

# SALISBURY CITY COUNCIL

## Report

**Subject** : Disposal of Freehold Interest – Fisher House, 84 Fisherton Street, Salisbury  
**Committee** : Full Council  
**Date** : 9 March 2026  
**Author** : Marc Read, Head of Environment & Deputy CEO

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### 1. Report Summary:

- 1.1. This report constitutes the Council's business case for the potential disposal of the freehold interest in Fisher House, 84 Fisherton Street, Salisbury. It sets out the strategic rationale, valuation evidence, legal considerations, and financial implications to enable Members to determine whether the proposed sale represents best consideration and aligns with the Council's asset management objectives.

### 2. Background:

- 2.1. Salisbury City Council owns the freehold of the land on which Fisher House, 84 Fisherton Street, Salisbury sits. It is currently subject to a long leasehold interest with 78 years remaining. The property comprises ground-floor retail and upper-floor offices in a prominent city-centre location.
- 2.2. The Council has received an approach from Bolingbroke Limited (the long leaseholder) to either extend the lease back to 125 years or purchase the freehold outright. Officers have obtained professional advice from Savills and Myddelton & Major to inform this report.
- 2.3. This report sets out the valuation advice, legal framework, and financial implications, and seeks Member approval on whether to proceed with disposal of the freehold interest.

### 3. The Proposal

- 3.1. The proposal is to dispose of the Council's freehold interest in Fisher House to the current long leaseholder, Bolingbroke Limited, for the best consideration reasonably obtainable, in accordance with the Local Government Act 1972, the Council's Disposal Policy and Financial Regulations.
- 3.2. Officers have negotiated the higher of the two indicative valuations received, and the recommendation is to accept an offer of £100,000 for the freehold disposal, noting the inclusion of appropriate overage provisions that have been negotiated by Officers to protect the Council's position.

### 4. Officers' View

- 4.1. The disposal aligns with the Council's strategic aim to rationalise its property portfolio and release assets that provide negligible income and limited strategic benefit.

- 4.2. The current freehold interest generates only £10 per annum and has a minimal capital value. Disposal at £100,000 represents a significant premium over the existing valuation and reflects marriage value to the leaseholder.
- 4.3. Officers consider this a prudent opportunity to realise value from an asset that would otherwise remain dormant for decades.

**5. Financial Considerations**

5.1. Valuation Advice

Valuer	Freehold Value	Lease Extension Value
Myddleton & Major	Up to £100,000	Up to £40,000
Savills	£40-45K	£25,670 - £30,000

The negotiated terms align with the top end of independent valuation ranges.

- 5.2. The Council will incur legal and conveyancing costs, which will be met by the purchaser in line with the Disposal Policy.
- 5.3. Net Present Value (NPV) Assessment - An NPV analysis was undertaken to compare the financial return of the three available options. Using a 3.75% discount rate (Bank of England rate as of 29 January 2026) and assuming no residual value at lease end, the following NPVs were calculated:

Option	Description	NPV Result
Retain Lease	78 years @ £10/year	£252
Extend Lease (Premium £40,000)	£10/year for 125 years	£40,264
Sell Freehold	Immediate receipt £100,000	£100,000

- 5.4. The NPV strongly favours Option 3 – Disposal, which delivers the highest present day value.
- 5.5. The £10 annual rent produces an almost negligible NPV due to the very long-term horizons and discounting effects.
- 5.6. Even unrealistic scenarios (e.g., £1.5m–£4.5m future sale values) would be required for Options 1 or 2 to outperform disposal, demonstrating the robustness of the conclusion.
- 5.7. The NPV analysis confirms that the proposed disposal represents the most financially advantageous option for the Council and supports the officer recommendation to proceed with the sale.

**6. Legal & Governance Considerations**

- 6.1. Disposal must comply with Section 123 of the Local Government Act 1972, requiring best consideration reasonably obtainable unless Secretary of State consent is granted.
- 6.2. The Council’s Disposal Policy requires:

- Independent valuation advice (obtained from Savills and Myddelton & Major)
  - Full Council approval and ratification
  - Consideration of restrictive covenants or overage clauses to protect against future development windfalls.
- 6.3. Following negotiations with the leaseholder, the following overage terms have been agreed:
- **Overage percentage:** 35% of any uplift in value
  - **Assessment basis:** Standard planning uplift methodology - A fixed percentage (e.g., 35%) × the increase in the property's value that is directly attributable to the grant of planning permission.
  - **Overage period:** 10 years from completion
  - **Trigger event:** Any future grant of planning permission generating an uplift in value
- 6.4. These terms ensure the Council secures a fair share of any enhancement in value arising from future development or change of use, consistent with the duty to obtain best consideration.
- 6.5. The Council's Financial Regulations requires:
- A Business Case – which this report constitutes
  - Adequate Electorate Consultation
- 6.6. In accordance with this requirement, a public consultation exercise was undertaken, and two responses were received:
- A local business was concerned about the property being turned from commercial to residential.
  - A local resident expressed the view that the Council should retain its interest in the property rather than dispose of it.

## 7. Environment & Equalities Impact

- 7.1. Neutral impact – disposal does not affect public access or environmental objectives.

## 8. Recommendations

- 8.1. It is recommended that Full Council:

- 8.1.1. Notes the NPV assessment, valuation advice and consultation feedback.
- 8.1.2. Approves disposal of the freehold interest in Fisher House to Bolingbroke Limited for £100,000.
- 8.1.3. Authorise officers to incorporate agreed overage provisions into the sale documentation.

**Wards Affected:** Fisher House is located in St Edmunds

**Background Papers:** Disposal of Land and Property Policy (Jan 2018) & Financial Regulations

## **Implications:**

**Financial:** The disposal provides an immediate capital receipt of £100,000, far exceeding the negligible long-term income from the existing £10 annual rent. The purchaser will meet all legal and conveyancing costs. The NPV analysis confirms disposal is the most financially advantageous option.

**Legal:** The disposal complies with Section 123 of the Local Government Act 1972 and the Council's Disposal Policy. Independent valuations have been obtained, and Full Council approval is required. Overage provisions (35% uplift over 10 years) protect the Council from future development gains.

**Personnel:** There are no direct personnel implications. Only standard officer time is required to manage the disposal process.

**Environmental Impact:** Neutral impact. Disposal does not affect public access, operational activities, or environmental objectives.

**Equalities Impact Statement:** No negative impacts identified. The disposal does not affect service provision, accessibility, or protected groups.