



Salaries & Remuneration  
Commission  
Rewarding productivity

**PRESENTATION TO;**

**THE PUBLIC SERVICE COMMISSION  
CAPACITY ASSESSMENT EXERCISE**

**2<sup>nd</sup> December, 2015**

## Contents

- 1) Background information
- 2) Introduction
- 3) Facts about Kenya's economy
- 4) SRC efforts towards wage sustainability
- 5) Challenges
- 6) Conclusion



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3

## Background information

- ❑ Prior to establishment of SRC, Remuneration and benefits were set through ad hoc Committees, Commissions and undue pressure from unions;
- ❑ Many public service institutions determined their salaries independently;
- ❑ Consequently, there was great vertical and horizontal disparity and inequity in the payment of remuneration and benefits leading to discontent and frequent industrial unrest.



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4

## Background information conti..

- ❑ The Government set several commissions one of which was the Kipkulei Commission that was 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 establishment of the SRC.
- ❑ The creation of SRC in the Constitution of Kenya 2010 therefore, was an effort to bring all remuneration in public service under one body.

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5

## Introduction

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 servants.



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6

## Functions:

In addition to the powers and functions provided in the Constitution, the SRC Act, 2011, Section 1, states that the Commission shall:

- Inquire into and advise on the salaries and remuneration to be paid out of public funds;
- Keep under review all matters relating to the salaries and remuneration of Public Officers;
- Advise the national and county governments on the harmonization, equity and fairness of remuneration for the attraction and retention of requisite skills in the public sector;



## Functions... (cont'd)

- Conduct comparative surveys on the labour markets and trends in remuneration to determine the monetary worth of the jobs of Public Officers;
- Determine the cycle of salaries and remuneration review upon which Parliament may allocate adequate funds for implementation;
- Make recommendations on matters relating to the salary and remuneration of a particular State or Public Officer;





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8

## Functions... (cont'd)

- Make recommendations on the review of pensions payable to holders of Public Offices; and
- Perform such other functions as may be provided by the Constitution or any other written law.





9

## Constitutional principles of remuneration setting

To ensure  
wage bill is  
sustainable;

The need  
to ensure  
right skills  
are  
attracted  
and  
retained;

To recognize  
productivity  
and  
performance;

Transparen  
cy and  
fairness



# Facts about Kenya's economy

	2012/13	2013/14	2014/15	2015/16
Wage Bill (Kshs billion)	464.9	521.6	568	627
Growth in Wage Bill (%)		12.2	8.9	10.4
Ordinary Revenue (Kshs billion)	779.4	919	1,068.6	1,242.7
Growth in Ordinary Revenue (%)		17.9	16.3	16.3
Nominal GDP (Kshs billion)	4,506.2	5,051.6	5,719.1	6,520.5
Growth in Nominal GDP (%)		12.1	13.2	14.0

*Source: National Treasury Budget Policy Statement, 2015*



11

## Trends in Public Sector Wage Bill (Kshs. Billion)

	2008/09	2010/11	2012/13	2013/14	2014/15	2015/16	Desirable Levels
<b>Wage Bill: GDP ratio</b>	<b>10.7</b>	<b>11.3</b>	<b>12.3</b>	<b>12.5</b>	<b>9.9</b>	<b>11.0</b>	<b>7%</b>
<b>Wage Bill: Revenue Ration</b>	<b>49.3</b>	<b>47.1</b>	<b>51.2</b>	<b>50.7</b>	<b>52.3</b>	<b>49.1</b>	<b>35%</b>
<b>Source: Treasury</b>							



## Public Service wage bill

- ❑ The public sector is the largest employer in Kenya with an estimated 700,000 employees;
- ❑ The country's remuneration policy therefore, has critical fiscal implications on the budget as the wage takes the largest proportion.
- ❑ The wage bill to revenue ratio is estimated at 52% which is higher than the desirable level of less than 35%
- ❑ The size of the wage bill has a direct impact on the performance of the national economy

# Effects of unsustainable wage bill

- Threat to sustainable government expenditure
- Hindrance to investment
- Leads to debt financing
- Affects economic growth



# SRC efforts towards Wage sustainability



## Job Evaluation for State Officers

- ❑ The Job Evaluation was conducted in 2012 covering over 3000 state officers
- ❑ All the state officers were interviewed, positions assessed and hierarchical order determined from scores.
- ❑ Remuneration levels were then attached to the positions
- ❑ JE determines job worth of the positions and not the occupants





## Job Evaluation for Other Public Officers

- ❑ The Commission has embarked on a job evaluation exercise for the entire public service.
- ❑ The exercise aims **to streamline** the public service sector, and also support the **government's transformation strategy** thus improving its performance and service delivery, a critical ingredient for sustainable wage bill
- ❑ The objective of JE is to determine the **relative worth of jobs**
- ❑ The job evaluation is expected to structurally set ***equal pay for work of equal value*** in the public service across all cadres
- ❑ This exercise commenced in March this year (2015) and expected to be concluded by March 2016.



## Job Evaluation conti..

- In order to manage the exercise better, all public institutions have been clustered into 7 sectors;
  - The Civil Service (18 institutions)
  - Commercial & Strategic state corporations (87 institutions)
  - Service & Regulatory state corporations (55 institutions)
  - Research, Public & Tertiary educational institutions (45 Institutions)
  - Constitutional commissions, Independent offices & teaching services, (17 Institutions)
  - Disciplined services, (7 Institutions) and;
  - County Governments. (47 Counties)



18

## Others

- Developed a Remuneration and Benefits Policy
- Setting and harmonization of remuneration benefits levels for state officers
- Advice on remuneration and benefits for the Public Officers
- Harmonization and restoration of equity in remuneration cycle
- Policy and legal framework – management of CBA hence reduction in industrial unrest
- Stakeholders engagement and public participation
- Harmonised four key allowances payable in Public Service out of 150



19

## Challenges

- Sustainability of the wage bill
- Public sector culture
- Low productivity
- Clamor for higher pay without commensurate productivity
- Persistent threat of industrial unrest
- Proliferation of allowances
- Inadequate compliance
- Court litigation
- Expansion of public sector (County and National Government)



## Conclusion

- There is need for consensus building and pulling together by all arms of Government, all public service and the general public to address the economic development of any country and bring out the gravity of the wage-bill issue and appreciation of the impact on the economy.
- SRC work really is to ensure that all arms of Government deliver to the people of Kenya the Constitutional promise on economic and social rights under Article 43.



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THE  
END

THANK  
YOU