

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

**SECOND ASSEMBLY
(FIFTH SESSION)**

NCCA/TJ/PL/2021(41)

21st December 2021

PAPER LAID

Hon. Speaker, pursuant to Standing Order 191(6), I beg to lay the following Paper on the Table of the Assembly today, Tuesday 21st December 2021:

- **THE 35TH REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE CONSIDERATION OF THE FIRST SUPPLEMENTARY BUDGET ESTIMATES FOR THE FY 2021/2022 FOR THE COUNTY GOVERNMENT, NAIROBI METROPOLITAN SERVICES AND THE COUNTY ASSEMBLY.**

(Chairperson, Select Committee on County Budget, Finance and Appropriations)

Copies to:
The Speaker
The Clerk
Hansard Editor
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The Press

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY
(FIFTH SESSION)
21ST DECEMBER 2021

NOTICE OF MOTION

Subject: Adoption of a report of a Select Committee

Hon. Speaker, I beg to give notice of the following motion:-

THAT, this Assembly adopts the 35TH REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND APPROPRIATIONS ON THE CONSIDERATION OF THE FIRST SUPPLEMENTARY BUDGET ESTIMATES FOR THE FY 2021/2022 FOR THE COUNTY GOVERNMENT, NAIROBI METROPOLITAN SERVICES AND THE COUNTY ASSEMBLY, laid on the Table of the Assembly on Tuesday, 21st December, 2021.

(Chairperson, Select Committee on County Finance, Budget and Appropriations)

Handwritten signature and date 21/12/21

COUNTY GOVERNMENT OF NAIROBI CITY



Handwritten note: Paper laid in the table of the Assembly on 21/12/21 @ 9.00 am

NAIROBI CITY COUNTY ASSEMBLY

SECOND ASSEMBLY – FIFTH SESSION

35TH REPORT OF THE SELECT COMMITTEE ON COUNTY FINANCE, BUDGET AND
APPROPRIATIONS

ON

THE FIRST SUPPLEMENTARY ESTIMATES FOR THE FY 2021-22 FOR THE NAIROBI CITY
COUNTY GOVERNMENT, NAIROBI METROPOLITAN SERVICES AND THE COUNTY
ASSEMBLY

DECEMBER 2021

I. PREAMBLE

Mr. Speaker Sir, these first Supplementary Revenue and Expenditure Estimates for the FY 2021-22 were submitted to the County Assembly on Wednesday 15th December 2021 at a time the House was on recess necessitating a call for a special sitting for their consideration. The estimates were therefore tabled on Friday 17th December 2021 pursuant to the provisions of Section 135 of the Public Finance Management (PFM) Act, 2012, the Public Finance Management (County Government) Regulations 2015 and Standing Order 228.

Having been laid the estimates were committed and considered by the Nairobi City County Assembly Finance, Budget & Appropriations Committee established pursuant to the provisions of Standing Order 199 and mandated to:

- a) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget;
- b) Discuss and review the estimates and make recommendations to the County Assembly;
- c) Examine the County Fiscal Strategy Paper presented to the County Assembly;
- d) Examine Bills related to the county budget, including Appropriations Bills; and
- e) Evaluate tax estimates, economic and budgetary policies and programs with direct budget outlay

Mr. Speaker Sir, the County Assembly Finance, Budget & Appropriations Committee consist of the following 25 Members:

1. **Hon. Robert Mbatia, MCA - Chairperson**
2. **Hon. Patrick Karani, MCA– Vice Chairperson**
3. **Hon. Michael Ogada, MCA**
4. **Hon. J.M Komu, MCA**
5. **Hon. Emily Oduor, MCA**
6. **Hon. Fredrick Okeyo, MCA**
7. **Hon. James Kariuki, MCA**

8. Hon. Catherine Okoth, MCA
9. Hon. Osman Adow, MCA
10. Hon. Wanjiru Kariuki, MCA
11. Hon. Susan Makungu, MCA
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13. Hon. Paul Ndungu, MCA
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15. Hon. Anthony Ngaruiya, MCA
16. Hon. Nancy Muthami, MCA
17. Hon. Herman Azangu, MCA
18. Hon. Cecelia Ayot, MCA
19. Hon. Mellab Atemah, MCA
20. Hon. David Mberia, MCA
21. Hon. David Okello, MCA
22. Hon. Kennedy Oyugi, MCA
23. Hon. Emapet Kemunto, MCA
24. Hon. Elizabeth Nyambura, MCA
25. Hon. Jacinta Wanjiru, MCA

Examination of the Supplementary Estimates for the FY 2021-22


To review and deliberate on these Supplementary Estimates, the Committee conducted a total of two consultative meetings during which the Committee heard submissions from the County Executive Committee Member for Finance and the Clerk to the County Assembly where they were represented by their appointed officers on the justification for the proposed reallocations on the approved budget estimates. The Committee therefore endeavored to have a participatory process to ensure that the consideration of these estimates takes into account all the concerns and priorities raised by the stakeholders involved in the reallocation of resources.

Acknowledgment

Mr. Speaker Sir, the Committee deeply express their gratitude to all Members of the County Assembly, the Office of the Speaker, Office of the Clerk and the County Assembly Budget Office for their invaluable support and contributions as well as technical guidance in ensuring the successful completion of the scrutiny of these estimates.

The substantive role played by the Members of the Finance, Budget and Appropriations Committee that made the deliberations on these estimates informative and conclusive cannot be belittled.

Mr. Speaker Sir, it is therefore my pleasant duty on behalf of the Committee to table this report on the First Supplementary Estimates for the FY 2021-22 and recommend it to the Assembly for adoption.

Signed.....

Date.....20th December 2021

Hon. Robert Mbatia, MCA

Chairman: Finance, Budget and Appropriations Committee

II. SCRUTINY OF THE NAIROBI CITY COUNTY SECOND SUPPLEMENTARY ESTIMATES FOR THE FY 2021-22

1. **Mr. Speaker Sir**, in the annual estimates for the FY 2021-22, the County Assembly had approved a total budget of Kshs. 39.6billion out of which Kshs. 26.6billion was meant for recurrent expenses while Kshs. 12.9billion was earmarked for development programmes. As part of the approved estimates, the approved annual estimates, the Nairobi Metropolitan Services was allocated Kshs.20.1billion to cater for the various transferred functions emanating from signing of Deed of Transfer of functions. The approval also contained allocations for the County Assembly as an independent arm of the County Government as well as the commensurate resources to fund the expected outputs.
2. In the approved budget, **Mr. Speaker Sir**, the County Government prioritized the funding of transferred functions to ensure seamless offering of services to the locals by allocating sufficient resources for garbage collection and implementation of various programmes in Public Works Sector. The need to foster development in Wards saw substantial amounts allocated towards continuous rolling of development projects in Wards. The submitted Supplementary Estimates has seen the County budget being retained at Ksh.39.6billion with the revenue figures balancing to the proposed expenditure areas.
3. **Mr. Speaker Sir**, the Finance, Budget and Appropriations Committee in a bid to ensure observance of fiscal discipline, has been persistent on reminding this House of the conditions that necessitates the preparation of supplementary budgets, the manner of submission and the way of dispensing with the same in this house. The legal provisions on supplementary budgets requires their preparation only to take care of matters that were unanticipated during the preparation of annual budget estimates and must remain unavoidable during the time of preparing the supplementary budget. The provisions of Regulation 39 of the PFM (County Government) Regulations 2015 makes it even clearer by allowing Accounting Officers to spend not more than 10% for various programmes and votes of the approved budgets but with the concurrence of the County Executive

Committee Member responsible for Finance. Once the County Executive Committee Member for Finance gives nod, the process concludes with tabling of revised estimates on the reallocations and over- expenditures to the County Assembly for approval.

4. The Regulation, **Mr. Speaker Sir**, prohibits consideration of those expenditures which even though were well known at the time of consideration of annual estimates but could not be factored in the estimates as unavoidable. The law anticipating that supplementary estimates could be used as a vehicle for rectification arising from poor planning and failure to prioritize has therefore not given any leeway for inclusion of expenditures that could not be planned for during the consideration and approval of the annual estimates. From the foregoing it is evident that supplementary budgets can be used to request for new funds or to ratify funds that have already been spent within the legal parameters. The Committee wishes to confirm that the tabled supplementary estimates for the FY 2021-22 have been prepared in line with the statutory requirements.
5. **Mr. Speaker Sir**, the first supplementary estimates have been submitted to provide basis for payment of pending bills and debt obligations. The Assembly has been championing the need for the County Government and the Nairobi Metropolitan Services, to prioritize the payment of pending bills as a way of ensuring that the County's credit rating is boosted while at the same time warranting those who do business or offer services to the Nairobi City County that their paybacks for the investment put forth to ensure the county remains a city of choice to invest and live in. The idea of settlement of pending bills emanated from the Presidential directive that County governments should budget for resources geared towards clearing their obligations that remain outstanding and were free of audit queries. This supplementary budget therefore aims to provide resources to the tune of Kshs. 1.098billion for settling of part of the recurrent pending bills and amounts owed to development contractors. In general, to make resources available for these payments anticipated in this supplementary budget, reallocations have been done across various votes in line with the provisions of Section 135 and 154 of the PFM Act 2012.

6. **Mr. Speaker Sir**, the Finance, Budget and Appropriations Committee has scrutinized the Supplementary Estimates and are satisfied that the proposed adjustments and reallocations are in tandem with the aspirations of ensuring the credit rating of the County is improved therefore resulting in enhanced public image specifically for those whose livelihoods and resources have been tied up for longer periods despite injecting substantial amount of money in ensuring seamless operations in the County. It is noteworthy that the budget for the County Assembly Service Board contained allocations to the tune of Kshs. 1.5billion for development programmes which are unlikely to be utilized by the end of the current financial year. To ensure that the resources are not tied up in unproductive venture, the Committee shall be making necessary adjustments on the budget with an aim of ensuring that the budget objectives are realized.
7. Arising from the foregoing, the Committee therefore requests that this House approves the First Supplementary Estimates for the FY 2021-22 to enable the spending of the funds before 30th June 2022. The Committee shall be making recommendations aimed at ensuring that the primary intentions of the supplementary estimates are better realized.

III. RECOMMENDATIONS

8. **Mr. Speaker Sir**, the Finance, Budget and Appropriations Committee wishes to make the following recommendations;
- a) **Revenue Projections**
 - 1) That the revenue figures in the revised estimates be maintained as contained in the submitted 1st supplementary estimates for the FY 2021-22.
 - b) **Budgetary Reallocations**
 - 1) That the budget reallocations be approved as contained in the submitted supplementary estimates subject to the adjustments below.

c) Budget Reductions

That the following budgetary reductions be made on the recurrent budget of respective sectors to aid reallocations contained in Schedule 1;

- 1) That the recurrent budget of the Office of the Governor be reduced by Ksh.124 million.
- 2) That the ICT, E-Government and Public Communication's recurrent budget be reduced by Ksh.50million
- 3) That the retained health functions recurrent expenditure be reduced by Ksh.7.1million
- 4) That Finance and Economic Planning recurrent budget be reduced by Ksh.72 million
- 5) That the retained functions in Urban Planning and Lands recurrent budget be reduced by Ksh.4.4 million
- 6) That the retained functions under Public Works be recurrent budget be reduced by Ksh.10 million
- 7) That Education, Youth Affairs, Sports, Culture and Social Services recurrent budget be slashed by Ksh.24million
- 8) That the recurrent budget for Trade, Commerce, Tourism and Cooperative be slashed by Ksh.35million
- 9) That the Public Service Management recurrent budget be reduced by Ksh.50 million
- 10) That the Agriculture, Livestock Development, Fisheries and Forestry recurrent budget be reduced by Ksh.20million
- 11) That the Environment, Water, Energy and Natural Resources be reduced by Ksh.643,230.

That the following budgetary reductions be made on the development budget of respective sectors to aid reallocations contained in Schedule 1;

- 1) That the development budget of the County Assembly Service Board be reduced by Ksh.1.413 billion
- 2) That the County Public Service Board budget be reduced by Ksh.4.15million
- 3) That the of the Office of the Governor be reduced by Ksh.46.89 million

- 4) That the ICT, E-Government and Public Communication's budget be reduced by Ksh.255.45million
- 5) That Finance and Economic Planning budget be reduced by Ksh.35 million
- 6) That the Education, Youth Affairs, Sports, Culture and Social Services budget be slashed by Ksh.184.94million
- 7) That the budget for Trade, Commerce, Tourism and Cooperative be slashed by Ksh.158.8million
- 8) That the Agriculture, Livestock Development, Fisheries and Forestry budget be reduced by Ksh.13.5million

d) Budget Increases

That the following increases be made on the budget of respective sectors as contained in schedule 1;

- 1) That Other creditors under Finance and Economic Planning Sector be increased by Ksh.1.441billion to cater for the pending bills
- 2) That Ksh.300million be set aside for payment of Kenya Revenue Authority unremitted tax arrears
- 3) That Ksh.200 million be allocated to settle the Kenya Power and Lightning power bills in a bid to avoid frequent power blackout in City Hall
- 4) That Ksh.300 million be set aside for settlement of pending bills owed to Kenya Urban Roads Authority
- 5) That Ksh.100million be allocated for smart kiosks under market services.

Mr. Speaker Sir, in conclusion and pursuant to the provisions of Section 135 (2) and (4) of the Public Finance Management Act 2012 and Standing Order 228 the Select Committee on County Finance, Budget and Appropriations recommends that:

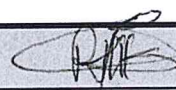
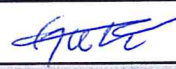
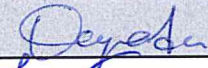
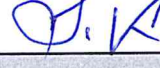


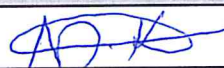
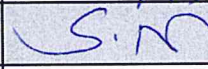
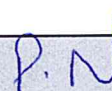
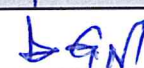
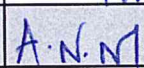
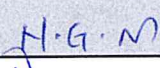
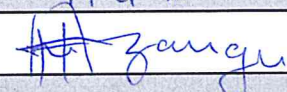
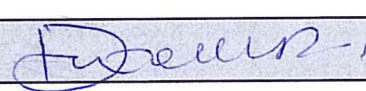
“This County Assembly adopts the Report of the Select Committee on County Finance, Budget and Appropriations on the First Supplementary Budget Estimates for the Nairobi City County Government and County Assembly for the FY 2021-22”

SCHEDULE 1

Budget Reallocations

ITEM	RECURRENT	DEVELOPMENT	TOTAL
KRA & KENYA POWER			
KRA(unremitted tax arrears)	300,000,000		300,000,000
KENYA POWER & LIGHTING CO.	200,000,000		200,000,000
5314:Finance & Economic Planning-Other Creditors	1,000,000,000	441,793,416	1,441,793,416
Foreign travels- Finance & Economic Planning	100,000,000		100,000,000
Foreign travels- Office of the Governor & Deputy Governor	70,000,000		70,000,000
Smart Kiosks -Market Services		100,000,000	100,000,000
KURA-Pending debts		300,000,000	300,000,000
TOTAL	1,670,000,000	841,793,416	2,511,793,416

We the undersigned Members of the Finance, Budget and Appropriations Committee affirm that this is the approved report of the Committee on the Consideration of the First Supplementary Estimates for the FY 2021-22 as adopted by the Committee on the 20th day of December 2021

NAME	SIGNATURE
1. Hon. Robert Mbatia, MCA	
2. Hon. Patrick Karani, MCA	
3. Hon. Michael Ogada, MCA	
4. Hon. J.M Komu, MCA	
5. Hon. Emily Oduor, MCA	
6. Hon. Fredrick Okeyo, MCA	
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21. Hon. David Okello, MCA	
22. Hon. Kennedy Oyugi, MCA	
23. Hon. Emapet Kemunto, MCA	

24.Hon. Elizabeth Nyambura, MCA	E.N.V.
25.Hon. Jacinta Wanjiru, MCA	J.W.