



# Salaries & Remuneration Commission

Rewarding productivity

**FIRST QUARTER WAGE BILL BULLETIN  
(JULY-SEPTEMBER 2022)  
FINANCIAL YEAR 2022/2023**

**SEPTEMBER 2022**

014 2016 2018 2020 2022 8000

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**LIST OF ACRONYMS AND ABBREVIATIONS**

|      |   |
|------|---|
| CBA  | Collective Bargaining Agreement           |
| CBK  | Central Bank of Kenya                     |
| CBN  | Collective Bargaining Negotiation         |
| COG  | Council of Governors                      |
| CPI  | Consumer Price Index                      |
| CRA  | Commission on Revenue Allocation          |
| EPRA | Energy and Petroleum Regulation Authority |
| FY   | Financial Year                            |
| GDP  | Gross Domestic Product                    |
| Ksh  | Kenya Shillings                           |
| KNBS | Kenya National Bureau of Statistics       |
| KNUT | Kenya National Union of Teachers          |
| KRA  | Kenya Revenue Authority                   |
| MPs  | Members of Parliament                     |
| OAG  | Office of the Auditor General             |
| OCOB | Office of the Controller of Budget        |
| PE   | Personal Emoluments                       |
| PFM  | Public Finance Management                 |
| PSC  | Public Service Commission                 |
| SRC  | Salaries and Remuneration Commission      |
| TSC  | Teachers Service Commission               |

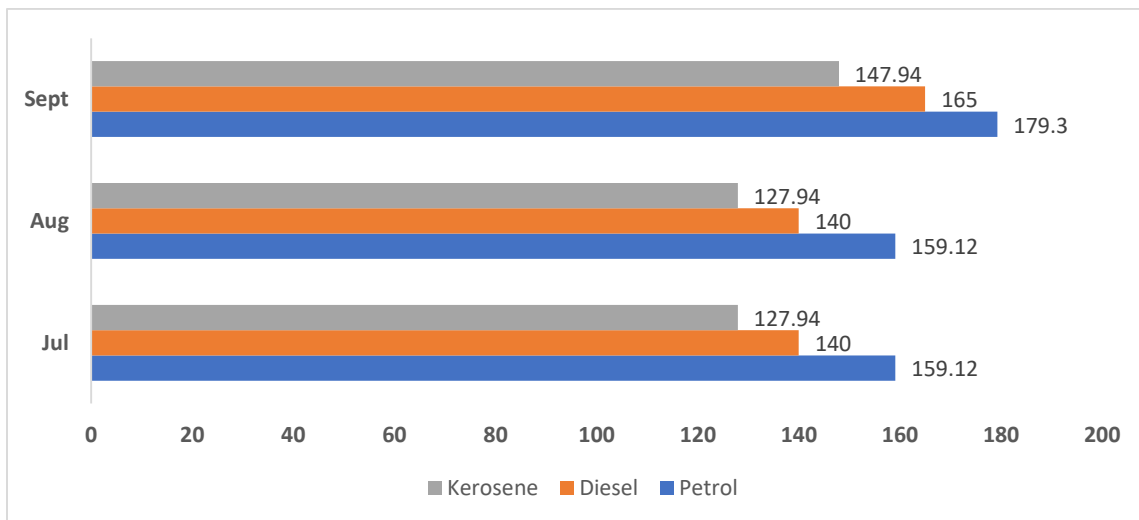
## 1 INTRODUCTION

This Wage Bill Bulletin covers the first quarter of the Financial Year (FY) 2022/2023, that is, July–September 2022. The quarter was characterised by high intensity general election campaigns, which slowed down in mid-September 2022 after the swearing in of the new President of Kenya. The cost of living remained high during the period because of the increasing inflation attributed to a high cost of fuel and food items.

### 1.1 Socio-Economic occurrences

The following socio-economic occurrences took place during the first quarter:

- a) Senators slashed the recurrent budget ceiling of county assemblies from Ksh 35.6 billion in FY 2021/22 to Ksh 34.5 billion for FY 2022/23, a move that will affect the county lawmakers’ allowances, including foreign, local travel stipends and mileage allowances.
- b) The Energy and Petroleum Regulatory Authority (EPRA) revised the fuel prices upwards on 15 September 2022, following the partial withdrawal of fuel subsidies. Super petrol rose by 13 per cent to Ksh 179.3, diesel rose 18 per cent to Ksh 165, and kerosene rose 16 per cent to Ksh 147.94 from the August prices. The fuel price hike signalled an increase in prices of other essential commodities. Figure 1 below shows the monthly prices of petrol, diesel and kerosene during the period under review.



**Figure 1:** Monthly fuel retail prices for the period July–September 2022 in Ksh

- c) Members of Parliament (MPs) completed the repayment of Ksh 460 million earned illegally as accommodation and house allowance. The amount was recovered through deduction from salaries and allowances in order to fully comply with the court order that had directed the Parliamentary Service Commission (PARLSCOM) to recover the money;
- d) The Commission opposed a bid, in court, by outgoing county governors and their deputies to pay themselves up to Ksh 2.3 billion annually in retirement perks, citing that the payout is not sustainable and is an additional burden to taxpayers;

- e) The Kenya National Union of Teachers (KNUT) asked the Teachers Service Commission (TSC) to review the 2021-2025 Collective Bargaining Agreement (CBA) to effect a 60 per cent salary increase for the 300,000 teachers. If implemented, the lowest paid teacher would get a raise of Ksh 14,550, increasing their salary to Ksh 38,800. In addition to this, KNUT wants the government to cater for their refresher training courses, Teacher Professional Development, through the approval of Ksh 4.5 billion by parliament;
- f) SRC issued Gazette Notice numbers 8792 to 8796 on remuneration and benefits for State officers in the National and County Government;
- g) The public wage bill shot up by 5.7 per cent to hit a record Ksh 998.64 billion in the year ended 30 June 2022. This came amidst measures such as freezing of public service hiring for non-priority staff so as to tame the rising wage bill, which is inflated by allowances.
- h) The Moi Teaching and Referral Hospital signed a four-year CBA with the Kenya Medical Practitioners and Dentists Union, running from July 2022 to June 2026, hence, providing higher salaries, financial and non-financial benefits.

The above socio-economic occurrences have direct and indirect impact on factors that affect fiscal sustainability of the wage bill, as discussed in Section 4 of this wage bill bulletin.

## 2 SRC ADVICE DURING THE FIRST QUARTER OF FY 2022/2023

During the period under review, SRC received 23 requests that had a cost implication amounting to Ksh 1,949,019,947. The requests received were as follows:

- a) Salary reviews (2);
- b) Collective Bargaining Negotiations (5);
- c) Allowances and Benefits (14); and
- d) Performance bonus (2).

Out of this, SRC approved requests worth Ksh 1,611,950,575 (82.71 per cent of the total requests). Through this intervention, the Commission saved taxpayers Ksh 337,069,373.

Table 1 below shows the value of advice as a share of the requests placed by public institutions during the FY 2021/22 and FY 2022/23.

**Table 1: Cost of implementation of advice as a share of the request received in FY 2021/2022 and FY 2022/2023**

| FY           | Quarter | Value of Requests received from Public Institutions (Ksh) | Value of implementation of Commission Advice - (Amount Approved) (Ksh) | Approved advice as a share of the Request Received (%) |
|--------------|---------|---|--|--|
| 2021/22      | Q1      | 680,881,013.00  | 194,163,863.00   | 28.52  |
|              | Q2      | 18,090,117,623.50   | 1,281,498,141.50   | 7.08   |
|              | Q3      | 58,335,610.00   | 350,000.00   | 0.60   |
|              | Q4      | 924,299,176.00  | 609,621,656.00   | 65.96  |
| <b>Total</b> |         | <b>19,753,633,422.50</b>                                  | <b>2,085,633,660.50</b>  | <b>10.56</b>   |
| 2022/23      | Q1      | 1,949,019,947.05  | 1,611,950,574.55   | 82.71  |
| <b>Total</b> |         | <b>1,949,019,947.05</b>                                   | <b>1,611,950,574.55</b>  | <b>82.71</b>   |

**Source:** SRC 2022, internal data

The cost of implementing Commission advice during Q1 of the FY 2021/2022 was 28.52 per cent, while in the current financial year, the cost of the advice stood at 82.71 per cent as at the end of the first quarter. The cost implication in absolute terms is higher in FY 2022/2023 than in FY 2021/22.

Tables 2 below show the quarterly data on the value of requests received against the value of Commission's advice for FY 2021/2022 whereas Table 3 shows the breakdown of the cumulative value. The tables also show SRC's advice categorised into CBAs; Allowances and Benefits; Salary reviews; new institution advice (on applicable salary); and Bonus reviews.

**Table 2: Quarterly trend of cost of public institution requests and SRC's advice in FY 2021/2022 and FY 2022/2023**

| Requests                                | Quarter 1 (July-Sep 2021) |                    |                        | Quarter 2 (Sep-Dec 2021) |                      |                        | Quarter 3 (Jan-Mar 2022) |                |                        | Quarter 4 (Apr-Jun 2022) |                      |                        | Quarter 1 (July-Sep 2022) |                      |                        |
|---|---------------------------|--------------------|------------------------|--------------------------|----------------------|------------------------|--------------------------|----------------|------------------------|--------------------------|----------------------|------------------------|---------------------------|----------------------|------------------------|
|   | Requests (Ksh)            | Advice (Ksh)       | Advice as % of Request | Requests (Ksh)           | Advice (Ksh)         | Advice as % of Request | Requests (Ksh)           | Advice (Ksh)   | Advice as % of Request | Requests (Ksh)           | Advice (Ksh)         | Advice as % of Request | Requests (Ksh)            | Advice (Ksh)         | Advice as % of Request |
| <i>CBA's reviewed</i>                   | 178,677,648               | 0                  | 0.0                    | 16,815,268,102           | 453,892,676          | 2.7                    | 18,568,000               | 0              | 0.0                    | 924,299,176              | 609,621,656          | 66.0                   | 63,787,328                | 11,508,468           | 18.0                   |
| <i>Allowances and Benefits reviewed</i> | 308,065,025               | 23,353,400         | 7.6                    | 645,920,162              | 241,164,562          | 37.3                   | 39,600,000               | 350,000        | 0.9                    | 2,160,000                | 5,760,000            | 266.7                  | 415,915,002               | 13,431,000           | 3.2                    |
| <i>Salary reviewed</i>                  | 0                         | 0                  | 0.0                    | 628,929,360              | 586,440,904          | 0.0                    | 2,011,320                | 0              | 0.0                    | 376,087,800              | 395,466,473          | 0.0                    | -                         | 150,816,632          | 0.0                    |
| <i>New institution advice on salary</i> | 194,138,340               | 170,810,463        | 88.0                   | 0                        | 0                    | 0.0                    | 0                        | 0              | 0.0                    | 0                        | -                    | 0.0                    | -                         | -                    | 0.0                    |
| <i>Bonus reviewed</i>                   | 0                         | 0                  | 0.0                    | 0                        | 0                    | 0.0                    | 0                        | 0              | 0.0                    | 411,545,757              | 208,395,183          | 0.0                    | 1,469,317,617             | 1,436,194,475        | 97.7                   |
| <b>Total</b>                            | <b>680,881,013</b>        | <b>194,163,863</b> | <b>28.5</b>            | <b>18,090,117,624</b>    | <b>1,281,498,142</b> | <b>7.1</b>             | <b>60,179,320</b>        | <b>350,000</b> | <b>0.6</b>             | <b>1,714,092,733</b>     | <b>1,219,243,312</b> | <b>71.1</b>            | <b>1,949,019,947</b>      | <b>1,611,950,575</b> | <b>82.7</b>            |

**Source:** SRC 2022, Internal Data

**Table 3: Cumulative cost of public institution requests and SRC's advice for FY 2021/2022**

| Requests   | Cumulative for FY 2021/2022 |                       |                        |
|--|-----------------------------|-----------------------|------------------------|
|  | Value of Requests (Ksh)     | Value of Advice (Ksh) | Advice as % of Request |
| <i>CBA's reviewed</i>                                | 17,147,019,369              | 453,892,676           | 2.6                    |
| <i>Allowances and Benefits reviewed</i>              | 995,745,187                 | 270,627,962           | 27.2                   |
| <i>Salary reviewed</i>                               | 1,007,028,480               | 981,907,377           | 97.5                   |
| <i>New institution advice (on applicable salary)</i> | 194,138,340                 | 170,810,463           | 88.0                   |
| <i>Bonus reviewed</i>                                | 411,545,757                 | 208,395,183           | 50.6                   |
| <b>Total</b>   | <b>19,755,477,133</b>       | <b>2,085,633,661</b>  | <b>10.6</b>            |

**Source:** SRC 2022, internal data



### 3 PUBLIC WAGE BILL TRENDS

The Commission is constitutionally mandated to set and regularly review the remuneration and benefits of all State officers, and advise the national and county governments on the remuneration and benefits of all other public officers.

In discharging this mandate, SRC partners with public service institutions. Figure 2 below shows the quarterly wage bill trends in county governments for FY 2021/22 to the first quarter of FY 2022/23.

#### 3.1 Personnel emoluments for county governments

The Public Finance Management (PFM) Act, 2012, and the attendant Public Finance Management (Regulations), 2015, set the threshold of not more than 35 per cent of wage bill to total revenue ratio. Table 4 below shows the quarterly expenditure trends of county governments for FY 2021/2022 and FY 2022/2023.

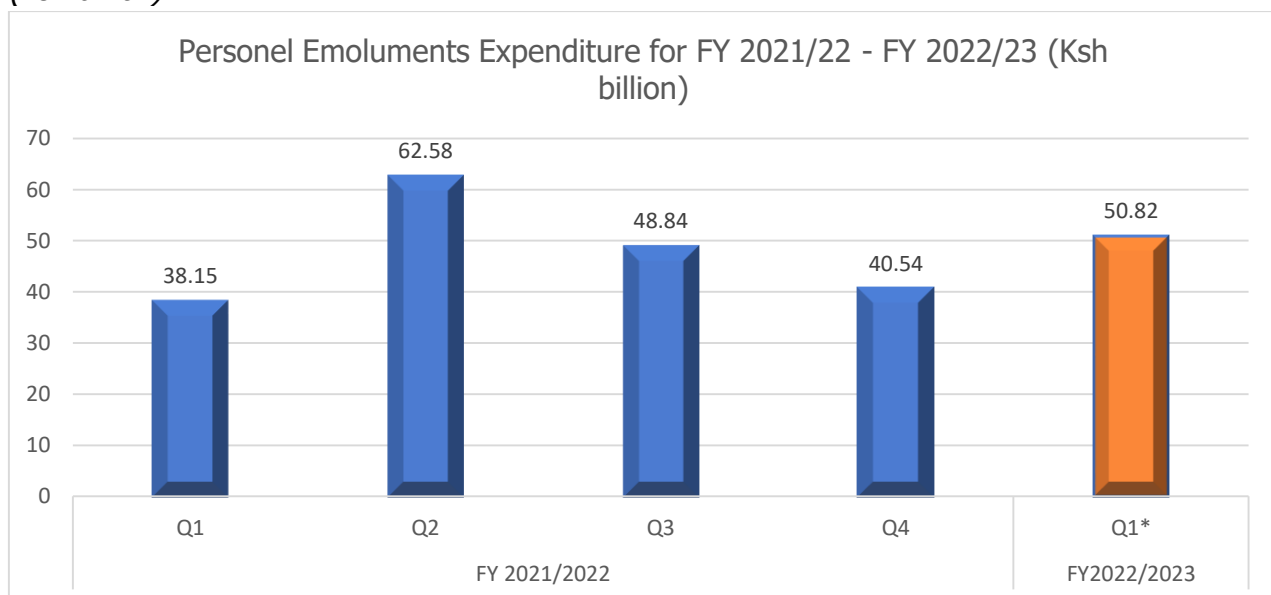
**Table 4:** County government expenditure in FY 2021/22 - FY 2022/23 (Ksh billion)

| Expenditure                | FY 2021/2022 |              |              |               | Cumulative FY 2021/22 | FY 2022/2023 |
|----------------------------|--------------|--------------|--------------|---------------|-----------------------|--------------|
|                            | Q1           | Q2           | Q3           | Q4            |                       | Q1*          |
| Development                | 3.55         | 22.38        | 18.37        | 54.17         | 98.47                 | 5.47         |
| Operations and maintenance | 11.14        | 31.72        | 30.45        | 39.07         | 112.38                | 7.68         |
| Personnel emoluments       | 38.15        | 62.58        | 48.84        | 40.54         | 190.11                | 50.82        |
| <b>Total</b>               | <b>52.84</b> | <b>116.7</b> | <b>97.66</b> | <b>133.78</b> | <b>400.96</b>         | <b>63.96</b> |
| <b>PE as a % of Total</b>  | <b>72.2</b>  | <b>53.6</b>  | <b>50.0</b>  | <b>30.3</b>   | <b>47.4</b>           | <b>79.5</b>  |

\* Implies extrapolated projections

**Source:** Office of Controller of Budget (OCOB), 2021 and 2022

**Figure 2:** Personnel emoluments expenditure for county government for FY 2021/22 – FY 2022/23 (Ksh billion)



**Source:** OCOB, 2021 and 2022

**Note:** Q1\* is a projected quarterly expenditure. The figure has been extrapolated from the performance of the first quarter of FY 2021/22

The county government wage bill for the first quarter of FY 2022/2023 is projected to have increased to Ksh 50.82 billion from Ksh 38.15 billion in the first quarter of FY 2021/22. The projection is based on the same percentage increase in the previous financial year.

During the period under review, the personal emoluments (PE), as a share of the total revenue ratio, is projected to be 79.5 per cent, which is above the recommended 35 per cent threshold. As such, county governments are advised to institute appropriate measures to ensure compliance with the PFM (County Government) Regulations, 2015, threshold on PE to revenue ratio of not more than 35 per cent, of the total revenue spent on PE.

### 3.2 Personnel emoluments for the national government

During the period under consideration, the expenditure on PE in the national government is projected to be Ksh 133.96 billion, representing a 9.1 per cent increase compared to Ksh 122.76 billion in the first quarter of FY 2022/23. Table 5 and Figure 3 below show the quarterly expenditure trends in the national government for FY 2021/22 – FY 2022/23.

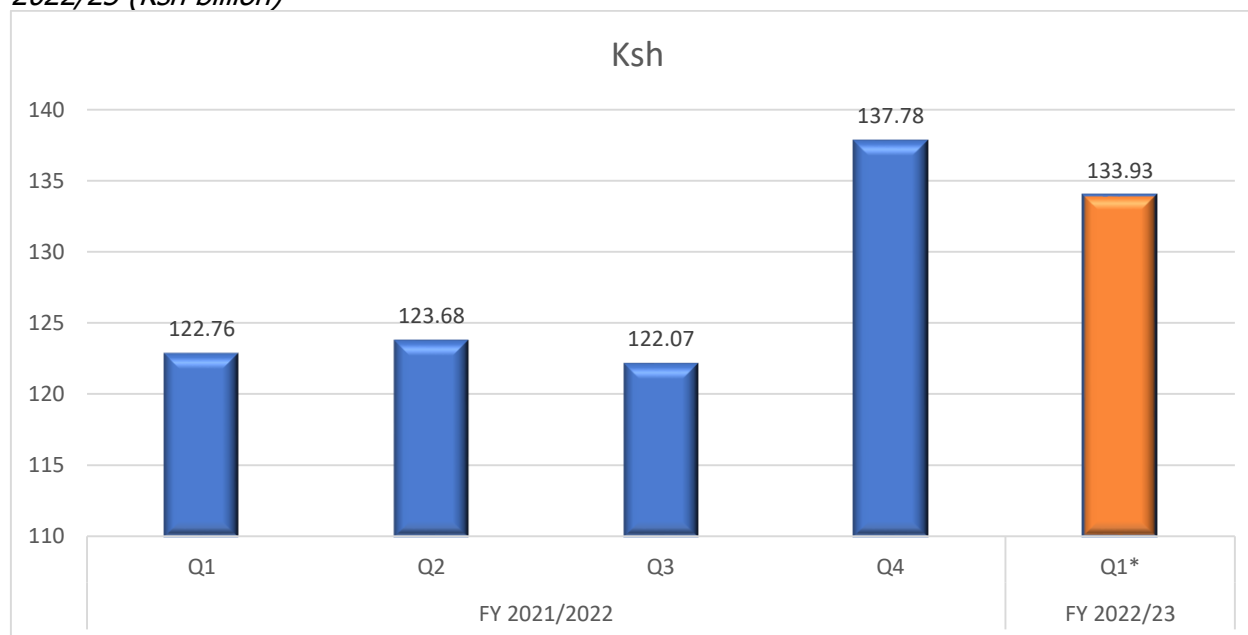
**Table 5: Quarterly national government expenditure FY 2021/22– FY 2022/23 (Ksh billion)**

| Expenditure                | FY 2021/2022  |              |               |               | FY 2022/2023  |
|----------------------------|---------------|--------------|---------------|---------------|---------------|
|                            | Q1            | Q2           | Q3            | Q4            | Q1*           |
| Development                | 112.13        | 119.11       | 86.13         | 236.00        | 157.43        |
| Operations and maintenance | 360.14        | 454.31       | 497.98        | 582.97        | 469.62        |
| Personnel Emoluments       | 122.76        | 123.68       | 122.07        | 137.78        | 133.93        |
| <b>Total</b>               | <b>595.03</b> | <b>697.1</b> | <b>706.18</b> | <b>956.75</b> | <b>760.98</b> |
| <b>PE as a % of Total</b>  | <b>20.6%</b>  | <b>17.7%</b> | <b>17.3%</b>  | <b>14.4%</b>  | <b>17.6%</b>  |

\* Implies extrapolated projections

Source: OCOB, 2021 and 2022

**Figure 3: Personnel emoluments expenditure for the national government for FY 2021/22 - FY 2022/23 (Ksh billion)**



Source: OCOB 2021 and 2022

**Note:** Q1\* is a projected quarterly expenditure. The figure has been extrapolated from the performance of the first quarter of FY 2021/22

**Table 6:** Public wage bill, nominal Gross Domestic Product (GDP), ordinary revenue, recurrent expenditure and employment trends and ratios

| Economic Indicators (Ksh Millions)                      | 2015/16   | 2016/17   | 2017/18   | 2018/19    | 2019/20    | 2020/21*   | 2021/22+   |
|---|-----------|-----------|-----------|------------|------------|------------|------------|
|   | 2016      | 2017      | 2018      | 2019       | 2020       | 2021       | 2022       |
| Compensation of Employees/Total Wage bill               | 622,269   | 670,762   | 784,526   | 851,683    | 944,890    | 998,643    | 1,055,454  |
| GDP Real/Constant Price                                 | 7,594,064 | 7,885,521 | 8,330,891 | 8,756,946  | 8,735,040  | 9,391,684  | 9,861,268  |
| Inflation Rates   | 6.3       | 8         | 8         | 5.3        | 5.4        | 6.1        | 5          |
| GDP Nominal/Current Price                               | 7,594,064 | 8,483,397 | 9,340,307 | 10,237,727 | 10,716,034 | 12,098,201 | 13,658,640 |
| Total Ordinary Revenue                                  | 1,254,790 | 1,439,570 | 1,522,276 | 1,705,094  | 1,795,977  | 1,783,778  | 2,038,678  |
| Total Revenue (Including Grants)                        | 1,512,828 | 1,661,785 | 1,804,762 | 2,042,969  | 2,255,535  | 2,268,511  | 2,281,562  |
| Total Recurrent Expenditure                             | 1,564,286 | 1,657,215 | 2,083,678 | 2,375,053  | 2,339,114  | 2,706,990  | 2,882,145  |
| Pension   | 37,500    | 53,400    | 64,000    | 65,100     | 66,400     | 87,000     | 110,300    |
| <b>Public Service Employees</b>                         |           |           |           |            |            |            |            |
| Total Public Service Employees ('000)                   | 774.7     | 833.1     | 842.9     | 865.2      | 884.7      | 923.1      | 963.2      |
| Average Monthly Gross Salary Per Employee (Ksh)         | 62,434    | 66,937    | 67,095    | 77,562     | 82,031     | 89,003     | 90,153     |
| <b>Ratios (Per Cent)</b>                                |           |           |           |            |            |            |            |
| Wage bill to Nominal GDP (Benchmark Target: 7.5%)       | 8.19      | 7.91      | 8.40      | 8.32       | 8.82       | 8.25       | 7.73       |
| Wage bill to Ordinary Revenue                           | 49.59     | 46.59     | 51.54     | 49.95      | 52.61      | 55.98      | 51.77      |
| Wage bill to Total Revenue (PFM Target: 35%)            | 41.13     | 40.36     | 43.47     | 41.69      | 41.89      | 44.02      | 46.26      |
| Wage bill to Recurrent Expenditure (PFM Target: 30%)    | 39.78     | 40.48     | 37.65     | 35.86      | 40.40      | 36.89      | 36.62      |
| <b>Growth (Per Cent)</b>                                |           |           |           |            |            |            |            |
| Growth in Wage Bill                                     | 10.13     | 7.79      | 16.96     | 8.56       | 10.94      | 5.69       | 5.69       |
| Growth in Average Monthly Gross Salary Per Employee (%) | 7.21      | 0.24      | 15.60     | 5.76       | 8.50       | 1.29       | 1.29       |
| Growth in Real GDP                                      | 86.96     | 3.84      | 5.65      | 5.11       | -0.25      | 7.52       | 5.00       |
| Growth in Ordinary Revenue                              | 12.74     | 14.73     | 5.75      | 12.01      | 5.33       | -0.68      | 14.29      |
| Growth in Total Revenue                                 | 8.33      | 9.85      | 8.60      | 13.20      | 10.40      | 0.58       | 0.58       |
| Growth in Recurrent Expenditure                         | 13.27     | 5.94      | 25.73     | 13.98      | -1.51      | 15.73      | 6.47       |
| Growth in Employment                                    | 2.72      | 7.54      | 1.18      | 2.65       | 2.25       | 4.34       | 4.34       |

\*implies provisional/estimates; +implies projections

**Source:** The Economic Survey 2020, 2021 and 2022; Budget Policy Statements 2016 – 2022

**Notes:**

- The total wage bill, GDP nominal, total revenue and total public service employees for FY 2021/22 were projected using the same growth rate as the previous year;
- The real GDP value for FY 2021/22 has been projected using a growth rate of 5 per cent as projected in the Economic Survey 2022;
- The inflation rate, total ordinary revenue and total recurrent expenditure for FY 2021/22, are as projected in the Economic Survey 2022.

## Observations

- a) The wage bill to nominal GDP ratio was 7.91 per cent in FY 2016/2017, rising to 8.82 per cent in FY 2019/2020. The ratio decreased to 8.25 per cent in FY 2020/2021 and is projected to reduce further to 7.73 per cent in FY 2021/2022. This ratio is projected to decrease towards 7.5 per cent in line with the average for developing countries, and approximately 7 per cent, which is the internationally desirable level.
- b) The wage bill to ordinary revenue ratio has been fluctuating between 46 per cent in FY 2016/2017 and 56 per cent in 2020/2021, and is projected to reduce slightly to 51.77 per cent in FY 2021/2022.
- c) The wage bill to total revenue ratio has been oscillating between 40 per cent in 2016/2017 and 44 per cent in 2020/2021, and is projected to increase to 46.26 per cent in FY 2021/2022. This implies that the ratio is projected to remain above 40 per cent in FY 2021/2022, significantly above 35 per cent, which is the recommended ratio as PFM Act, 2012, and PFM Regulations, 2015.
- d) The wage bill to recurrent expenditure ratio recorded the lowest and highest ratios in FY 2018/2019 (35.86%) and FY 2016/2017 (40.48%), respectively. The ratio is projected to reduce slightly from 36.89 per cent in FY 2020/2021 to 36.62 per cent in FY 2021/2022.
- e) The number of public service employees rose from 774,700 in 2015/2016 to 923,100 in FY 2020/2021. On average, the public service labour force grew by 4.34 per cent as at FY 2020/2021, and is projected to grow by the same rate to 963,200 employees in FY 2021/2022.

## 4 ECONOMIC INDICATORS THAT AFFECT THE SUSTAINABILITY OF THE WAGE BILL

This section presents the macroeconomic indicators that affect the public service wage bill. In particular, this section focuses on the Consumer Price Index (CPI) and inflation rate.

### 4.1 Consumer Price Index and inflation rate

The CPI is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

Changes in the CPI is used to assess price changes associated with the cost of living. The CPI increased from 125.05 in July 2022 to 125.58 in August 2022, and to 126.73 in September 2022. In comparison with the same period in the previous financial quarter, the CPI was 115.40 in July 2021, 115.70 in August 2021, and 116.10 in September 2021, respectively.

**Table 7: Consumer Price Index and Inflation Rate**

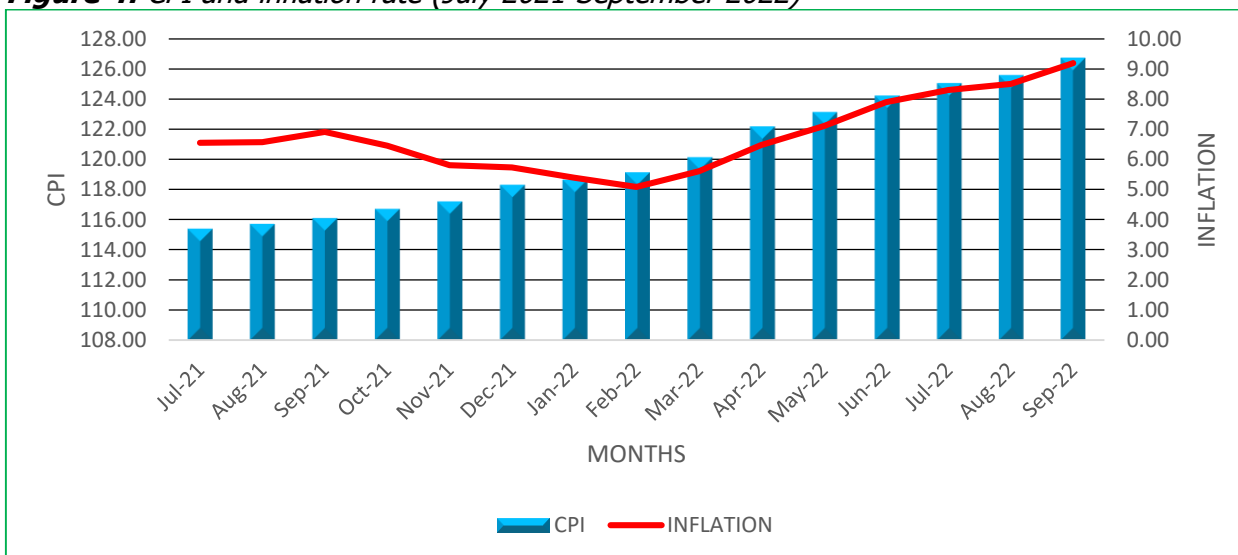
| FY 2021/2022 |           |            |                  |                  | FY 2022/2023 |            |                  |                  |
|--------------|-----------|------------|------------------|------------------|--------------|------------|------------------|------------------|
| Months       | Kenya CPI | Q. Av. CPI | M-on-M inflation | Q. Av. Inflation | Kenya CPI    | Q. Av. CPI | M-on-M inflation | Q. Av. Inflation |
| July         | 115.40    | 115.74     | 6.55             | 6.68             | 125.05       | 125.79     | 8.3              | 8.67             |
| August       | 115.70    |            | 6.57             |                  | 125.58       |            | 8.5              |                  |
| September    | 116.10    |            | 6.91             |                  | 126.73       |            | 9.2              |                  |
| October      | 116.70    | 107.87     | 6.45             | 5.99             |              |            |                  |                  |
| November     | 117.20    |            | 5.80             |                  |              |            |                  |                  |
| December     | 118.30    |            | 5.73             |                  |              |            |                  |                  |
| January      | 118.64    | 119.3      | 5.39             | 5.36             |              |            |                  |                  |
| February     | 119.13    |            | 5.08             |                  |              |            |                  |                  |
| March        | 120.14    |            | 5.60             |                  |              |            |                  |                  |
| April        | 122.17    | 123.17     | 6.47             | 7.16             |              |            |                  |                  |
| May          | 123.12    |            | 7.10             |                  |              |            |                  |                  |
| June         | 124.22    |            | 7.90             |                  |              |            |                  |                  |

**Source:** Kenya National Bureau of Statistics (KNBS) and Central Bank of Kenya (CBK) 2021 and 2022

**Key:** Q. Av. = Quarterly Average; M-on-M = Month-on-Month

Inflation is a persistent increase in the general price of goods in an economy over a given period of time. During the first quarter of the financial year, inflation was above the target range of 5 per cent, plus or minus 2.5 per cent set by the CBK. Inflation has been increasing from 8.32 per cent in July 2022, to 8.53 per cent in August 2022, to 9.2 per cent in September 2022. This is occasioned by the disruption of the global supply chains caused by the Ukraine-Russia war and the anxiety among economic actors in the country over the general elections.

The average inflation rate during the review period was 8.67, compared to an average of 6.68 per cent for the first quarter of FY 2021/22. Figure 4 below shows that inflation was fairly stable during the first quarter of FY 2021/22, compared to FY 2022/23 where inflation has been increasing at a faster rate.

**Figure 4: CPI and inflation rate (July 2021-September 2022)**


**Source:** KNBS, 2022

## 4.2 Revenue performance

The National Treasury projects that the total revenue collection for FY 2022/2023 will amount to Ksh 2,480 billion, equivalent to 17.5 per cent of GDP. Of this, ordinary revenue is estimated at Ksh 2,142 billion, equivalent to 15.3 per cent of GDP. This revenue projection is approximately Ksh 449 million higher than the total revenue collection of Ksh 2,031 billion in FY 2021/2022.

## 5 EMPLOYEES IN THE PUBLIC SERVICE

According to KNBS (2022), Kenya's total workforce stands at 12 million, with 10 million being in the informal sector. Only two million of the workforce constitute the formal sector, which comprises government civil service, staff of parastatals and the private sector employees. The share of private sector employment was 68.3 per cent in 2021, which was slightly higher than the previous year, which stood at 67.8 per cent.

Employment in the public service increased by 4.3 per cent to 923,100 employees in 2021, compared to 2.3 per cent recorded in 2020. The increase was mainly attributed to recruitment in the civil service for essential services. This shows that the public service will continue to attract skills from the labour market.

**Table 8:** Wage employment in the public service 2017 – 2021 ('000)

|   | 2017         | 2018         | 2019         | 2020         | 2021         |
|---|--------------|--------------|--------------|--------------|--------------|
| Ministries and other extra-budgetary institutions | 197.6        | 206.4        | 207.2        | 206.1        | 220.7        |
| Teachers Service Commission                       | 302.9        | 313.6        | 324.5        | 331.1        | 349.9        |
| Parastatal Bodies                                 | 110.1        | 96.7         | 96.2         | 95.7         | 96.7         |
| Corporations controlled by the government         | 47           | 47.5         | 47.3         | 47.1         | 47.5         |
| County governments                                | 175.5        | 178.7        | 190          | 204.6        | 208.3        |
| <b>Total</b>                                      | <b>833.1</b> | <b>842.9</b> | <b>865.2</b> | <b>884.7</b> | <b>923.1</b> |

**Source:** KNBS, *Economic Survey 2022*

## 6 CONCLUSION

During the period under review, the following were observed:

- a) The Commission continued to receive and review various requests on salaries and benefits from public service institutions;
- b) Revenue is projected to decline on account of economic slowdown due to the general election-related activities, which historically slows down the economic performance;
- c) The cost of living is likely to rise as a result of increase in fuel prices and the removal of fuel subsidy, hence, a likely demand for pay increase;
- d) The wage bill for national and county governments is projected to increase as a result of the creation of new offices, such as the Office of the Prime Cabinet Secretary, among others, in addition to existing ones.

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## Contact us

Salaries and Remuneration Commission  
Williamson House 6th Floor,  
4th Ngong Avenue,  
Nairobi, Kenya

P.O Box 43126 - 00100

[info@src.go.ke](mailto:info@src.go.ke)

+254 (20) 2710051/71/73/75/81

+254 736 712 864



@srckeny



@SRCKE



@salaries and Remuneration  
Commission