

Environment Committee

20 January 2026

REVENUE BUDGET 2026/27

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Vanessa Newton, Senior Accountant
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None.

Summary

This report sets out budget estimates for income and expenditure for Environment Committee services in 2026/27.

Recommendation (s)

The Committee is asked to:

- (1) Recommend the 2026/27 service estimates for approval at the budget meeting of Full Council in February 2026.

1 Reason for Recommendation

- 1.1 The recommendations will enable the Council to meet its statutory duty to set a balanced budget for 2026/27.

2 Background

- 2.1 In February 2025, Full Council agreed an updated four-year Medium Term Financial Strategy to 2027/28 (MTFS). The MTFS aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan. The MTFS was further revised in light of further information, as reported to Strategy & Resources Committee in July 2025.
- 2.2 The figures in this report reflect the provisional local government finance settlement for 2026/27. The figures in this report reflect the work undertaken by budget managers and finance staff to identify any changes in resourcing requirements, and the provisional local government finance settlement for 2026/27.

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- 2.3 Service estimates for this Committee are included in the draft Budget Book 2026/27 that will be made available to all Councillors.
- 2.4 Estimates have been prepared on the basis that existing services to residents are maintained, unless specified otherwise in section 5.
- 2.5 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-
 - 2.5.1 The Budget Book contains the service estimates for 2026/27.
 - 2.5.2 Unavoidable cost increases and income reductions are reflected in the estimates.
 - 2.5.3 Recommended increases to fees and charges have been included within the Budget Book and the income estimates.
- 2.6 All increases in charges are subject to approval by the Committee/Council.

3 Forecast Outturn 2025/26

- 3.1 Before considering the revenue estimates for 2026/27, this section provides a summary of the forecast outturn for the current financial year 2025/26.
- 3.2 The probable outturn specifically for Environment Committee is a favourable variance of £180,000 which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

Environment Committee	Published Budget	Current Approved Budget	Forecast Outturn Q2	Forecast Variance
Service Group	£'000	£'000	£'000	£'000
Car Parking	(2,615)	(2,616)	(2,616)	0
Environmental Services	3,330	3,462	3,282	(180)
Contract Management	0	84	84	0
Environmental Health	674	749	749	0
Countryside, Parks & Open Spaces	2,414	2,486	2,486	0
Environment Committee	3,803	4,165	3,985	(180)

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3.3 This variance consists of an adverse variance of £20,000 within cemeteries, due to what is believed to be a structural decrease in the numbers using the service and will be addressed through the 2026/27 budget setting process. This is offset by a favourable variance within waste services of £200,000 as a result of higher Extender Producer Responsibility funding than originally anticipated.

4 Proposals for 2026/27 Budget

4.1 The service estimates for 2026/27 are included in the draft Budget Book, circulated to councillors in January.

4.2 A summary of the Committee's service estimates for 2026/27 is shown in the following table:

Environment Committee	Published Budget 2025/26	Base Position 2026/27
Service Group	£'000	£'000
Car Parking	(2,615)	(2,656)
Environmental Services	3,330	3,531
Contract Management	0	0
Environmental Health	674	774
Countryside, Parks & Open Spaces	2,414	2,578
Environment Committee	3,803	4,227

4.3 The following table comprises a summary of the main changes to the Committee's proposed budget for 2026/27 compared with the published budget for 2025/26.

Environment Committee		Budget £'000
Published Budget 2025/26		3,803
Service Group	Change	
All	Variations in pay, pension (IAS19) & support service recharges	434
All	Change in fees and charges	144
Environmental Services – Waste Services	Increased Extended Employer Responsibility funding	(407)
Environmental Services – Waste Services	Removal of unachievable efficiency saving	100

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Environmental Services – Waste Services	Increased agency costs	80
Environmental Services – Waste Services	Removal of Surrey Environmental Partnership transactions	70
All	Electricity efficiency savings	(26)
All	Increased transport costs	40
All	Sundry variations	(11)
Base Position 2026/27		4,227

5 Risk Assessment

Legal or other duties

5.1 Equality Impact Assessment

5.1.1 None arising from the contents of this report.

5.2 Crime & Disorder

5.2.1 None arising from the contents of this report.

5.3 Safeguarding

5.3.1 None arising from the contents of this report.

5.4 Dependencies

5.4.1 Other Policy Committees are also being presented with their budgets for approval in the January committee cycle.

5.5 Other

5.5.1 In preparing the revenue budget estimates officers have identified the following main risks facing the Committee in delivering services within the budget. These budgets will require careful management during the year.

Service	Risk	Budget Estimate 2026/27	Risk Management
Car Parking	Medium: The current cost of living crisis may impact adversely on car park visitor numbers.	Total Budgeted Income £4,675k 5% change	Monthly monitoring and work analysing individual car park performance against target will be undertaken.

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		<p>affects income by £234k; 25% change affects income by £1.17m</p>	<p>The current projections rely heavily on additional parking for new retail businesses. This will be monitored. Additional income streams and a long-term strategy for the future of Council car parks to be considered.</p>
Waste Collection and Trade Waste	<p>Medium: Difficult economic conditions may cause businesses to close resulting in reduced customer base. Difficulty in recruiting staff and adverse sickness levels may lead to higher than budgeted agency staff costs. Changes following the publication of the government Waste Strategy could require costly changes to services.</p>	<p>Total budgeted income £1,428k; 10% change affects income by £143k.</p> <p>Total budgeted employee costs £1,892k; 10% change raises costs by £189k.</p>	<p>Monitoring service delivery options within government guidelines.</p> <p>Working with HR to tackle causes of staff sickness and regular monitoring of agency requirements. Careful analysis of required changes to services and seeking value for money from proposed solutions.</p>

6 Financial Implications

- 6.1 The draft Budget Book 2026/27 is highly detailed; therefore, any questions or queries should be sent to relevant officers in advance of the committee meeting wherever possible.
- 6.2 **Section 151 Officer's comments:** These areas are at risk of financial pressure, particularly income from fees and charges, which carries a high risk of under recovery if service usage is not as forecast. It is essential that the Committee remains vigilant and proactive in managing these risks.

7 Legal Implications

- 7.1 The Council will fulfil its statutory obligations to produce a balanced budget and to comply with its policy on equalities.

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7.2 Although there are no direct legal implications arising from this report, decisions taken about the budget will impact the services which can be delivered. In the event of any impact, there will need to be an equalities impact assessment in relevant cases.

7.3 **Legal Officer's comments:** None save as outlined above.

8 Policies, Plans & Partnerships

8.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council.

8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

8.3 **Climate & Environmental Impact of recommendations:** None arising directly from the contents of this report.

8.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.

8.5 **Partnerships:** Many services are provided by the Council without the direct involvement of other agencies. There is, however, an increasing role for partnership working with others to achieve mutually agreed objectives. The benefits and risks need to be assessed in each specific case to ensure that value for money is secured and the Council's priorities are delivered in the most efficient and effective manner.

8.6 **Local Government Reorganisation Implications:** While the current Medium Term Financial Strategy has been prepared on a three-year basis, the assumptions underpinning 2027/28 and beyond will require close monitoring, as they are likely to change while Surrey implements LGR which will be in place by 1 April 2027. The figures presented here does help to form an important reference point for East Surrey unitary authority.

8.7 The council will ensure that its planning assumptions are regularly reviewed and that emerging risks are clearly understood to support a smooth transition to the new unitary authority.

8.8 However, it's important to note that Local Government Reorganisation continues to present a strategic risk for the Council and necessary arrangements are put in place to address the emerging financial and other risks.

9 Background papers

9.1 The documents referred to in compiling this report are as follows:

Previous reports:

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- [2026/27 Strategic Financial Planning report to Strategy & Resources – 15 July 2025.](#)
- [2026/27 Budget Targets report to Environment Committee on 14 October 2025.](#)

Other papers:

- Draft 2026/27 Budget Book.