BCA/B&A/13/2016/15

REPUBLIC OF KENYA

BOMET COUNTY ASSEMBLY

FIRST ASSEMBLY

(FOURTH SESSION)

December 6, 2016

PAPERS LAID

Hon. Speaker, I beg to lay the following Paper on the Table of the Assembly today Tuesday, December 6, 2016:-

The County Budget Review and Outlook Paper, 2016

(The Chairperson Committee on Budget and Appropriation)

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF BOMET

Telephone: 0202084070

Office of the Executive Finance
The County Treasury
P.O Box 19-20400
BOMET, KENYA

Email: info@bomet.go.ke

When replying please quote Ref and Date

Ref: CGB/TRE/C. ASSEM-CORRES./22/3

October21, 2016

BOMET COUNTY ASSEMBLY
RECEIVED
23 OCT 2016
P. O. Box 590-20400
BOMET

The Clerk,
Bomet County Assembly,
P.O Box 590-20400,
BOMET

Dear Sir,

RE: COUNTY BUDGET REVIEW AND OUTLOOK PAPER 2016

Forwarded herewith please find the County Budget Review and Outlook Paper (CBROP) 2016.

for Hon. Dr. Peter Koros, PhD
CEC - Finance & Economic Planning
COUNTY GOVERNMENT OF BOMET

PCA
24/10/16

BCA/B&A/(3)/2016 ILS

HARAMBEE

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF BOMET

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

SEPTEMBER 2016

laid on the table of the Assembly on 6th Dec 2016

The Treasury
County Government of Bomet
P. O. Box 19- 20400
BOMET, KENYA

The document is also available on the internet at: www.bomet.go.ke

Foreword

The County Budget Review and Outlook Paper (CBROP) 2016 was prepared in accordance with section 118 of the Public Finance and Management Act 2012 that mandates the County Treasury to prepare CBROP. The paper analyses the overall fiscal performance of Bomet county government for the financial year 2015/2016.

The CBROP reviews the fiscal outcome for FY 2015/16 and its effects on the financial objectives set out in the 2016/17 budget estimates submitted to the County Assembly on April 30, 2016. It also provides a basis upon which to revise the 2016/17 budget in the context of the supplementary budget and set out the broad fiscal parameters for the next medium term budget.

Bomet County has continued to be rated among the first counties to allocate more funds to development projects. In the FY 2015/2016 development expenditure stood at 46%. in the current financial year.The financial year 2015/16 closed with own revenue collection falling short of the projected by 11.7%. This shortfall in revenue collection was attributed to challenges in collection of property rates and single business permits due to delay in the passage of Finance Bill 2016.

The fiscal framework presented in the CBROP 2016 provides a strong basis for building our common future.

for DR. PETER KOROS

C ECM – FINANCE & ECONOMIC PLANNING

Table of Contents

List of Tables

Abbreviations and Acronyms

CBROP	County Budget Review & Outlook Paper
BPS	Budget Policy Statement
CFSP	County Fiscal Strategy Paper
FY	Financial Year
GoK	Government of Kenya
MTEF	Medium Term Expenditure Framework
PFM	Public Financial Management
PPP	Public Private Partnership
SWGs	Sector Working Groups
VAT	Value Added Tax
V 2030	Vision 2030
CIDP	County Intergrated Development Plan

Legal Basis for the Publication of the County Budget Review and Outlook Paper

The Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012. The law states that:

(1) A County Treasury shall—

(a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and

(b) submit the paper to the County Executive Committee by the 30th September of that year.

(2) In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify—

(a) the details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(c) information on—

(i) any changes in the forecasts compared with the County Fiscal Strategy Paper; or

(ii) how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

(3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

(4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—

(a) arrange for the Paper to be laid before the County Assembly; and

(b) as soon as practicable after having done so, publish and publicise the Paper.

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources. The PFM law (Section 107) states that:

A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.

In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles—

(a) the county government's recurrent expenditure shall not exceed the county government's total revenue;

(b) over the medium term a minimum of thirty percent of the county government's Budget shall be allocated to the development expenditure;

(c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

(d) over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

(e) the county debt shall be maintained at a sustainable level as approved by county assembly; the fiscal risks shall be managed prudently; and a reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue. Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

The regulations may add to the list of fiscal responsibility principles set out in subsection (2).

SECTION I: INTRODUCTION

Background

The County Budget Review and Outlook Paper (CBROP) was prepared by the County Treasury pursuant to the provisions of section 118 of the Public Finance Management (PFM) Act 2012. This paper analyses the fiscal outcome of 2015/2016 indicating deviation from the approved budget and how it affects the financial objectives set out in the 2016/2017 budget policy statement.

Objective of CBROP

The objective of CBROP is to provide a review of the previous year's fiscal performance and how it impacts the financial objectives and fiscal responsibility principles set out in the last Fiscal Strategy Paper (FSP). This together with updated macroeconomic outlook provides a basis for revision of the current budget in the context of supplementary budget and the broad fiscal parameters underpinning the next budget and the medium term. Details of the fiscal framework and the medium term policy priorities will be firmed up in the next FSP.

The CBROP will be a key document in linking policy, planning and budgeting. The Sector Working Groups have begun reviewing programmes for the last Medium Term Expenditure Framework (MTEF) focusing on updating and developing new programmes for the next MTEF 2017/18 - 2019/20.

Following the fiscal outcome of 2015/16 and the updated macroeconomic framework, these sector ceilings have been modified as indicated in table 4 of this CBROP. Therefore, this CBROP will inform the sector ceilings that will be set in the next FSP.

The rest of the paper is organised as follows: the next section provides a review of the fiscal performance in FY 2015/16 and its implications on the financial objectives set out in the last FSP, section III provides brief highlights of the recent economic developments and updated macroeconomic outlook, section IV gives details the resource allocation framework and section V concludes the paper.

SECTION II: REVIEW OF FISCAL PERFORMANCE

Overview

The composition of spending has changed over time as a result of priorities of the county government. In the year 2015/2016 the largest area of the county governments'spending were infrastructure (27%), Agriculture sector (19%) and the social sector(48%).

The overriding policy thrust for the 2015/16 MTEF was to accelerate economic growth in the county, by reducing poverty levels, provide clean drinking water, ensuring food security and other development factors. The County Government of Bomet shall continue to invest in key physical infrastructure aimed at facilitating the private sector to expand its business, promote productivity and build systems necessary for poverty reduction.

During the FY 2015/2016 the gross actual revenue of ksh. 5.053 billion fell below the target of ksh. 5.170 billion. This represents a variance of 2%. The own revenue performance was below the target with actual revenue hiting below the target by 12%. In contrast with the actual revenue of ksh. 5.053 billion, the actual expenditure stood at ksh. 4.979 billion. It should be noted that the variance of ksh. 74 million had been fully committed though unspend due to delay in disbursement from the National Treasury.

Fiscal Performance Financial Year 2015/2016

Table 1 below presents the fiscal performance for the FY 2015/16.

Table 1 Fiscal Outturn

Item	Actual Budget(Ksh.)	Target Budget(Ksh.)	Deviation(Ksh.)
Recurrent Grants	2,732,926,687	2,738,270,348	5,343,661
Development Grants	2,282,298,001	2,432,686,282	150,388,281
Total	**5,015,224,688**	**5,170,956,630**	**155,731,942**

Source: County Treasury

A total of Ksh. 5,015,224,688 was requested from the exchequer consolidated fund account compared to Ksh.5,053,864,640 (as shown in table 2 below). Ksh. 155,731,942 reflected above includes: Ksh. 95,744,680 lease of medical equipment, Ksh 21,839,593 own revenue shortage, and Ksh.38,639,952 as commitments carried forward to the financial year 2016/2017. A balance of Ksh. 492, 284 was reflected in the own revenue account as at 30th june 2016.

Funding Sources

During the FY 2015/2016, total revenue realized was Ksh. 5,053 billion against a target of Ksh. 5,170 billion. The break down by source is shown in Table 2 below;

Table 2 Total Revenue

Item	Actual Revenue (Ksh.s)	Target Revenue(Ksh.s)	Deviations(Ksh.s)
Own Revenue by source	166,987,287	188,826,880	(21,839,593)
National Allocation	4,706,893,298	4,706,893,298	-
Commitments b/f	42,497,607	26,745,025	15,752,582
HSSF Danida	17,620,000	17,620,000	-
CA- Fuel Levy Fund	59,793,199	59,793,197	2
CA- Maternal Health Care	43,192,500	58,452,800	(15,260,300)
CA-User Fees foregone	16,880,750	16,880,750	-
CA- Leasing of Medical Equipment	0	95,744,680	(95,744,680)
Balance C/F			-
Total	**5,053,864,640**	**5,170,956,630**	**(117,091,989)**

Source: County treasury

The negative deviation in own revenue was as a result of the delay in the approval of Finance Bill 2016. Commitments brought forward of Ksh. 15,752,582 was not reflected in the budget but has been rolled over to the F/Y 2016/2017. The County government did not receive Ksh. 15,260,300 conditional allocation for free maternal health care.Ksh. 95,744,680 being conditional allocation for lease of medical equipment was not received.

County Own Revenue

Kshs 166.9 Million was collected compared to the target of Kshs 188.8 million. This represents a revenue shortfall of 21.8 Million (or 12% deviation from the target).

Table 3.Total County Own Revenue

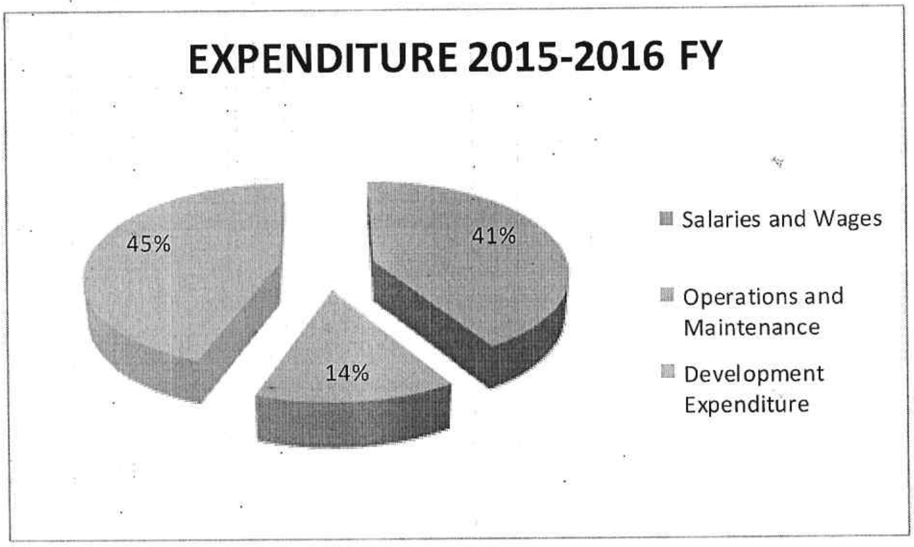
	2013/2014	2014/2015	2015/16			
Revenue Sources	**Actual**	**Actual**	**Actual**	**Target**	**Deviation (Ksh)**	**Deviation (%)**
Property Rates	10,860,570	15,022,716	9,275,843	15,445,304	-6,169,461	-40%
Business Permits	43,791,122	39,173,567	27,350,252	41,900,000	-14,549,748	-35%
Cess Collections	3,137,266	3,933,240	4,243,031	4,200,000	43,031	1%
Markets & Slaughter Fees	11,206,718	13,834,625	11,668,305	14,754,164	-3,085,859	-21%
Rental Income	3,037,738	3,527,411	3,675,959	3,762,445	-86,486	-2%
Parking Charges	14,103,801	13,786,715	12,301,750	15,439,397	-3,137,647	-20%
Others	22,441,015	8,844,186	18,398,232	9,292,926	9,105,306	98%
Hosp/Disp/Health Centres(HSSF)	27,090,085	50,974,182	39,723,940	46,420,264	-6,696,324	-14%
Water Revenue	7,040,325	2,944,279	0	0	0	0%
Multi Nationals	61,084,891	43,930,971	40,349,975	37,612,379	2,737,596	7%
TOTALS	**203,793,531**	**205,971,892**	**166,987,287**	**188,826,879**	**-21,839,592**	-12%

Source: County Treasury

The negative deviation in the collection of property rates and business permits was due to the delay in the approval of finance bill. Markets and slaughter houses collection went down due to closure of mulot slaughter house for renovation. Parking charges went down due to closure of sotik bus park for renovation. This may also affect revenue collection for the current year. User fee foregone is currently being transferred directly to the exchequer consolidated fund account which was previously transferred to own revenue account. This explains the shortfall in the collection of Hospitals and health centres collection.The reduction in revenue collection from multinationals was due to disputed land rates by sotik tea. Sotik tea paid less than before and the revenue department has now submitted the Rating bill to the County Assembly to curb this issue. The tea board of kenya did not pay any amount due to the court case in the financial year 2015/2016 which also explains the lower collections from the multinationals.

Expenditure

Budget 2015/2016



At the last quarter of the financial year 2015/2016 salaries was at 41% and development expenditure at 45%. The county government is currently targetting 35% wage bill by reducing the rate of growth in salaries compared to the rate of growth in revenues in the medium term.It is also striving at reducing operations and maintenance expenditure to 12% compared to 14% in the financial 2015/2016.

The total expenditure for the FY 2015/16 was approximately Ksh.4,979 billion against a target of Ksh5,170 billion, representing an under spending of Kshs 191 million (or 4 % deviation from the approved Budget).The under-spending was in respect of operations and maintenance (Kshs 34 million), Development expenditure Kshs 178 million). The underspending of Ksh 191 million was as a result of Ksh 21 million revenue shortfall, Ksh. 95 million lease of medical eqiupment and Ksh. 74 million carried forward to the next financial year. Ksh. 74 million carried forward was due to the delay in the release of funds by the National Treasury at the end of the financial year.

Table 3 below represents the fiscal performance for the period under review and the deviations from the approved estimates.

Table 4.Expenditure Kshs (million)

	2013/2014	2014/2015	2015/16			
Expenditure	**Actual**	**Actual**	**Actual**	**Target**	**Deviation (Ksh)**	**Deviation(%)**
Recurrent Expenditure						
Salaries and Wages	970,528,037	1,658,876,289	2,059,943,309	2,038,580,052	-21,363,257	0%
Operations and Maintenance	863,890,672	747,367,902	704,473,104	738,690,296	34,217,193	1%
Sub Total	**1,834,418,709**	**2,406,244,191**	**2,764,416,413**	**2,777,270,348**	**12,853,935**	0%
Development Expenditure	1,718,490,824	2,049,775,527	2,215,301,770	2,393,686,282	178,384,512	3%
Total Expenditure	**3,552,909,533**	**4,456,019,718**	**4,979,718,183**	**5,170,956,630**	**191,238,447**	4%

Source: Bomet County Treasury

The underspending on this budget line on development expenditure was due to late release of development funds by the National Treasury. Overall, the expenditure outturn for FY 2015/16 is preliminary. Firm data will be available when the final accounts have been audited and published.

Overall balance and financing

Reflecting the above performance in revenue and expenditure, overall fiscal balance on a commitment basis (including grants) was Ksh **4.979** billion (96 percent of Approved budget) in FY 2015/16 against the revised budget targeted of Ksh **5.170** billion.

Implication of 2015/16 fiscal performance on financial objectives contained in the 2016 budget policy statement (BPS).

Measures to revamp agriculture through value addition and irrigation are expected to support our favourable growth prospects. In addition, we also expect collections to increase once the market places are improved and revenue automation systems are fully in place to curb revenue leakages. The county government is also currently improving the systems in hospitals and health centres.

SECTION III: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

In 2015, the Kenyan economy remained strong with key macroeconomic indicators remaining relatively stable and supportive of the growth and indications are that the macroeconomic outlook is likely to remain favorable for the foreseeable future. According to Economic Survey 2016, prospects for the Kenyan economy remain bright. Kenya is well integrated with the world economy and the positive developments are likely to impact positively on our growth prospects, assuming normal weather patterns. The Gross Domestic Product (GDP) is estimated to have expanded by 5.6 per cent in 2015 which was a slight improvement compared to a 5.3 per cent growth in 2014. This growth was mainly supported by a stable macroeconomic environment and improvement in outputs of agriculture; construction; finance and insurance and real estate. GDP is expected to grow by 5.9 percent in 2016 and 6.1% in 2017 supported by improved global conditions and sustained macroeconomic stability.

Overall inflation eased from 6.9 per cent in 2014 to 6.6 per cent in 2015 mainly due to lower prices of energy and transport. Inflation remained steady leading to a reduction in the central bank rate and in the month of August 2016, inflation rate stood at 6.3%. Short-term interest rates have also eased downwards as caps on interest rate showed signs of being adopted leading to the prospects of lower interest rates in the first quarter of the financial year 2016/17. The Kenyan shilling generally held firm against major trading currencies and it has remained fairly stable against the US dollar, sterling pound and the Euro. The relative stability of the shilling was attributed to improved earnings from agriculture subsector, improved inflow of tourists and favourable oil prices in the international market.

The recent economic developments at the national level have implications on the development at the county level. Bomet county economy is heavily dependent on agriculture to promote employment and equitable income generation across the County. The county has witnessed increased productivity in agriculture leading to increased incomes to the community especially in the tea and livestock sub-sectors. Production of food crops also improved thus strengthening the food security situation in the county . The County continued to improve the health sector infrastructure and supply of drugs to the health facilities. The County has also significantly invest in the educational infrastructure in educational institutions across the county and training and capacity building for the Early Childhood Development assistants and polytechnic tutors and instructors.

On the Revenue front, the County Government did not manage to reach the target in financial year 2015/16 but will aim to expand the revenue base through increased efficiency in tax collection and modernization of revenue collection measures. Expenditure management will be strengthened with implementation of the Integrated Financial Management system. It is therefore important that these expenditures be reduced modestly without crippling the targeted ministries or spending units and re-designating the resultant savings to the core areas for 2016/17. County government fiscal policies in the 2016/17 budget will focus on re-orientation of expenditure from recurrent to development

SECTION IV: RESOURCE ALLOCATION FRAMEWORK

i) Enhancing Revenue

The own revenue collection went down from Ksh. 205.9m in 2014/15 to Ksh. 166.9m in the 2015/16. In the financial year 2016/17 the county anticipate to collect Ksh. 207.7m, which represents an increase of 20%. The county Government has put in place various revenue enhancing measures including: automation of revenue collection, implementing the Finance Act, sealing revenue leakages, improving mobility of revenue officers and capacity building for revenue collectors.

ii) Expenditure rationalization

The County Government will continue to rationalize expenditures by cutting non priority spending. In this regard the County Government will reduce recurrent expenditure while prioritizing development expenditures. The county is focusing mainly on devolved functions such as infrastruture development and maintenance, support to health facilities and building of ECD centres. With the Government's commitment to improving infrastructure , the share of resources going to priority physical infrastructure sector, such as roads, energy and water and irrigation, will continue to rise over the medium term. This will help the sector provide reliable and affordable energy, as well as increased access to water and development of irrigation projects countywide.

Reflecting the above medium term expenditure framework, the table below provides the tentative projected baselines ceilings for the MTEF, classified by sector.

Table 5. Revised Ceilings

SECTOR		ACTUAL EXPENDITURE	Submitted budget	APPROVED BY ASSEMBLY	REVISED CEILINGS	CEILINGS	PROJECTIONS	
		FY 2015/16	2016/2017	2016/2017	2016/2017	2017/2018	2018/19	2019/20
COUNTY EXECUTIVES	**SUB-TOTAL**	**406,002,899**	**382,175,210**	**325,575,210**	**400,642,263**	**478,906,489**	**416,797,138**	**458,476,852**
	Personal emoluments	209,062,228	164,007,525	164,007,525	194,007,525	251,608,278	186,769,105	205,446,016
	Operation & maintenance	196,940,671	218,167,685	161,567,685	206,634,738	227,298,212	230,028,033	253,030,836
	Development							
PUBLIC SERVICE BOARD	**SUB-TOTAL**	-	**30,126,340**	**47,520,000**	**30,126,340**	**33,138,974**	**36,452,871**	**40,098,159**
	Personal emoluments	-	19,347,540	29,520,000	19,347,540	21,282,294	23,410,523	25,751,576
	Operation & maintenance	-	10,778,800	18,000,000	10,778,800	11,856,680	13,042,348	14,346,583
	Development							
ADMINISTRATION	**SUB-TOTAL**	**439,762,418**	**616,837,578**	**431,607,000**	**626,837,578**	**659,521,336**	**720,473,469**	**797,520,816**
	Personal emoluments	262,603,853	430,070,578	284,500,000	430,070,578	443,077,636	472,385,399	519,623,939
	Operation & maintenance	102,600,634	126,767,000	87,107,000	116,767,000	128,443,700	141,288,070	155,416,877
	Development	74,557,932	60,000,000	60,000,000	80,000,000	88,000,000	106,800,000	122,480,000
FINANCE	**SUB-TOTAL**	**296,883,203**	**359,784,459**	**339,784,459**	**339,784,459**	**376,762,905**	**414,439,195**	**455,883,115**
	Personal emoluments	168,669,620	155,682,465	155,682,465	150,682,465	158,750,712	169,625,783	186,588,361
	Operation & maintenance	112,681,255	198,745,944	158,745,944	183,745,944	202,120,538	222,332,592	244,565,851
	Development	15,532,328	5,356,050	25,356,050	5,356,050	15,891,655	22,480,821	24,728,903
LANDS, PUBLIC HEALTH &	**SUB-TOTAL**	**204,793,256**	**321,963,749**	**327,273,636**	**301,963,749**	**337,160,124**	**385,876,136**	**424,463,750**

SECTOR		ACTUAL EXPENDITURE	Submitted budget	APPROVED BY ASSEMBLY	REVISED CEILINGS	CEILINGS	PROJECTIONS	
		FY 2015/16	2016/2017	2016/2017	2016/2017	2017/2018	2018/19	2019/20
ENVIRONMENT								
	Personal emoluments	192,856,902	192,496,758	192,496,758	192,496,758	201,746,434	216,921,077	218,613,185
	Operation & maintenance	3,041,994	25,020,353	13,020,353	15,020,353	16,522,388	18,174,627	19,992,090
	Development	8,894,360	104,446,638	121,756,525	94,446,638	118,891,302	150,780,432	185,858,475
SOCIAL SERVICES	**SUB-TOTAL**	**427,328,278**	**451,683,390**	**574,683,390**	**407,924,411**	**468,716,852**	**555,588,537**	**621,147,391**
	Personal emoluments	38,587,939	45,206,029	45,206,029	40,206,029	44,226,632	48,649,295	53,514,225
	Operation & maintenance	4,289,438	15,279,361	498,779,361	237,718,382	261,490,220	307,639,242	348,403,166
	Development	384,450,901	391,198,000	30,698,000	130,000,000	163,000,000	199,300,000	219,230,000
MEDICAL SERVICES	**SUB-TOTAL**	**919,302,507**	**988,434,157**	**991,434,157**	**963,455,811**	**1,022,850,979**	**1,115,136,077**	**1,206,649,685**
	Personal emoluments	463,767,130	472,366,896	472,366,896	467,366,896	477,153,173	494,868,490	504,355,339
	Operation & maintenance	8,128,451	26,101,325	463,667,261	455,707,232	501,277,955	551,405,751	606,546,326
	Development	447,406,927	489,965,936	55,400,000	40,381,683	44,419,851	68,861,837	95,748,020
ECONOMIC PLANNING & DEVELOPMENT	**SUB-TOTAL**	**191,314,514**	**85,402,295**	**75,402,295**	**70,402,295**	**77,442,525**	**85,186,777**	**93,705,455**
	Personal emoluments	61,290,885	19,996,295	19,996,295	19,996,295	21,995,925	24,195,517	26,615,069
	Operation & maintenance	4,514,614	35,406,000	25,406,000	30,406,000	33,446,600	36,791,260	40,470,386
	Development	125,509,015	30,000,000	30,000,000	20,000,000	22,000,000	24,200,000	26,620,000
AGRIBUSINESS,CO-OPERATIVES AND MARKETING	**SUB-TOTAL**	**305,090,526**	**397,477,502**	**389,768,256**	**377,477,502**	**405,225,252**	**465,747,777**	**552,322,555**
	Personal	145,351,816	178,709,246	156,000,000	163,709,246	170,080,171	187,088,188	195,797,006

SECTOR		ACTUAL EXPENDITURE	Submitted budget	APPROVED BY ASSEMBLY	REVISED CEILINGS	CEILINGS	PROJECTIONS	
		FY 2015/16	2016/2017	2016/2017	2016/2017	2017/2018	2018/19	2019/20
	emoluments							
	Operation & maintenance	6,703,580	41,686,400	26,686,400	36,686,400	40,355,040	44,390,544	48,829,598
	Development	153,035,130	177,081,856	207,081,856	177,081,856	194,790,042	234,269,046	307,695,950
WATER SERVICES	**SUB-TOTAL**	**392,654,935**	**451,005,410**	**376,971,410**	**446,005,410**	**535,605,951**	**589,166,546**	**668,083,201**
	Personal emoluments	36,718,812	86,186,032	86,152,032	86,186,032	89,804,635	98,785,099	108,663,609
	Operation & maintenance	773,255	24,819,378	6,819,378	19,819,378	21,801,316	23,981,447	26,379,592
	Development	355,162,868	340,000,000	284,000,000	340,000,000	424,000,000	466,400,000	533,040,000
EDUCATION AND VOCATIONAL TRAINING	**SUB-TOTAL**	**408,130,966**	**455,988,897**	**435,383,978**	**445,988,897**	**530,587,787**	**603,646,565**	**664,011,222**
	Personal emoluments	160,622,634	198,304,919	172,700,000	198,304,919	208,135,411	228,948,952	241,843,847
	Operation & maintenance	1,001,426	19,326,272	9,326,272	9,326,272	10,258,899	11,284,789	12,413,268
	Development	246,506,906	238,357,706	253,357,706	238,357,706	312,193,477	363,412,824	409,754,107
ROADS AND PUBLIC WORKS	**SUB-TOTAL**	**509,612,484**	**567,101,896**	**565,644,828**	**556,285,239**	**596,913,763**	**676,605,139**	**762,065,653**
	Personal emoluments	54,756,664	47,857,068	56,400,000	47,857,068	52,642,775	57,907,052	63,697,758
	Operation & maintenance	62,982,568	89,467,420	79,467,420	78,650,763	81,515,839	94,667,423	104,134,166
	Development	391,873,252	429,777,408	429,777,408	429,777,408	462,755,149	524,030,664	594,233,730
ICT, TRAINING & INDUSTRY	**SUB-TOTAL**	**56,215,822**	**160,435,585**	**128,280,920**	**150,435,585**	**163,479,144**	**209,827,058**	**250,809,764**
	Personal emoluments	9,680,424	60,854,665	28,700,000	60,854,665	64,940,132	71,434,145	78,577,559
	Operation & maintenance	4,863,826	31,380,920	31,380,920	16,380,920	18,019,012	24,820,913	27,303,005

SECTOR		ACTUAL EXPENDITURE	Submitted budget	APPROVED BY ASSEMBLY	REVISED CEILINGS	CEILINGS	PROJECTIONS	
		FY 2015/16	2016/2017	2016/2017	2016/2017	2017/2018	2018/19	2019/20
	Development	41,671,572	68,200,000	68,200,000	73,200,000	80,520,000	113,572,000	144,929,200
COUNTY ASSEMBLY	**SUB-TOTAL**	**496,772,833**	**376,576,208**	**635,663,137**	**527,663,137**	**523,179,863**	**555,497,849**	**518,247,634**
	Personal emoluments	255,974,403	275,100,000	272,304,300	272,304,300	274,534,730	286,988,203	295,687,023
	Operation & maintenance	230,798,430	101,476,208	246,950,121	216,950,121	218,645,133	220,509,646	222,560,611
	Development	10,000,000		116,408,716	38,408,716	30,000,000	48,000,000	
TOTALS		**5,053,864,641**	**5,644,992,676**	**5,644,992,676**	**5,644,992,676**	**6,209,491,943**	**6,830,441,137**	**7,513,485,251**
	Personal emoluments	**2,059,943,309**	**2,346,186,016**	**2,136,032,300**	**2,343,390,316**	**2,479,978,935**	**2,567,976,828**	**2,724,774,511**
	Operation & maintenance	**739,320,142**	**964,423,066**	**1,826,924,115**	**1,634,592,303**	**1,773,051,533**	**1,940,356,687**	**2,124,392,355**
	Development	**2,254,601,190**	**2,334,383,594**	**1,682,036,261**	**1,667,010,057**	**1,956,461,475**	**2,322,107,623**	**2,664,318,385**
	Personal emoluments	41%	42%	38%	42%	40%	38%	36%
	Operation & maintenance	15%	17%	32%	29%	29%	28%	28%
	Development	45%	41%	30%	30%	32%	34%	35%

Expenditure Forecasts

The ratio of recurrent to development expenditure stood at 45% in the FY 2015/16 budget. In the subsequent financial year the county government will focus on reducing recurrent expenditure in order to accelerate development. The percentage of development expenditure in the year 2016/2017 has gone down drastically due to reclassification of other development expenditure as recurrent expenditure. The departments affected are social services and medical services.In the financial year 2016/2017, there were several realignment of departments which affected expenditure figures on personnel emoluments and development. Personell emoluments for the county executives has been adjusted upwards with gratuity amount of ksh.30 million in the financial year 2016/2017 and Ksh.60 million in the financial year 2017/2018. The county government is targetting 35% Personell emoluments in the medium term as stated in the PFM regulations. Overall recurrent expenditures are projected at 68% of total revenue.

CONCLUSION AND NEXT STEPS

The set of policies outlined in this C-BROP are broadly in line with the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives pursued by the Government as a basis of allocation of public resources.

The policies and sector ceilings will guide the sectors in preparation of the 2016/17 budget. The implications of the devolved system on the MTEF budget will be elaborated in the next Budget Policy Paper.

The next County Budget Policy Statement(C-BPS) will be finalized by November/December 2016.

County Government of Bomet					
Revenue Collection Report for the FY 2015/2016					
	Sub-Totals	***12,301,750.00***	**15,439,396.00**	**(3,137,646.00)**	**-**
7	**Others**	-		-	0%
	Group Registration Fee	79,250.00	362,544.00	(283,294.00)	-78%
	School fee clearance	-	140,382.00	(140,382.00)	-100%
	Agri-Business	608,730.00	600,000.00	8,730.00	1%
	Public Toilets	113,255.00	200,000.00	(86,745.00)	-43%
	Sale of Tender	78,000.00	90,000.00	(12,000.00)	-13%
	Verification of Scales	401,970.00	600,000.00	(198,030.00)	-33%
	Public Health Fee	3,867,950.00	2,700,000.00	1,167,950.00	43%
18	Miscellaneous Receipts	9,036,633.65	0	9,036,633.65	0%
	Other Charges	4,212,443.00	4,600,000.00	(387,557.00)	-8%
	Sub-Totals	***18,398,231.65***	**9,292,926.00**	**9,105,305.65**	
	Sub-Totals	**86,913,371.65**	**104,794,235.00**	**(17,787,838.35)**	
8	Longisa County Hospital	31,587,020.00	25,000,000.00	6,587,020.00	26%
9	Sigor Sub-County Hospital	3,934,625.00	3,000,000.00	934,625.00	31%
10	Cheptalal Hospital	720,133.00	800,000.00	(79,867.00)	-10%
11	Hosp/Disp/Health Centres(HSSF)	3,482,162.00	17,620,264.00	(14,138,102.00)	-80%
	Sub totals	**39,723,940.00**	**46,420,264.00**	**(6,696,324.00)**	**-**
12	Embomos Tea Farm	12,570,614.00	13,000,000.00	(429,386.00)	-3%
13	Unilever Tea (LR)	11,527,221.00	11,527,221.00	-	0%
14	Williamson Tea (LR)	2,592,965.00	3,002,006.00	(409,041.00)	-14%
15	James Finlay KE (LR)	8,643,152.00	8,643,154.00	(2.00)	0%
16	Kipsigis Highlands (LR)	1,440,000.00	1,440,000.00	-	0%
17	Sotik Tea (LR)	3,576,023.00	0	3,576,023.00	0%
	Sub-Totals	**40,349,975.00**	**37,612,381.00**	**2,737,594.00**	**-**
	Total Revenue Collected (Kshs)	**166,987,286.65**	**188,826,880.00**	**(21,746,568.35)**	**-**

Annex 2

Details of Expenditure FY2015/2016

SECTOR		EXPENDITURE 2015/16			
		ACTUAL	TARGET	DEVIATION	% DEVIATION
COUNTY EXECUTIVES	**SUB-TOTAL**				
	Personal emoluments	209,062,228	187,757,412	-21,304,816	-11%
	Operation & maintenance	182,093,633	197,038,105	14,944,472	8%
	Development	0		0	
ADMINISTRATION	**SUB-TOTAL**				
	Personal emoluments	262,603,853	262,603,853	1	0%
	Operation & maintenance	82,600,634	90,659,495	8,058,861	9%
	Development	39,557,932	40,000,000	442,069	1%
FINANCE ICT & ECONOMIC PLANNING	**SUB-TOTAL**				
	Personal emoluments	168,669,620	168,669,620	0	0%
	Operation & maintenance	112,681,255	120,065,304	7,384,049	6%
	Development	15,532,328	29,678,114	14,145,786	48%
PUBLIC HEALTH & ENVIRONMENT	**SUB-TOTAL**				
	Personal emoluments	192,856,902	192,856,902	0	0%
	Operation & maintenance	3,041,994	3,086,992	44,998	1%
	Development	8,894,360	8,900,000	5,640	0%
SOCIAL SERVICES	**SUB-TOTAL**				
	Personal emoluments	38,587,939	38,587,939	1	0%
	Operation & maintenance	4,289,438	4,279,000	-10,438	0%
	Development	384,450,901	384,506,064	55,163	0%
MEDICAL SERVICES	**SUB-TOTAL**				
	Personal emoluments	463,767,130	463,767,130	0	0%
	Operation & maintenance	8,128,451	8,145,500	17,049	0%
	Development	447,406,927	551,214,826	103,807,900	19%

SECTOR		EXPENDITURE 2015/16			
		ACTUAL	TARGET	DEVIATION	% DEVIATION
LANDS,HOUSING & URBAN PLANNING	SUB-TOTAL				
	Personal emoluments	61,290,885	61,290,885	0	0%
	Operation & maintenance	4,514,614	4,932,580	417,966	8%
	Development	125,509,015	125,552,744	43,729	0%
AGRIBUSINESS,CO-OPERATIVES AND MARKETING	SUB-TOTAL				
	Personal emoluments	145,351,816	145,351,816	0	0%
	Operation & maintenance	6,703,580	6,788,319	84,739	1%
	Development	153,035,130	175,913,346	22,878,216	13%
WATER SERVICES	SUB-TOTAL			0	
	Personal emoluments	36,718,812	36,718,812	0	0%
	Operation & maintenance	773,255	861,000	87,745	10%
	Development	355,162,868	359,031,157	3,868,289	1%
EDUCATION AND VOCATIONAL TRAINING	SUB-TOTAL				
	Personal emoluments	160,622,634	160,622,634	0	0%
	Operation & maintenance	1,001,426	1,180,040	178,614	15%
	Development	246,506,906	271,510,069	25,003,163	9%
ROADS AND PUBLIC WORKS	SUB-TOTAL				
	Personal emoluments	54,756,664	54,776,664	20,000	0%
	Operation & maintenance	62,982,568	63,127,063	144,496	0%
	Development	391,873,252	391,873,962	710	0%
TRADE,ENERGY,TOURISM &INDUSTRY	SUB-TOTAL				
	Personal emoluments	9,680,424	9,680,424	0	0%
	Operation & maintenance	4,863,826	5,053,880	190,054	4%
	Development	41,671,572		3,834,428	8%

SECTOR		EXPENDITURE 2015/16			
		ACTUAL	TARGET	DEVIATION	% DEVIATION
			45,506,000		
COUNTY ASSEMBLY	SUB-TOTAL				
	Personal emoluments	255,974,403	255,895,961	-78,442	0%
	Operation & maintenance	230,798,430	233,473,018	2,674,588	1%
	Development	5,700,580	10,000,000	4,299,420	43%
TOTAL	**Personal emoluments**	**2,059,943,309**	**2,038,580,052**	**-21,363,257**	
	Operation & maintenance	**704,473,104**	**738,690,296**	**34,217,193**	
	Development	**2,215,301,770**	**2,393,686,282**	**178,384,512**	