

The Journey Towards the Harmonisation of Public Sector Remuneration



Presentation by

Commission Secretary

Salaries and Remuneration Commission

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R e w a r d i n g p r o d u c t i v i t y

Presentation Outline

The logo for the Salaries & Remuneration Commission (SRC) is centered in the background. It features a circular emblem with the letters 'SRC' in the center, surrounded by a ring of stylized human figures in various colors (orange, yellow, red) holding hands.

- 1) Background Information
- 2) SRC Mandate and Powers
- 3) SRC Experiences
- 4) SRC Concerns
- 5) Conclusion

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Background information

- ❑ Commission inherited a Public Service remuneration structure that did not recognise/reflect productivity;
- ❑ Remuneration and benefits were set through ad hoc Committees and Commissions and undue pressure from unions;
- ❑ Many public service institutions determined their salaries independently;

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Background information cont'd

- ❑ Consequently, there was great vertical and horizontal disparity and inequity in the payment of remuneration and benefits leading to discontent and frequency of industrial unrest.
- ❑ The Government set several commissions one of which was Kipkulei the Commission that set up to facilitate harmonization of remuneration in the Public Service
- ❑ The Commission recommended the establishment of the Permanent Public Service Remuneration Review Board which was in place until the SRC was established
- ❑ The creation of SRC in the Constitution of Kenya 2010 is an effort to bring all remuneration in public service under one organ

The logo for the Salaries and Remuneration Commission (SRCC) is a circular emblem. It features a central white circle containing the letters 'SRCC' in a bold, orange font. This central circle is surrounded by a ring of orange and red segments, which are further enclosed by a larger ring of stylized human figures in shades of orange and red, suggesting a community or workforce.

Mandate and Powers of the Salaries and Remuneration Commission

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Mandate of SRC

The Salaries and Remuneration Commission (SRC) is established under chapter 12, Article 230 of the constitution of Kenya, 2010 and mandated to;

Set and regularly review the remuneration and benefits of all state officers.

Advise the national and county governments on the remuneration and benefits of all other public officers

Key Operational Principles

- Public Compensation Bill is Fiscally Sustainable (can we afford it?)
- Ability to attract and retain skill required to execute their functions! (Do we have the ability?);
- Recognition of Productivity and Performance;
- Transparency and fairness;

Salaries and Remuneration Act 2011

- (1) In addition to the principles set under Article 230 (5) of the Constitution, the Commission shall also be guided by the principle of equal remuneration to persons for work of equal value.

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The Situation Analysis

1. Unsustainable Public Sector Wage bill (11%);
2. Inability to attract and retain adequate number of competent technical and professional staff.
3. Remuneration and Benefits Practices that do not promote Productivity and Performance;
4. Unfairness and inequity
5. Remuneration Systems do not support Professional Development and Career Progression
6. Unfair, inadequate and unsustainable retirement benefits

The Situation Analysis cont...

7. Remuneration System is not aligned to the National Development Strategy;
8. Non appreciation of SRC Mandate
9. Alignment of Remuneration System to National Development Goals
Absence of a shared National Philosophy on Remuneration and Benefits

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Remuneration Setting for State Officers (Article 260)

- To address the above challenges and to ensure that the remuneration determined thereafter, is guided by objectivity, is defensible and acceptable, the SRC undertook a Job Evaluation in 2012
- Most of the state officers were interviewed, positions assessed and a relative grading structure determined from scores.
- Remuneration levels were then attached to the positions after conducting a salary survey.

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Benefits of the Job Evaluation

- The Worth of every job was determined
- Standardised grading structure that did away with Salary to Self;
- Reduction of the compression ratio from 1:57 to 1:10 from the highest to the lowest paid State Officers

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Advice to Other Public Officers:
Remuneration for other Public Officers

- ❑ The Commission has embarked on a comprehensive job evaluation for the rest of the public service.
- ❑ In the meantime, the Public service remuneration has been re-aligned;
- ❑ Public Officers (Civil Servants, Police, Prisons, and Teachers) earn comparable basic pay (basic pay, house allowance and Commuter). What differs is allowances that are unique to the institutions

Additional Efforts towards Wage sustainability

1. Advice on remuneration and benefits for the Public Officers

2. Harmonization and restoration of equity in remuneration cycle

3. Policy and legal framework – management of CBA hence reduction in industrial unrest

4. Undertaken a critical analysis of Allowances Payable to the Public Service;

5. Currently undertaking the Job Evaluation for the wider Public Service.

6. Preparation of a Remuneration and Benefit Policy



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The SRC experience

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Advice on CBA's

- SRC DOES not negotiate with Unions. However it is the responsibility of the employer to request for ADVICE from SRC;
- Advice parameters:
 - Affordability ;
 - Sustainability;
 - Impact across the rest of the institutions;
- Section 230(5) referencing the principles

Procedure laid down by SRC

- A copy of Union Demands
- Management recommendations;
- Justification of the recommendation;
- CBA's being implemented currently;
- **BEFORE ANY COUNTER OFFERS BY MANAGEMENT, SRC ADVICE SHOULD BE SOUGHT;**

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SRC's Experience

- Employers relegating their responsibility to SRC!
- Negotiated CBA's presented to SRC;
- Registration of CBA's without reference to SRC;
- Court Battles challenging the validity of ADVICE from SRC.
- Misunderstanding of SRC's Role;



The OUTCOMES

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Results -1

- Decisions made by the Industrial Court has a Effect to the Economy.
- Specifically, it will have an impact on the wage bill leading to disharmony.
- Every award granted will affect “Status Quo”;
- Before any payment is made consideration must be made on the sources of revenue.

Results -2

- Current Wage Bill Kshs 630 billion from 568 in 2014/15;
 - Further adjustment due to current clamours will worsen the wage bill (61% of Revenue Collected)
 - This is 52% of Domestic Revenues Collected
 - 10% of GDP against best practice of 5-7%
 - 1.5% of population Consuming more than half of revenue collections:
-
- **Public sector stands about 700,000**

Our Concerns

- Un competitive Labour Market;
- Reduction on Development agenda for the Country;
- Productivity is not growing as fast as wage increases;
- Public Sector has become an employer rather than a service provider;
- Constraint the Private sector

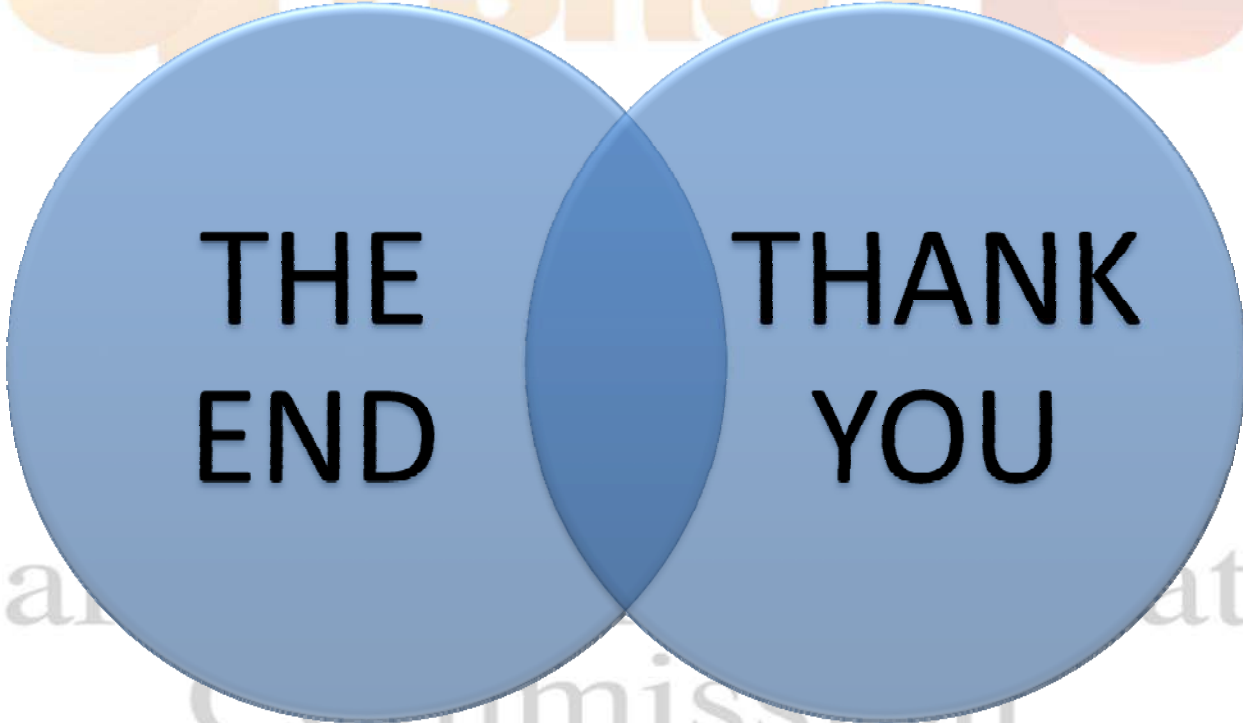
Next Steps

- Complete the ongoing Job Evaluation:
- Develop a grading structure
- Undertake a salary survey
- Determine revised job values
- End date for Job evaluation is estimated at June 30th 2016.
- Implementation of Job Evaluation Results

CONCLUSION

- The Commission will appreciate the Professional continuous support as our ambassadors;

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