitted to the National Lottery Heritage Fund (NLHF) for £5million, however the Council were not invited to go forward to a Stage 1 Application. Officers will continue to work with NLHF as other opportunities may present during the course of the project. Other external sources

of funding will continue to be explored as and when available.

43. As part of the Master Plan, indicative costs were included, which for the overall scheme come to in excess of £50million. However, the scheme is scalable and deliverable in phases that will be within the financial resources available. Officers have reviewed the estimate and subject to the outcome of survey work and detailed designs, it is possible to deliver Phase 1 for £20million.
44. Over the next 12 months, work will be done on refining the Master Plan and development of a robust cost plan that will be brought forward to Members in due course.
45. A review of the possible VAT implications arising from any proposals put forward in the Master Plan and business plan is to be carried out and these will be feedback into both plans as appropriate.

### **Legal Implications**

46. The Council owns most of the Head of Steam site, the Goods Shed and Carriage Works however the Head of Steam building is owned by Network Rail and held by the Council on a 200-year lease, which has a further 155 years to run. There is also a small plot of land in the goods yard next to the Head of Steam which is owned by the Railway Museum Trust. In order to deliver the overall Master Plan there is a requirement to acquire a number of other sites mentioned in paragraph 29 above for which discussions and negotiations have already commenced. Estates have carried out due diligence on the site and no issues have been identified to prevent the planned development. Landlord's consent will be required to permit any alterations to the Head of Steam building and these will be progressed before any works contracts are signed.

### **HR Implications**

47. There are no HR implications at the current time as work would not start on the Head of Steam until potentially late 2021 to 2022.

### **Procurement Advice**

48. It is proposed that the initial procurement of Works and Services described for phase 1 of the project is to be added to the Procurement Annual Plan and designated strategic that the decision for the contract award be delegated to the Council Procurement Board chaired by the Managing Director subject to procurement process in accordance with the Council Contract Procedure Rules and further subject to the firm availability of funding as set out in this report to include signed funding agreements.
49. That updates on contract awards be reported to members in the Annual Procurement Plan report.
50. Due diligence checks of the contractors will be carried out in accordance with the mandated Cabinet Office Selection questionnaire including a full health and safety assessment.

51. Appropriate bonds/warranties will be required as a part of the contract in accordance with the Council Contract Procedure Rules and good industry practice.

### **Consultation**

52. A significant amount of consultation has taken place as part of the production of the Master Plan and the Grand Narrative Interpretation Strategy. Consultation was carried out between November 2018 and March 2019 and consisted of:
- (a) Stakeholder consultation with key individuals and partners, specialist interest groups, arts organisations, industry partners and the education sector.
  - (b) An online survey was open from 18 February to 18 March 2019. 240 responses were received. A link to the survey was distributed through various networks and was largely filled in by people who knew about or had some connection with the Stockton & Darlington Railway.
  - (c) Community consultation was carried out with a range of groups and individuals.
  - (d) Community open days; 286 people attended and contributed to the open day sessions, which were held at Preston Park Museum, Locomotion Shildon and the Head of Steam.

### **Outcome of Consultation**

53. The outcome of the consultation was extremely positive and the outcome and benefits that those consulted perceive will result from the project include:
- (a) A renewed sense of local awareness of the region's heritage;
  - (b) Younger and future generations learning about the region's heritage, leading to new appreciation of their local area and a sense of grass roots local pride;
  - (c) Family history projects, galvanising local communities to engage with the heritage and revealing new personal stories;
  - (d) Raised levels of aspiration, particularly in young people;
  - (e) New facilities and activities that will fulfil existing community needs;
  - (f) Activities and volunteering opportunities that provide positive social, health and quality of life benefits.
54. It was clear that DRHQ promises to thrive as a community hub, taking on the activity preferences voiced by those consulted:
- (a) To engage audiences from across the spectrum of abilities, ages, social, cultural or economic backgrounds;
  - (b) To provide opportunities for young people to gain new skills, expertise and qualifications, which will be a valuable resource to help set them up for their next vital stage in life;

- (c) To be a vehicle for new social interaction and improved health and quality of life.

55. Generally, the overall reactions were:

- (a) Real enthusiasm from the majority of people and organisations spoken to for DRHQ;
- (b) Huge potential for it to be a catalyst for the area;
- (c) Most organisations want to get involved; further engagement/consultation will take place throughout the project;
- (d) A wow factor is needed;
- (e) Unique grouping of existing tenants and buildings, key to the success of the site;
- (f) There is a desire to have working steam on site;
- (g) There were strong feelings that DRHQ is currently a hidden location and in developing as a world-class visitor destination, it is important to balance the needs of the locals and visitors;
- (h) Northgate needs to be improved as this will be important for visitors coming from the town centre;
- (i) Opportunity for a bike hub linking the 26-mile route;
- (j) Schools and universities interested in learning opportunities, STEM and STEAM, hands on experience;
- (k) Businesses interested in skills for young people and potential involvement on the site.

56. The consultation that has taken place to date has helped shape the master plan. The next phase of consultation will be to consult on the master plan to assist in the next phase of development prior to a final scheme being agreed.

## **Conclusion**

57. A significant amount of work has taken place to date in developing the Master Plan for Darlington Rail Heritage Quarter. Currently there is £20million allocated from the Combined Authority and officers will investigate other potential funding opportunities. During the course of the next 12 months the project will be further developed, working closely with on-site partners and other key stakeholders to refine, design and cost the final scheme. Over the course of the project, further reports will be brought forward to Cabinet to update on progress.