SRC

Salaries And Remuneration Commission Report

2011-2017

Rewarding Productivity

Salaries & Remuneration Commission

Salaries & Remuneration Commission

SRC 2011-2017 Report

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Abbreviations and Acronyms

AFPRB	Armed Forces Pay Review Board
CASB	County Assembly Service Board
CBA	Collective Bargaining Agreement
CECs	County Executive Committees
CEO	Chief Executive Officer
COTU	Central Organisation of Trade Unions
CPMU	Central Planning and Monitoring Unit
CPS	Certified Public Secretary
CPSB	County Public Service Board
CRA	Commission on Revenue Allocation
CUEA	Catholic University of Eastern Africa
DIT	Directorate of Industrial Training
DSA	Daily Subsistence Allowance
EAC	East African Community
EACC	Ethics and Anti-Corruption Commission
EBS	Elder of the Order of the Burning Spear
ESAMI	Eastern and Southern Africa Management Institute
FKE	Federation of Kenya Employers
GDP	Gross Domestic Product
HELB	Higher Education Loans Board
HRRS	Human Resource Softpay System
HSC	Head of State Commendation
ILO	International Labour Organisation
IMF	International Monetary Fund
IPPD	Integrated Payroll and Personnel Database
JAQs	Job Analysis Questionnaires
JATs	Job Analysts
JDs	Job Descriptions
JSC	Judicial Service Commission
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KNUT	Kenya National Union of Teachers
KUDHEIHA	Kenya Union of Domestic, Hotels, Education & Allied Workers
KUPPET	Kenya Union of Post Primary Education Teachers
MBA	Master of Business Administration
MBS	Moran of the Burning Spear
MCAs	Members of County Assemblies
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NITA	National Industrial Training Authority
NPSC	National Police Service Commission
NT	National Treasury
NWCPC	National Water Conservation and Pipeline Corporation
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OECD	Organisation for Economic Cooperation and Development
OP	Office of the President
Parlscom	Parliamentary Service Commission
PhD	Doctor of Philosophy
PPSRRB	Permanent Public Service Remuneration Review Board
PRP	Performance Related Pay
PSC	Public Service Commission
PUSETU	Public Service Trade Unions
TSC	Teachers Service Commission
TUC	Trades Union Congress

Foreword

Six years ago, the first team of Commissioners was sworn into office and immediately set out on uncharted waters of the Salaries and Remuneration Commission unpacking the loaded statement of our mandate. The journey later proved to be extremely turbulent, yet exciting.

Six years down the line, I must confess that we successfully mapped the SRC route, stayed the course and conquered the many challenges we encountered along the way.

We traversed the length and breadth of our country, all the 47 counties, preaching the message of unsustainable wage bill and its effects on the economy. We sensitised the citizens on the relationship between the wage bill and personal tax. As a result, SRC became a household name. Besides the Constitution, the people of Kenya and the media became our great partners and defended our mandate whenever it came under threat.

As a pioneer team, we are leaving the SRC heads up, knowing that we did what was humanly possible and hand over the button of leadership to the next team. We believe that the SRC will continue to play its role as stipulated in articles 230 and 249 of the Constitution and other applicable laws, and strive to maintain a sustainable wage bill.

This report, therefore, documents the achievements and challenges the Commission faced over the six years. Indeed, major progress has been made to ensure equitable compensation to public servants within the confines of a fiscally sustainable wage bill. The Commission's achievements include job evaluation for all State and Public Officers, and development of Remuneration and Benefits Policy and Study on Allowances.

I, therefore, call upon all Kenyans to promote constitutionalism to achieve a fiscally sustainable public wage bill and safeguard progress made in the management of remuneration and benefits for the Public Service.

To the incoming Commissioners, I urge you to build on the foundations made by the pioneer Commissioners in sustaining transparency and fairness, and recognition of productivity and performance as a key pillars in the wage bill management.

Sarah J.C. Serem, EBS
CHAIRPERSON, SALARIES AND REMUNERATION COMMISSION

Acknowledgements

The development and subsequent publication of the Salaries and Remuneration Commission Report (2011–2017) has been made possible through the participation of many individuals and key institutions.

We acknowledge the SRC Chairperson, Commissioners and Commission Secretary/CEO for providing the overall leadership in the preparation of this report. We are particularly grateful for the expert advice whose quality assurance was critical in making the report technically sound.

Special thanks to the technical committee which comprised Ali Chege, Dr Hilary Patroba, George Okioma, Michael Rotich, Wanjira Wairegi, Samuel Makori, James Sitienei and Purity Njeru.

We also appreciate the Secretariat team from all the Directorates and Departments who contributed through research and developing of drafts for this important SRC publication.

Finally, we thank the Kenya Yearbook Editorial Board team led by Edward Mwasi and Wainainah Kiganya, who worked hand in hand with our technical team, even with the very constrained timelines they had to deliver this report in a readable and aesthetically appealing form, and professionally printed.

Word from the Commission Secretary and Chief Executive Officer

The establishment of the Salaries and Remuneration Commission (SRC) set a new dawn in the Management of salaries and benefits in the Public Service. It is an open secret that since the country's independence, pay and allowance disparities were rife in the Public Service and had remained unchecked over the years.

The situation was occasioned by the presence of several institutions mandated to set salaries in different sectors of the Public Service. This led to devastating consequences, which included discontent, low morale and mass exodus of professionals seeking better terms in other sectors both within and outside the country and poor service delivery to Kenyans.

The SRC was handed the onus to bring sanity in the management of salaries and benefits in the entire Public Service. Expectations from all Kenyans were high that SRC would execute its mandate professionally and immediately restore sanity by creating rationalised, harmonised and defensible salary structures across the Public Service.

To fully understand SRC's expansive mandate, one must also appreciate the four principles enshrined in in Article 230 (5) of the Constitution. These constitutional ground rules have guided the Commission every step of the way in its endeavours to tackle the ills that bedeviled the Public Service salary structures and the threats of a bloated wage bill which impact negatively on the economy.

Over the last six years, the Commission, in the execution of its mandate, has devised various strategies and policies used to address concerns and issues relevant in managing salaries and benefits. In its formative years, the SRC immediately embarked on measures to ensure a fiscally sustainable wage bill by first initiating a national dialogue on the need for Kenya to keep its bloated wage bill in check.

The overwhelmingly positive feedback from the stakeholders' engagement formed part of the information used in the development of the Public Sector Remuneration and

Benefits Policy launched by President Uhuru Kenyatta in June, 2015. All flagship projects of the Commission thereafter, have continued to be anchored on this policy, key among them being the job evaluation for all public officers' jobs in the entire Public Service.

It is, however, important to note that prior to the development of the policy, the Commission in 2012 had conducted the job evaluation for all State Officer jobs (as defined in Article 260 of the Constitution). The exercise was the basis for developing a rationalised and harmonised job grading and salary structure in readiness for the State Officers that would take office after March, 2013.

The Commission, with the support of a highly competent secretariat, has continued to conduct in-depth and extensive research which have aided it in making decisions and advising the Public Service.

Such research includes a comparative study on the private-public sector wage differentials, the rationale for review of the collective bargaining agreement cycle from two to four years, and comprehensive comparative analysis with other world economies, East African countries and the economic simulation of the Kenyan macro-economic situation in the determination of remuneration and benefits. This report documents all these and other activities that the Commission has undertaken since 2011.

As we bid this Commission farewell, I thank the Chairperson, Commissioners and the Secretariat staff for their collective effort in propelling the SRC towards meeting its mandate. I am also deeply indebted to all our stakeholders for their unwavering support in the fulfilment of the Commission's mandate.

Anne R. Gitau (Mrs)
Commission Secretary/CEO

Chapter One

1. INTRODUCTION

1.1 Background

Historically, public service compensation was hampered by uncoordinated initiatives, competing demands on utilisation of public revenues, and weak legal and institutional frameworks, among others. This resulted in great vertical and horizontal disparities in salaries, inequities leading to discontent and frequent industrial unrest, and unsustainable wage bill in the public sector. Previous attempts at ensuring equitable wage compensation and sustainable public wage bill were unstructured with limited impact on affordability and competitiveness.
Various interventions towards ensuring equitable and fiscally sustainable wage bill can be traced back to Kenya's independence. Since 1960, there have been several public pay review commissions and committees, some of which are shown in Table 1.1.

Owing to the limited mandate of the foregoing commissions and committees, they only addressed remuneration and benefits in select sectors and subsectors of the Public Service hence perpetuating the disparities in remuneration. Further, they were ad hoc in nature and constituted in response to pressure from workers to address specific components of remuneration.

The absence of a holistic approach led to substantial differences in salaries, allowances, other benefits and grading resulting in discontentment, low morale and inefficiencies in the Public Service.

Out of the previous efforts to address remuneration in the public sector, the Kipkulei Harmonisation Commission took a more comprehensive approach. It recommended, among others, development of a pay policy that would provide a transparent, unified and harmonised framework for determining pay and establishment of a central pay determination body.

1.2 Permanent Public Service Remuneration Review Board

The Permanent Public Service Remuneration Review Board (PPSRRB) was established as an institution in the Public Service vide Gazette Notice No. 7941 dated November 7, 2003. Members of the Review Board included: Permanent Secretary/Secretary to the Cabinet and Head of the Public Service; Attorney General; Permanent Secretary in the Ministry of State for Public Service; Permanent Secretary in the Ministry of Finance; Secretary of the Public Service Commission; Clerk to the National Assembly; Registrar, Judicial Service Commission; Secretary, Teachers Service Commission; Inspector General, State Corporations; and a representative of the disciplined forces nominated by the Chief of General Staff. The Board also included a representative of public universities nominated by the Minister for Education, three private sector representatives representing the labour, industries and commercial and manufacturing enterprises in addition to a secretary to the Board.

The mandate of the Board was to review and harmonise pay and benefits for public servants and advise the Government on remuneration issues in the Public Service. The objective was to institute a harmonised, competitive and sustainable remuneration system in the entire Public Service in order to attract and retain the best staff for Public Service, for enhanced productivity and efficiency in service delivery and development of the country.

In an effort to attract, motivate and retain a skilled workforce for improved performance and service delivery and the achievement of Vision 2030, the Board presented to the Government seven reports on harmonisation of remuneration in the Public Service between 2004 and 2011. The reports contained the analysis of the prevailing situation relating to the

Table 1.1: Major public pay review commissions and committees since 1960

Year	Chair	Scope
1960	Sir Gilbert Fleming	Public service of the East African Territories and the East African High Commission
1963	L.J. Pratt	Public Services, teaching staff and public sector
1967	H. Millar-Craig	Public Service professional and technical personnel
1970/71	D.N. Ndegwa	Public Service structure and remuneration
1979/80	S.N. Waruhiu	Public Service harmonisation with other services/ and the private sector
1985	T. J. Ramtu	Public Service schemes of service for all civil servants
1987/88	S.H. Ominde	Police and prisons officers
1990	P.M. Mbithi	Public Service
1992	E. Kotut	Judiciary
1995	W.O. Omamo	Local Authorities
1996/97	K. Ng'eny	Police and National Youth Service
1996	P. Nyakiamo	National Assembly
1997	P.M. Munene	Public Service
1997	E. Mwakio	Public University staff
1998/99	B.K. Kipkulei	Public Service pay and benefits structures

remuneration in the Public Service and provided recommendations on how to improve remuneration levels and subsequently service delivery in the entire service.

Key recommendations included:

a) Development of a pay policy for the Public Service to provide a framework and guide the determination of remuneration in the Public Service;
b) Harmonization of remuneration in all sub-sectors of the Public Service;
c) Development of a remuneration review framework to facilitate the institutionalisation of remuneration reviews in the Public Service;
d) Development of guidelines for negotiation in collective bargaining in the Public Service to streamline the negotiation process of terms and conditions of service;
e) Development of a remuneration data capture and monitoring information system and standard instrument for obtaining the required information from Public Service organisations; and
f) Establishment of a central remuneration body anchored in the Constitution to handle remuneration matters in the public sector.

Implementation of the recommendations of the Board was, however, hampered by lack of a legal framework. The process of developing a legal framework started from 2004 and culminated in the establishment of the Salaries and Remuneration Commission under the new Constitution of Kenya, 2010. Upon the promulgation of the Constitution, SRC took over the functions of the Board.

The Commission took into account key recommendations made by the Board, some of which have informed the various interventions made by the Commission relating to remuneration in the public sector.

1.3 Salaries and Remuneration Commission

The Salaries and Remuneration Commission SRC was established by the Constitution of Kenya 2010 by the people in their bid to harmonise salaries and benefits in the public sector (state offices included) within the context of fairness across the board. The Commission is established under Article 230 of the Constitution of Kenya 2010 with the mandate to:

a) Set and regularly review the remuneration and benefits of State Officers; and
b) Advise the national and county governments on the remuneration and benefits of all other Public Officers.

Article 230 (5) of the Constitution obligates the Commission to take into account the following principles:

a) The need to ensure that the total public compensation bill is fiscally sustainable;
b) The need to ensure that public services are able to attract and retain the skills required to execute their functions;
c) The need to recognise productivity and performance; and
d) Transparency and fairness.

Further, the SRC Act 2011 provides additional powers and functions to the Commission.
The Commission's main focus is to ensure equitable compensation to public servants, while ensuring that the public wage bill is fiscally sustainable. This implies a responsibility to institute positive actions to ensure public compensation is equitable, competitive and affordable and that more resources are channelled towards other development needs.

As a Chapter 15 Constitutional Commission, SRC is, therefore, at the very center of national values, democratic governance, and accountability, three of the key pillars of the Constitution. Indeed the general constitutional mandate of all commissions as prescribed by Article 249 is to protect the sovereignty of the people, secure the observance by all state organs of democratic values and principles, and to promote constitutionalism.

1.4 Vision, Mission and Core Values

The constitutional doctrines are exemplified in the Vision, Mission, and Core Values of the Commission as follows:

Vision

An equitable, competitive and sustainable remuneration for public officers in Kenya.

Mission

To set, review and advise on equitable, competitive and sustainable remuneration and benefits through research and analysis.

Core values

i. Objectivity: The Commission is committed to discharge its mandate without favour or self-interest and its actions shall be guided by set standards, policies, rules and regulations.
ii. Integrity: The Commissioners and staff of SRC ascribe to high standards of personal ethics and integrity in the conduct of the Commission affairs.
iii. Accountability: The Commission shall remain accountable to its stakeholders and will accept responsibility for its decisions and actions.
iv. Responsiveness: In discharge of its functions, the Commission is committed to responding to stakeholders needs in a timely manner.
v. Team work: The Commission's internal stakeholders shall work as a team and nurture a performance driven culture.
vi. Creativity and innovation: The Commission values novelty, creativity and improvement. It is committed to tracking global trends in remuneration setting and to actively improve its programmes and service delivery.
vii. Inclusiveness: In discharging its functions, the Commission endeavours to engage its stakeholders.

1.5 Membership of the Salaries and Remuneration Commission

The Commission comprises of persons appointed by the President and include a Chairperson and one member each nominated by the following bodies as outlined in Article 230 (2) of the Constitution the Parliamentary Service Commission, the Public Service Commission, the Judicial Service Commission, the Teachers Service Commission, the National Police Service Commission, the Defence Council, and the Senate. The Commission also includes one person each nominated by; an umbrella body representing trade union, an umbrella body representing employers and joint forum of professional bodies as provided by legislation. One person each nominated by the Cabinet Secretary responsible for Finance, the Public Service and the Attorney General. The nominee by the Cabinet Secretary for Public Service should have experience in human resources in the public service.

The first Chairperson and Members of the Commission were appointed in 2011, and are as follows:

(i) **Mrs. Sarah J. C. Serem, EBS (Chairperson):** holds a Master of Business Administration (MBA) in Human Resource Management and a Bachelor of Arts degree (Sociology & Political Science), both from the University of Nairobi. An experienced HR practitioner, Sarah, has over 30 years' experience in human resource management. Prior to her current appointment, Sarah worked at Kenya Post Office Savings Bank for over 20 years as Head of Human Resource. She also serves as a council member of University of Eastern Africa, Baraton and a Board member of Adventist Development and Relief Agency (ADRA), Somalia and International. ADRA is one of the leading non-governmental relief and development agencies in the world, operating in over 120 countries.

(ii) **Daniel O. Ogutu, MBS (Vice Chairperson):** He holds an MBA from Eastern and Southern Africa Management Institute (ESAMI) and Maastricht School of Management, and a Bachelor of Education degree from Kenyatta University. He has over 20 years of working experience in human resource management and development. Mr. Ogutu was nominated by the Public Service Commission.

(iii) **Anne E. Owuor, HSC:** She has a Master of Science degree in Audit Management & Consultancy and a Post Graduate Diploma in Audit Management & Consultancy, both from the University of Central England, Birmingham. She is a Certified Public Accountant, a Fellow of Institute of Certified Public Accountants of

Kenya (ICPAK), a Certified Internal Auditor and has Certification in Risk Management Assurance. Mrs. Owuor is in the Programme Oversight Committee on the Global Accountancy Development of the Global International Federation of Accountants. She retired from Kenya Power in 2015, having worked for 25 years in different managerial positions in Finance, Internal Audit and Commercial Services as well as being the Gender Coordinator. She has also worked in the Office of the President (OP), Public Service Commission (PSC), and served as a member of the International Public Sector Accounting Standards Board. Mrs. Owuor was nominated by the Institute of Certified Public Accountants of Kenya.

(iv) **Isaiah Kubai, MBS:** He holds a Bachelor of Law degree from the University of Nairobi (2005), and a Diploma in Law from the Kenya School of Law (2007). He also has a diploma in Social Science (Industrial Relations) from Ruskin College, Oxford (1983). He is a lawyer by profession, with a bias in industrial law, and has been a practising advocate of the High Court of Kenya since 2008. Alongside his responsibilities as a Commissioner, Mr. Kubai has been a board member of Central Organisation of Trade Unions (COTU) since 2003, a teacher of paralegal training for trade unions since 2005, a council member in the Directorate of Industrial Training (DIT) since 2001, and a member of several banks and other financial institutions. Mr. Kubai was nominated.

(v) **Jacqueline Mugo, MBS:** She holds a Bachelor of Law degree (LLB, Hons) from University of Nairobi. She is the Executive Director/Chief Executive of the Federation of Kenya Employers (FKE), and an advocate of the High Court of Kenya. Mrs. Mugo serves as Secretary General Business Africa, and is a member of the Governing Body of the International Labour Organisation (ILO), the International Organisation of Employers, Trustee National Social Security Fund, Higher Education Loans Board (HELB) and National Industrial Training Authority (NITA). She has over 30 years of experience in senior executive positions in the public and private sectors. Mrs. Mugo was nominated by FKE.

(vi) **James Muhoro, OGW:** He has a Bachelor's degree in Literature in English, Political Science, and Philosophy from University of Nairobi. He joined the Civil Service (Provincial Administration) in 1978, rising to the position of District Commissioner. Mr Muhoro moved to the Central Government in 1991 as Senior Assistant Secretary and rose to the position of Senior Deputy Secretary. In his wide career of service, he served as Ag. Director of Kenya Marine and Fisheries Research Institute (KMFRI), Mombasa, from 1999 to 2000. He helped in the setting up of the Interim Independent Electoral Commission from 2009 to 2010, as the Chief Executive Officer; and the National Police Service Commission from 2012 to 2013. Mr. Muhoro was nominated by the National Police Service.

(vii) **Jason Namasake, MBS:** He holds a Bachelor of Law degree (LLB, Hons) from the University of Dar-es-Salaam, and a Master's degree (LLM) from the University of London. He is an advocate of the High Court of Kenya and a lecturer at the Catholic University of Eastern Africa (CUEA). Previously, Mr. Namasake worked at FKE for 26 years, where he served in the Task Force Reviewing Labour Laws in 2000. He was also a member of the Akiwumi Tribunal to review the terms and conditions of service for members of Parliament and staff of the National Assembly in 2009, and lectured at the University of Nairobi (1974-1980). Mr. Namasake was nominated by the Senate.

(ix) **Kamau Thugge, PhD, CBS:** He holds a Doctor of Philosophy (PhD) in Economics degree and a Master of Economics degree, both from John Hopkins University; and a Bachelor of Arts (Economics) degree from Colorado College, USA. Dr. Thugge is currently the Principal Secretary at the National Treasury. He has previously worked in the Ministry of Finance as Head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance, he worked with the International Monetary Fund (IMF) as Economist/Senior Economist and Deputy Division Chief.

(x) **Njee Muturi, CBS:** He holds a Bachelor of Law degree (LLB, Hons) from Poona University, Symbiosis College, and Bachelor of Arts (Economics & Political Science) degree from Poona University, Nowrosjee Wadia College, India. Mr. Muturi is currently the Solicitor General. Previously, he was a partner at Muturi, Gakuo & Company, worked at the Office of Deputy Prime Minister as Director-Coordination, and as the Executive Director of KANU.

(xi) **Hon. Peter O. Aringo, EGH:** He holds a Master's degree from the University of Toronto, Canada. He has held senior public service positions in Government including Assistant Minister for Education, 1979-1980; and Cabinet Minister in the Ministries of Information and Broadcasting, 1980-1982; Environment and Natural Resources, 1982; Labour, 1985-1986; Education, 1986-1991; and Manpower Development, 1991. Mr. Namasake was nominated by Parliamentary Service Commission.

(xii) **Brig. (Rtd) Samuel N. Kirugi, MBS:** He holds a Master's and a Bachelor of Education degree, both from the University of Nairobi. He retired from the Kenya Defence Forces in January 2004 after 25 years of service, having gained wide experience in command, training, logistics and human resource administration for which he was awarded the Moran of Burning Spear (MBS) in 1994. Since retirement, he has worked with the Armed Forces Pay Review Board (AFPRB). Brig. (Rtd) Kirugi was nominated by Defence Council.

(xiii) **Sellestine Kiuluku, MBS:** She holds a Master's degree in Business Administration (Strategic Management) from ESAMI and Maastricht School of Management-Netherlands, a Bachelor of Education degree from Kenyatta University and is a Certified Public Secretary (CPS-K). She has worked as the Director of Human Resources and Administration at Independent Electoral and Boundaries Commission (IEBC), Director of Human Resources and Administrative Services with the Nairobi Water Company, and Chief Human Resources and Administration Manager with the National Water Conservation and Pipeline Corporation (NWCPC) among others. Mrs. Kiuluku was nominated by Judiciary.

(xiv) **Serah Kinyua, HSC:** She holds a Master's degree in Public Administration (MPA) from University of Connecticut-USA and Bachelor's degree in Literature in English, Political Science and Philosophy from Makerere University. She served as the Chief Human Resource Manager at the Teachers Service Commission (TSC) between 1997 and 2002. She has also served at the Task Force Reviewing Labour Laws representing the teaching service. Mrs. Kinyua was nominated by Teachers Service Commission.

Nominees by the Cabinet Secretaries

i) **John Gechaga**
ii) **Francis Anyona**
iii) **Christine Agimba**

1.6 Commission Secretaries

(i) **Anne R. Gitau:** is the current Commission Secretary and CEO, having been appointed in June 2015. She served as the Deputy Commission Secretary from May 2012 to March 2014, and was appointed as the Ag. Commission Secretary in March 2014. Anne has a Master's Degree in Business Administration from the University of Nairobi and a Bachelor of Education degree from Egerton University. She is currently pursuing a PHD in Business studies at the University of Nairobi, School of Business. Previously, Anne worked at the Higher Education Loans Board (HELB), Industrial Development Bank, and Hawkins Associates.

(ii) **Grace Otieno:** She was the first Commission Secretary and CEO from February 2012 to March 2014. Grace holds a Master's degree in Public Management from the (Maxwell School of Citizenship and Public Affairs) Syracuse University New York, USA; and a Bachelor of Arts degree from the University of Nairobi. She is also a Certified Public Secretary, Kenya (CPSK). Mrs. Otieno has a wealth of experience in labour relations and Human Resource Management, having worked for 32 years in the Civil Service.

1.7 Organisational Structure

The Head of the Commission is the Chairperson supported by the Commissioners.. Article 250(12) of the Constitution grants the Commission the authority to appoint a Secretary/Chief Executive Officer of the Commission.

The Commission is structured into Directorates and Departments that offer professional and technical support services as follows:

(i) Directorate of Remuneration Analysis;
(ii) Directorate of Research, Compliance, Policy and Planning;
(iii) Directorate of Corporate Services;
(iiii) Department of Internal Audit and Risk Management;
(v) Department of Corporate Communication; and
(vi) Department of Legal Affairs.

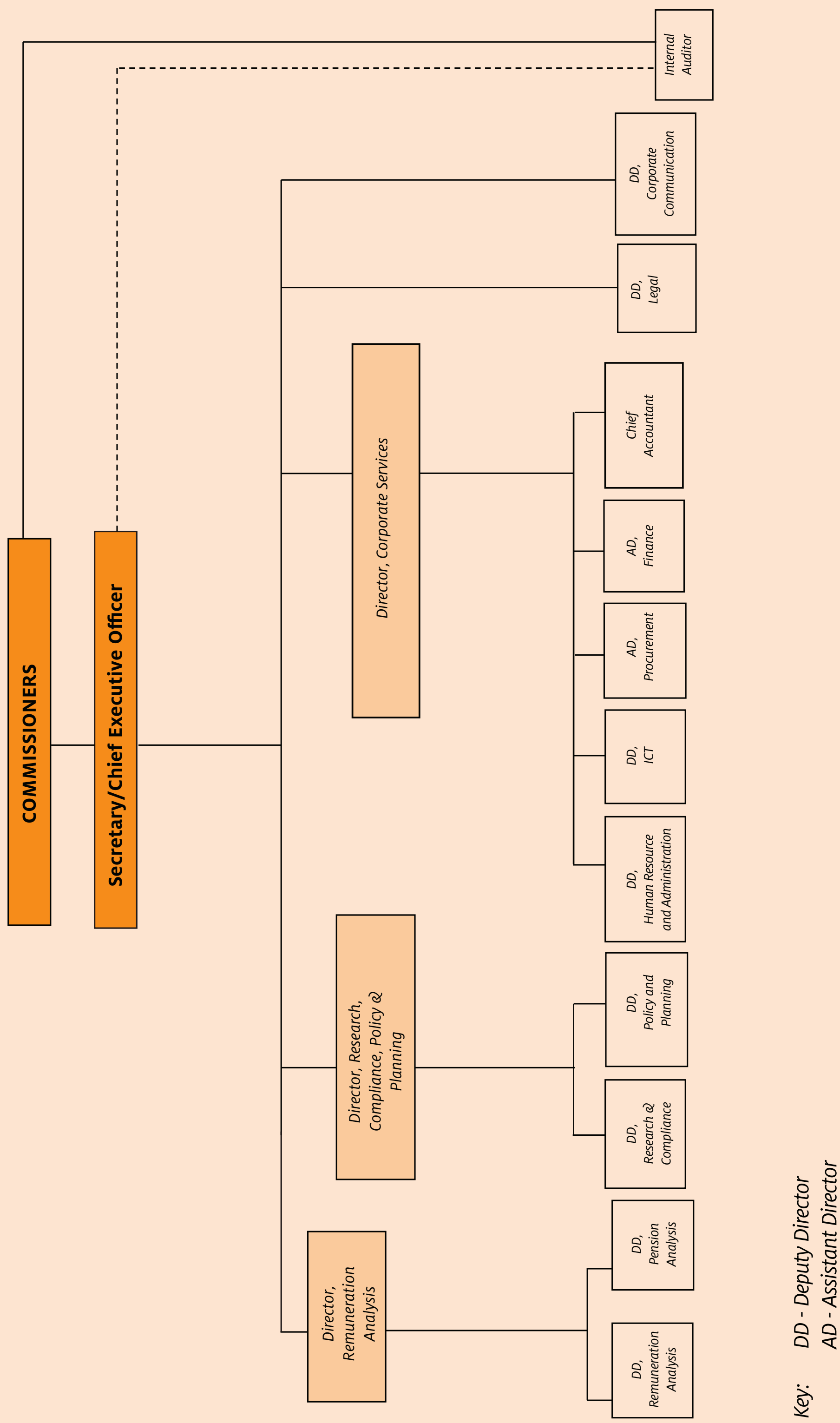
1.8 Scope of the Report

This report discusses the various projects and activities that SRC undertook from 2011 to 2017, marking the first six years since the Commission was established. More so, the report highlights the challenges, achievements and lessons learnt over the years. Through this report, the incoming Commissioners and stakeholders will have an overview of the major milestones that were achieved as well as appreciating the challenges faced. Further, the report presents a way forward from which the incoming commissioners can start from as they work towards ensuring that SRC achieves its mandate and its long term vision.

1.9 Organisation of the Report

The report is organised as follows: Chapter one deals with the introduction, chapter two discusses the principles of pay determination and Chapter three analyses the public service wage bill trends. Chapter four discusses private-public sector wage differentials, Chapter five job evaluation for state officers, and Chapter six is the review of remuneration and benefits for other public officers. Chapter seven gives an overview of the allowances in the public service, Chapter eight presents the policy and legal framework, Chapter nine discusses the pension policy, Chapter ten highlights the compliance framework, Chapter eleven gives an overview of litigation and industrial unrests, and Chapter twelve discusses management of remuneration and benefits in other jurisdictions while chapter thirteen presents the way forward and conclusion.

Diagram 1: Administrative Structure of the Commission



The Commission

Seated (left to right): *Mrs. Serah Kinyua, HSC; Mrs. Anne E. Owuor, HSC; Mrs. Sarah J.C. Serem, EBS; Mrs. Sellestine A.M. Kiuluku, MBS*
Standing (left to right): *Mrs. Jacqueline Mugo, MBS; Mr. James Muhoro, OGW; Brig. (Rtd) Samuel N. Kirugi, MBS; Mr. Jason N. Namasake, MBS; Mrs. Anne R. Gitau; Mr. Daniel O. Ogutu, MBS; Hon. Peter Oloo Aringo, EGH*

Chapter Two

2. PRINCIPLES OF PAY DETERMINATION

2.1 Introduction

Article 230 (5) of the Constitution outlines key principles to be considered by the Commission as it discharges its mandate. The principles envisage a fiscal sustainable public wage bill, attraction and retention of public servants, recognition of productivity and performance and transparency and fairness in the management of remuneration and benefits for State Officers and other Public Officers. Based on best practice, the Commission also takes into account the following factors in determination of remuneration and benefits:

(i) **Objectivity and Impartiality:** This is achieved by conducting comprehensive job analysis and job evaluation as critical pre-requisites to job clustering and grading as well as development of schemes of service and respective salary and benefits structures;

(ii) **Equity and Fairness:** Pay to reflect distributive, procedural and social justice, allowing for flexibility and appreciable participation of employees or their representatives in determination, establishment and administration of compensation/reward systems;

(iii) **Competitiveness:** This is to ensure that the public sector can compete with the private sector to attract and retain personnel with the requisite competencies.

(iv) **Affordability and Sustainability:** Planning and determining remuneration based on resource capacity of the Government to ensure funding and fiscal sustainability of the total public wage bill.

(v) **Transparency:** The principle entails ensuring that information relating to remuneration and benefits is openly communicated and accessible to all public officers.

(vi) **Promoting Productivity and Performance:** The principle underscores the need to ensure that there are incentives for individual workers or teams of workers to actively pursue improvements in their productivity and performance at the place of work. Such incentives will provide rewards for public servants who perform beyond the set productivity and/or performance targets in terms of quantity, quality, efficiency, effectiveness and timeliness in completion of set tasks or workload.

(vii) **Alignment to the National Development Goals:** The principle underscores the nexus of wage determination, competitiveness for investment, economic growth and employment creation.

2.2 Implementation of the Principles of Pay Determination

The achievements of the Commission for the period 2011-2017 with respect to the four Constitutional principles of pay determination is summarised in Table 2.1.

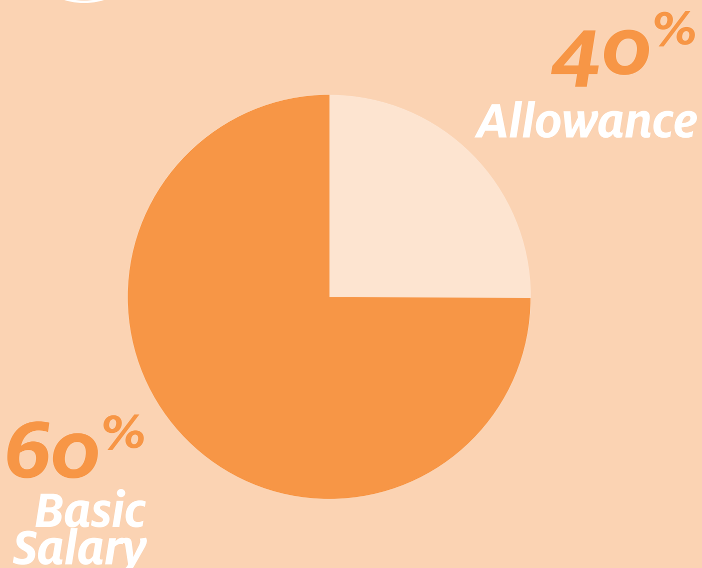
2.3 Commission's Key Policy Decisions

Since its establishment, the Commission has made far reaching policy decisions in remuneration and benefits for State and Public Officers as summarised in Table 2.1.

Table 2.1: Implementation of the principles of pay determination

Principle of pay determination	Current Situation (our findings)
Fairness and Transparency	• The Commission has undertaken job evaluation in public service to establish the relative worth of the jobs • Job evaluation resulted in harmonisation of grading structure which formed the basis for determining salary structures in public service • Decisions are disseminated through Kenya Gazette Notices, circulars, letters and electronic and print media The Commission engages stakeholders in policy making process
Affordability and sustainability of the Public Sector wage bill	• The Commission has ensured that the public sector wage bill for the period 2011-2017 as a percentage of revenue is sustainable through various interventions such as reviewing the Collective Bargaining Agreement (CBA) cycle from two to four years, providing parameters of CBA negotiations, raising awareness on the unsustainable wage bill, among others • Review of salaries and allowances for State and Public Officers which led to the abolition and consolidation of some allowances
Attraction and retention of requisite skills	• The study on private-public sector wage differentials afforded the Commission a platform to address areas where the public sector was not able to attract and retain requisite skills. Consequently, the Commission harmonised house, hardship, leave and subsistence allowances. Further, the Commission approved car loan and mortgage facility for all Public Officers
Productivity and performance	• The Commission developed a bonus road map as an effort towards recognising productivity and performance in the public service remuneration • Partnered with the National Productivity Centre and the World Bank to develop productivity indices to guide on performance and reward public officers and institutions

Proposed CEOs Pay



Fixed salaries for the CEOs over the contractual period; Their pay would be consolidated based on 60-40 principle, 60% being the basic salary and 40% being allowances

Salaries and Remuneration Commission

Table 2.2: Summary of key decisions/advisories

Decision	Policy Guideline
Assessment and determination of the 'worth of jobs in the public service'	• Job evaluation to be undertaken using Paterson Classic Philosophy to assess the worth of all public service jobs
Grading Structure for State Officers	• Job evaluation results were used in the development of a new grading structure for all State Officers in the national and county governments
Remuneration structure for State Offices	• Remuneration structure was based on grading structure arising out of the job evaluation
Consolidation of remuneration for State Officers	• The remuneration for state officers were consolidated for purposes of transparency and management of allowances. The gross amount constitutes 60% basic salary and 40% allowances. • For purposes of retirement benefits, 60% of the total gross pay was considered as basic salary
Review of Collective Bargaining Agreements (CBAs)	• CBAs review cycle was changed from two to four-year cycle with effect from July 2013 as contained in SRC Regulations 2013. • Negotiation parameters were developed and communicated to all employers.
Facilitative allowances	• Harmonisation of facilitative allowances
Personal aide allowance for public officers living with disabilities	• Public servants who have visual impairment and those on wheelchairs and do not have assistants provided by the employer, be paid a monthly personal aide allowance at a flat rate of Ksh15,000 to enable them to personally pay for such assistants.
	• For a Board member living with disability, one personal aide be attached to the Board Member and provided an allowance of Ksh3,500 for every meeting or function attended.
Allowance payable	• All allowances payable should be stated in absolute figures and not as a percentage of the salary
Compensation for officers serving in non-permanent Taskforces, Committees, Tribunals and Boards	• Public and non-Public Officers serving on non-permanent assignment as appointed by the Government from time to time as advised by the Commission.
Benefit upon exit of State Office (Gratuity and Pension)	• State Officers on contract terms of employment who are not pensionable to be paid a service gratuity of 31% of basic pay (60% of their gross pay) upon expiry of their term for every year served.
Housing benefit	• State to provide housing benefit to designated State Officers (the President, Deputy President, Chief Justice, Deputy Chief Justice, Speakers of National Assembly and Senate; Cabinet Secretary, Principal Secretary; Governors; Deputy Governors and Speakers of County Assemblies).
	• The housing benefit not to be converted to cash.
Official transport	• State Officers to be provided with official transport in line with official existing Government transport policy
Car loan scheme for MPs, MCAs	• Car loan schemes granted to all MPs and MCAs at interest rate of 3% per annum repayable within term of office.
Car loans and mortgage scheme	• Car loans and mortgage scheme for State and Public Officers.
Medical scheme for Public Officers	• Advised on provision of Medical Benefit for Public Officers.
Group Life Assurance (GLA) and Group Personal Accident (GPA)	• Officers to be covered for a value equivalent to three times annual basic salary for both GLA and GPA.
Retirement benefits	• A Public Officer serving on permanent and pensionable terms to join a contributory pension scheme.
Pensionable pay	• Pensionable pay to be pegged on basic salary (without allowances).

The institutionalisation of the policy decisions will standardise the practises and ensure consistency in their application across the public service organizations.

Salaries and Remuneration Commission

An interview with Sarah Serem, Chairperson, Salaries and Remuneration Commission

***Question:* Let us look back on your six-year journey. What kind of environment did you find yourself working in, what challenges did you face and how did you set about addressing them?**

Answer: We came into a new territory. We therefore started from scratch and found ourselves learning as we ran. A new government was going to be elected into office in March, 2013 and it had to find us ready. There was no luxury of time. The first thing we had to understand was the object of our existence. We looked at the Constitution to understand our mandate. Reading it, the Constitution simply stated that one, we shall be setting the salaries of the state officers and regularly reviewing the same and two, we shall be advising the national and county governments on issues to do with salaries and remuneration. These two seemingly simple statements required detailed analysis. For this, we set out from the known to the unknown. The first step in such a journey is to get to know one another. We had all come from different backgrounds and organizations and we were going to work together not for one month or one year, but six good years! For this, it was important to forge ahead as one team with a unified vision.

***Question:* What did this mean in practical terms?**

Answer: It meant that all members had to take off the caps of the organizations that nominated them to the commission and see themselves as serving only the national interest. We were dealing with the totality of the public sector and not just with our nominating organizations. It is important to note that not all public bodies were represented in the SRC. It would have been a misreading of our mandate if we didn't take that into account. For this reason, we took time to visit as many of our stakeholders as possible. In the end, the success of the commission was only going to be assured if we all understood that we were not appointed to pursue partisan sectional interests but to serve all public servants equitably, from the lowest to the highest.

***Question:* What tools did you use to help you deliver on this mandate?**

Answer: I am extremely proud of the first critical step we took in actualizing the mandate. We recruited a competent secretariat and did everything to empower them. We walked every step of the journey with them. There were days we would leave the office at 1 am in the morning and expect everybody to be on their desks at the beginning of the working day later that morning. Our secretariat has been the bedrock of the commission and from where I sit, will be the one to assure the success of the in-coming commissioners. In addition, we maintained a solid team as Commissioners, developed policy framework, systems and procedures which aided in decision making.

***Question:* Did you compare notes with other countries and learn anything from their experiences?**

Answer: Yes, we did. As I said, we were running, learning and working at the same time. We had a team that was doing benchmarking, desktop surveys and research because we needed as much information as we could. We visited several countries; the first one being South Africa which has a well-developed remuneration and benefits system. Others are, but not limited to, Malaysia, USA, Canada, India, Ghana and Finland. They are quite advanced in human resource management policy framework and I must say they are the ones who were instrumental in helping us develop our job evaluation plan.

***Question:* How did your stakeholders respond?**

Answer: From the day SRC was established, we had a continuous stream of institutions coming in wanting to know our precise role in their affairs. They wanted to demonstrate to us how important they were which was fine with us; they were our stakeholders and making their case was entirely legitimate. Our goal was to have them on board entirely by demonstrating to them that the system we had adopted was fair, objective and scientific based. It is understandable that the whole approach of remuneration management system was a change process that was bound to face some resistance. This situation is still a challenge that requires persistence and focus.

Question: Not all of them agreed. Your big fight with Members of Parliament is in the public domain. Recall life at the SRC during those days.

Answer: Those were very interesting moments. By the way, circumstances and situations test your ability and interestingly the Lord gave us capacity to do way beyond what we thought was an impossibility. I admit that if I was the Sarah Serem of those olden days I wouldn't have gone through this process. The new Members of Parliament came with an extremely haughty attitude towards the Commission as an institution and me as the Chair. They were used to setting their own salaries as they deemed fit and couldn't countenance anybody else assuming that role over them. But here was the new constitutional order and as it were, the new body had a woman as its Chair. Many regarded that as an affront and demeaned me by demanding to know "who this woman was?" And yet these were the same legislatures who had passed the new constitution that set up SRC. We are grateful to God for giving wisdom to the framers of our Constitution who not only saw the need for a body like the SRC but also gave it protection from the whims of politicians. MPs told me to my face that nobody had ever dared determine how much they were going to earn. But we grew in confidence, as we strengthened our institution and acquired more knowledge and experience. It turned out that it was not too difficult to stand up for constitutional order, more so when the public understood our role and unleashed a backlash to defend the Commission against any threats.

Question: What exactly did they say their problem was with you?

Answer: They stated that we didn't understand them. Whatever that means! After the job evaluation that set the salaries and remuneration of all state officers, we developed job descriptions for all the established positions. The principle of job evaluation and salary remuneration is "any job that can be compensated can be measured or evaluated." But the MPs' position was "you can't evaluate our jobs". And yet, in retrospect, we could understand where they were coming from; it is, unfortunately, the society that made them think the way they do because; when a someone's child is sick or a relative dies, when somebody can't pay school fees and when one can't pay maternity charges they all converge at the area MP's door. MPs reckon that we evaluated their position on account of what the constitution stipulates which limits their role to making legislation, oversight of public expenditure and representing their electorate.
So they charged us with leaving out what they considered their bigger role, which was all those social undertakings I mentioned earlier. We nevertheless based our decisions on the written laws and not perceptions, anchoring it on research, survey, benchmark and the strength of our economy.

> **"Our secretariat has been the bedrock of the commission and from where I sit, will be the one to assure the success of the in-coming commission.**

Question: Your commissioners were nominated by different constituencies. Have those constituencies at times complained of being shortchanged?

Answer: Oh yes! That was a consequence of our early decision to work as a national commission rather than representing partisan interests. Were it not for the constitutional protection they enjoy, many would have been recalled by their nominating organizations. I could mention Parliament as a case in point. MPs were angry that their nominee was not, in their view, doing enough to advance their interests at the Commission. That is not the only case as most of our commissioners have had to bear this challenge and none has ever buckled under this pressure. It is something that makes me very proud as Chair.

Question: Since 1997, teachers have faithfully gone on strike every election year. How did you solve that problem this time around?

Answer: Since the creation of the Kenya National Union of Teachers, there has never been a concluded Collective Bargaining Agreement with the Teachers Service Commission. It has always been a game of downing tools during examinations or elections time and a rushed return to work formula. SRC ended that game by sticking to and defending the law and providing the necessary advice. This led to productive negotiations and agreements. Now for the first time TSC and KNUT have a CBA registered in court. This CBA is in force for four years and thereafter reviewed for another four year cycle. Parents and other stakeholders can breathe a sigh of relief that stability has finally returned to the public education sector.

Question: In 1971, the Ndegwa Commission allowed civil servants to engage in business. This allowed people in government with access to vital information to form companies through third parties and award themselves lucrative work. It also created extremely wealthy public servants. Please comment on this issue.

Answer: I think for me that was a miscalculated move. It is certainly not possible to offer services to two institutions and satisfy both, you must favour one. If I can sit in this public office where I will earn a salary anyway and I have a window where I can generate a lot more than I earn by using the very same office, where will I pay more attention? Naturally, I will exploit my office. This is the unfortunate scenario that bedeviled public sector over the years. The compensation in government today is good enough to provide for any family. It is competitive and in some cases surpasses the private sector. Government has far better training and upward mobility opportunities than the private sector. It is a much more stable employer. That provision allowing public sector workers to engage in private business should never be entertained.

Question: Is devolution helping?

Answer: Thank God, for devolution! Services and resources are surely getting closer to the people. Let's look at sectors like health and agriculture. Doctors used to report to their work stations just to refer patients to their private clinics. The public health sector services were adversely affected. Extension services in agriculture disappeared in most parts of the country. Those workers started visiting clients as private entities yet they were in the payroll of government. Devolution is addressing these problems. It is early in the day but as time goes by, the era of exploiting public office for private gain will end. The gains so far are encouraging.

Question: The long nurses' strike resulted in deaths and terrible suffering among Kenyans. What are your thoughts?

Answer: The nurses' strike has been for me a great disappointment. More so that the object of our existence of SRC is to bring fairness, objectivity and equity on issues of remuneration and benefits in the public sector. Nurses went on strike when we were basically concluding the job evaluation exercise that was ultimately bringing out the worth of their jobs. My considered opinion is that the position the Nurses took was unfortunate and a reflection of a valueless society. Let us ask ourselves these questions; what price are we willing to pay to get what we want and should my right overrides the right of another Kenyan? And at what cost? Have we become this heartless as to allow our own to die in pursuit of our interests? Above all, a right to life is sacrosanct.

Question: Legacy questions. What will your successors see?

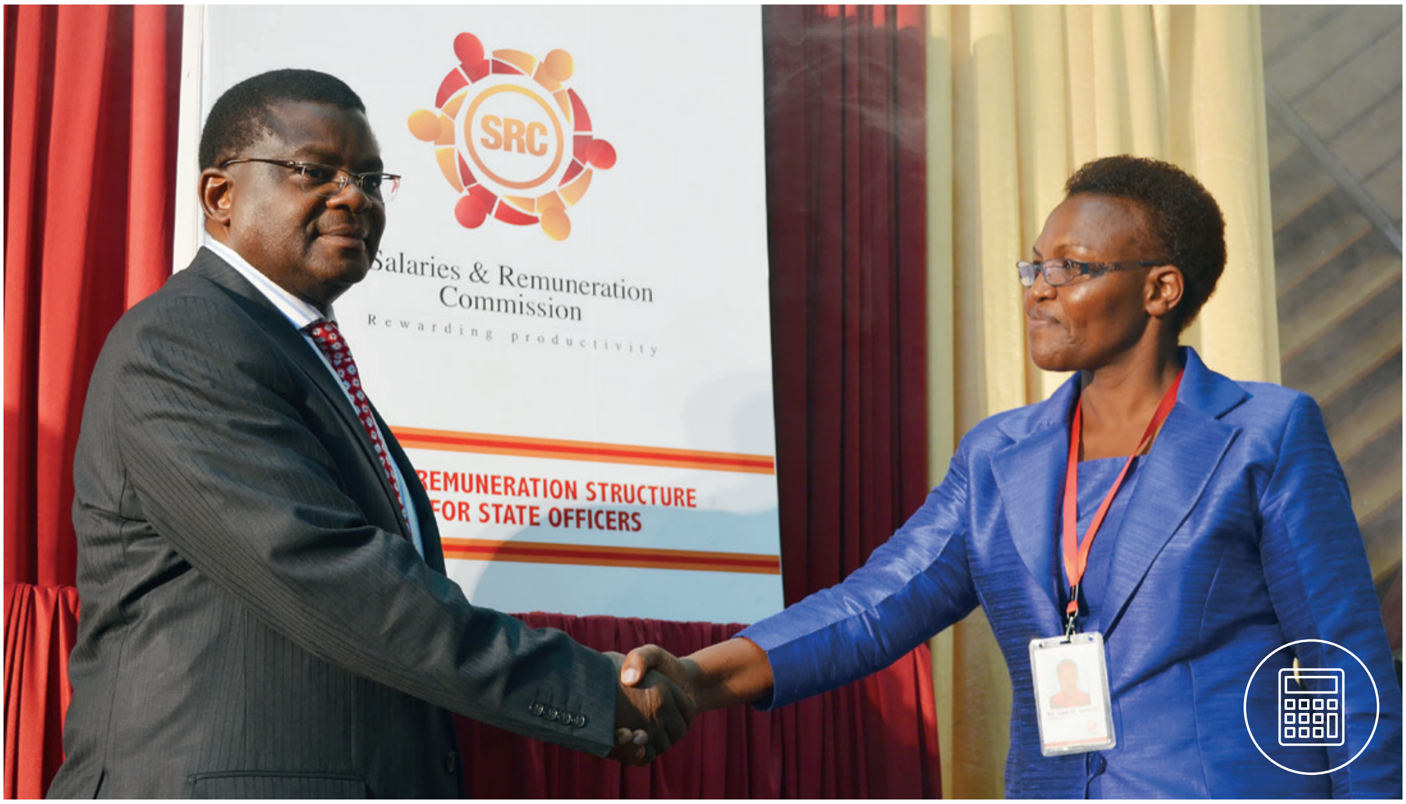
Answer: As a team, we have fought battles to defend the SRC mandate. We have developed the necessary policy framework, set standards and established a strong secretariat. However, a lot remains to be done; salaries and benefits remain a living demand. The new team however will have a smoother and clearer take off.

Question: Will your successors sustain this?

Answer: Yes I want to be believe so. Literally everybody knows what it takes to do SRC job, unlike the first lot us.

Question: What drives you as a person? What keeps you so motivated?

Answer: The love for the people of Kenya. The people of Kenya. The people of the world. But greater than that, as a Christian, I am ultimately



accountable to my God. As a leader, I am only but a steward, and answerable to God, on how to manage the resources at my disposal. Besides, as a Christian, I belong to the larger family of believers, and my stand impacts on their position in the society. My immediate family is my life, the decisions I make impact on their day to day lives. We all know that actions speak louder than words, so I want to remain a true mother and role model to my children and to the young Kenyans. My late husband, Gen. Serem, instilled in my family a culture of discipline, integrity and love for people. I have continued to live this philosophy.

> ***"The compensation in government today is good enough to provide for any family. It is competitive and in some cases surpasses the private sector. Government has far better training and upward mobility opportunities than the private sector.***

Chapter Three

3. PUBLIC SERVICE WAGE BILL

3.1 Introduction

During the pre-independence period, Kenya had a smaller workforce in the public sector because the Government provided a comparatively limited set of public services. There has since been an enormous growth in the total count of people working in the public sector. Employment in the Public Service has risen from 63,000 in 1963 to 158,883 in 1980 and to 271,979 in 1990.

This translates to annual growth rates of nine per cent and seven per cent respectively, well above the growth rates of 5.6 per cent and 4.1 per cent respectively (Government of Kenya, 2005). Between 2008 and 2012, approximately 58,700 additional jobs were created in the public sector due to an increase in Government ministries in 2008, and hiring of more teachers.

The two commonly employed evaluations of sustainability of a Public Sector Wage Bill (PSWB) is its measure compared to the GDP and the national revenue from which it should be paid. Table 3.1 provides the performance of Kenya's PSWB against the two parameters, showing that it averaged about 12 per cent against the GDP and 49 per cent against national revenue, compared to the recommended rates of 7 and 35 per cent, respectively. Table 3.2 illustrates how Kenya's real GDP growth rate fairs against those of other East African Community (EAC) countries.

3.2 Public Wage Bill Trends and Leading Economic Indicators

The public wage bill has depicted an upward trend from Ksh 465 billion in 2012/2013 to Ksh 627 billion in 2015/2016. The wage bill rose to Ksh 676 billion by the end of the 2016/2017 financial year (Table 3.1).

The allocation of Ksh 89.83 billion for implementation of job evaluation grading structure for other Public Officers is expected to, in the first year of implementation, increase the wage bill to Ksh 698.46 billion in the 2017/2018 financial year.

It is, however, projected that the full implementation of job evaluation grading structure will result in a reduction in the public service compensation bill on the backdrop of various reforms to be implemented alongside the job evaluation grading structure.

Table 3.1: Leading economic indicators

Indicator	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Ordinary revenue (Ksh billion)	776	919	1,032	1,153	1,306	1,549	1,767	2,014
Growth in ordinary Revenue (%)	22.4	18.5	12.3	11.7	13.3	18.7	14	14
Total revenue (Ksh billion)	867	974	1,108	1,238	1,401	1,694	1,919	2,175
Growth in total revenue (%)		12.3	13.7	11.7	13.1	21.0	13.3	13.3
Nominal GDP (Ksh billion)	4,496	5,044	5,811	6,586	7,435	8,284	9,259	10,022
Growth in nominal GDP (%)		12.2	15.2	13.3	12.9	11.4	11.8	8.2
Growth in real GDP (%)	5.1	5.5	5.5	5.6	5.4	6.2	6.5	6.6
*Wage Bill (Ksh billion)	465	522	568	627	676	713	733	753
Growth in wage bill (%)		12.2	8.9	10.4	7.8	5.5	2.8	2.7
Recurrent expenditure (Ksh billion)	816	788	895	1,018	1,142	1,290	1,385	1,505
Total expenditure (Ksh billion)	1,132	1,301	1,640	2,015	2,109	2,276	2,449	2,665

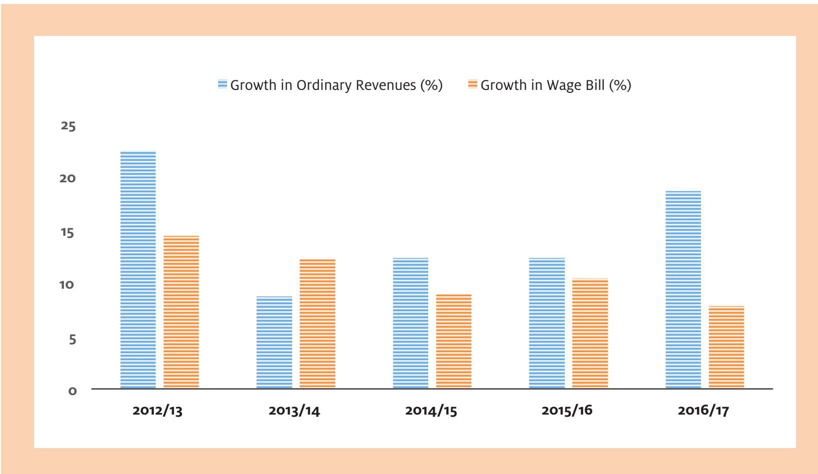
*Source: National Treasury – Budget Policy Statements (2016); and Quarterly Economic and Budgetary Reviews, August (2017) * SRC estimates*

Table 3.2: Comparison of Real GDP growth rate 2012– 2017

	Real GDP growth rate					
	2012	2013	2014	2015	2016	2017
Kenya	4.6	4.6	5.4	5.7	5.8	6.1
Tanzania	6.9	7.0	7.0	7.0	7.2	7.2
Uganda	2.8	5.8	4.9	4.8	4.9	5.5
Rwanda	8.0	4.7	7.0	6.9	6.0	6.0
Burundi	4.0	4.5	4.5	-4.0	-0.5	2.0
South Africa	2.5	2.0	1.6	1.3	0.3	0.8
Egypt	2.2	2.1	2.2	4.2	3.8	4.0
Tunisia	3.6	2.3	2.3	0.8	1.5	2.8
Morocco	2.7	4.4	2.6	4.5	1.8	4.8
Algeria	3.3	2.8	3.8	3.9	3.6	2.9
India	3.2	5.0	7.2	7.6	6.6	7.2
Indonesia	6.2	5.8	5.0	4.8	4.9	5.3
China	7.7	7.7	7.3	6.9	6.7	6.5
Malaysia	5.6	4.7	6.0	5.0	4.3	4.6
United States of America	2.3	2.8	2.4	2.6	1.5	2.3
United Kingdom	0.7	0.1	3.1	2.2	2.0	1.2
Japan	1.5	1.9	0.2	0.6	0.8	1.0
Germany	0.6	0.2	1.6	1.5	1.7	1.7

Source: Kenya National Bureau of Statistics, Economic Survey (2017)

Figure 3.1: Percentage growth in ordinary revenue vis-à-vis wage bill



Source: SRC estimates

Table 3.3: Wage bill sustainability ratio

Sustainability Ratios	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Total wage bill: GDP	10.3	10.3	9.8	9.5	9.1	8.6	7.9	7.5
Total wage bill: Ordinary revenue	59.9	56.8	55.0	54.4	51.8	46.0	41.5	37.4
Total wage bill: Total revenue	53.6	53.6	51.3	50.7	48.3	42.1	38.2	34.6
Total wage bill: Recurrent expenditure	57	66	63	62	59	55	53	50
Total wage bill: Total expenditure	41	40	35	31	32	31	30	28

Source: SRC estimates

It is evident in Figure 3.1 that Kenya is making progress towards achieving internationally recognised threshold of public sector wage bill to GDP ratio. This assertion is supported by the 2.3 per cent reduction of the wage bill to ordinary revenue from 54.1 per cent in 2015/2016 to 51.8 per cent by end of the 2016/17 financial year. If this trend is maintained, in less than seven years, the country is likely to achieve the international standard of 35 per cent wage bill to revenue.

Ordinary government revenue grew from Ksh 776 billion in 2012/13 to Ksh 1,306 billion in 2016/17. The wage bill grew from Ksh 464.9 billion in 2012/13 to Ksh 676 billion in 2016/17. The wage bill as a percentage of nominal ordinary revenue fell from 54.1 per cent in 2015/17 to 51.8 per cent in the 2016/17 financial year (Table 3.1).

3.3 Wage Bill Projections

A forecast of the public sector wage bill to the GDP, revenue, recurrent expenditure and the total expenditure is as presented in Table 3.3. It is important to note that the public sector wage bill has remained muted in 2016/17 and is estimated to grow at a marginal Ksh 50 billion over the period.

From Table 3.3, the public sector wage bill will have attained the desired international recommendations of 35 per cent of the revenue and very close to seven per cent of the GDP by 2019/20.

3.4 Public Wages and Productivity

The Government has devoted substantial resources to training public servants with the allocation rising from Ksh 986 million during the 2010/11 financial year to Ksh 1.3 billion in 2012/13. A review of labour productivity data by the Productivity Centre of Kenya (PCK), however, suggests poor productivity returns against capacity building investment, weighted against public wage bill burden. Using 2001 as the base year, the data shows that output, labour and agriculture productivity rose consistently, closing the period with 30 percentage points higher. However, wage value-added productivity and labour share indices fell consistently.

3.5 Wage Bill Reform Initiatives

The Job Evaluation for Public Service played an important role in stabilising the wage bill over the medium term. The Government intends to spend an additional Ksh 20 billion per year over the next four years to review the remuneration of public servants. Therefore, in the medium term, the wage bill is expected to stabilise.

By the end of the fourth year, based on the assumptions of economic growth, the ratio of wage bill to GDP will have declined to approximately eight per cent down from 9.26 per cent in 2016/17. A further reduction in wage bill to the GDP ratio to international best practice will require improved performance in the Public Service that in turn is reflected as productivity in the sector.

Overall, the data shows that the country is progressing well in meeting its constitutional and Vision 2030 aspiration. This is occasioned by the various interventions the Commission has implemented since its inception in 2012. In particular, the Commission has set and advised on the remuneration and benefits of State Officers and conducted Job Evaluation for the Public Service to determine the net worth of various jobs. PSWB is expected to stabilise over the next four years of implementation of the new salary structure for State Officers and other Public Officers.

It is envisaged that the sustainability of the wage bill will be achievable in the medium term and in turn will present the economy to allocate more revenue to development projects, revenue which would otherwise be allocated to the wage bill. The achievement of the envisaged wage bill shall put Kenya at par with its comparators.

More so, the harmonised pay structure for other Public Officers is expected to boost employees' morale for efficient and effective service delivery, which will translate to improved GDP and result in better wage bill sustainability ratios. Improved productivity in the public service will accelerate the achievement of sustainable public sector wage bill through higher GDP growth rate.

Table 3.4: Kenya labour productivity indices, 2001 to 2012

	2001	2005	2009	2010	2011	2012	Period average
Output	1.00	1.08	1.16	1.20	1.25	1.30	1.12
Wage added value productivity	1.00	0.70	0.61	0.61	0.57	0.55	0.71
Labour input	1.00	0.99	0.99	0.94	0.98	1.00	0.98
Labour productivity	1.00	1.08	1.17	1.28	1.28	1.30	1.14
Labour share	0.97	1.01	0.83	0.74	0.75	0.71	0.89
Agriculture	1.00	1.08	1.16	1.20	1.25	1.30	1.12

Source: Productivity Centre of Kenya (2012)

Table 3.5: Total wage bill for State Officers

	March 2013 - March 2014	March 2014 - March 2015	March 2015 - March 2016	March 2016 March 2017	Total Wage Bill
Executive	798,545,844	847,785,600	907,825,944	962,465,700	3,516,623,088
Legislature	6,656,286,482	6,893,830,514	7,131,254,546	7,368,918,578	28,050,290,120
Judiciary	1,763,048,496	1,851,065,448	1,938,829,500	2,026,199,976	7,579,143,420
County Government	12,795,567,228	13,271,353,812	13,747,114,248	14,222,900,832	54,036,936,120
Constitutional Commissions and Independent Offices	557,461,392	591,750,108	626,329,176	660,224,652	2,435,765,328
Total annual expenditure	22,570,909,442	23,455,785,482	24,351,353,414	25,240,709,738	95,618,758,076

Source: SRC estimates

3.5 Public Sector Wage Bill for State Officers, 2013-2017

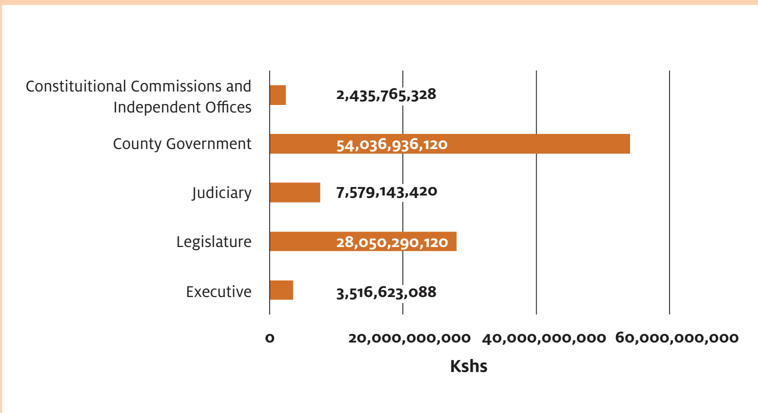
State Officers' wage bill accounts for about three per cent of the total public wage bill in Kenya. The largest component (about 97%) of the wage bill is driven by public sector institutions namely: National and County governments, the Judiciary, the National Assembly, County Assemblies, State Corporations, and Independent Commissions and Offices. These institutions employ approximately 3,670 State Officers.

In 2013, SRC undertook Job Evaluation for State Officers whose results culminated in the setting of the 2013-2017 remuneration structure for all State Officers. In the remuneration structure, gross pay to State Officers consists of 60 per cent basic salary and 40 per cent allowances. In addition, the Commission conferred to State Officers benefits such as car grant, air time, sitting allowance, mileage allowances, official car and residence, leave allowance, utility and househelp allowance, and special duty allowance.

In setting remuneration and conferring benefits to State Officers, it was envisioned that all State Officers would enter the public service at the first notch of the salary structure with annual increments, and attaining the maximum notch in the last year of employment. As such, assuming that the 3,670 State Officers were paid the then prevailing salary structure, their remuneration and benefits translated to an annual wage bill of Ksh 14 billion. However, by setting the remuneration structure for State Officers in March 2013, the annual wage bill attributed to State Officers was estimated at Ksh 13 billion. Thus, reducing the State Officers' wage bill by approximately Ksh 1.7 billion. Table 3.5 presents a summary of State Officers wage bill at the National and County government levels for March 2013 to March 2017.

Figure 3.2 shows the proportion of wage bill for

Figure 3.2: Proportion of wage bill for State Officers (March 2013-March 2017)



Source: SRC estimates

Table 3.6: Wage bill for the Executive

State Officers	March 2013 March 2014	March 2014 March 2015	March 2015 March 2016	March 2016 - March 2017	March 2017 - August 2017
President of the Republic of Kenya	1,237,500	1,340,625	1,443,750	1,546,875	1,650,000
Deputy President of the Republic of Kenya	1,051,875	1,139,531	1,227,188	1,314,844	1,402,500
Cabinet Secretary	19,840,000	21,160,000	22,480,000	23,800,000	25,120,000
Attorney General	792,000	858,000	924,000	990,000	1,056,000
Secretary to the Cabinet	792,000	858,000	924,000	990,000	1,056,000
Principal Secretary	37,070,250	39,170,426	42,098,648	44,612,824	47,127,000
Total Monthly Pay	60,783,625	64,526,582	69,097,586	73,254,543	77,411,500
Total Annual Pay	729,403,500	774,318,984	829,171,032	879,054,516	928,938,000

Source: SRC estimates

State Officers for March 2013 to March 2017. State Officers in the County governments constitute the larger proportion (Ksh 54 billion) of the total wage bill, followed by the Legislature (Ksh 28 billion), the Judiciary (Ksh 7.6 billion), the Executive (Ksh 3.5 billion) and Constitutional Commissions and Independent Offices (Ksh 2.4 billion).

3.5.1 The Executive

The wage bill for the Executive comprises the salaries paid to the Presidency, Cabinet Secretaries, the Attorney General, the Secretary to the Cabinet, the Chief of Defence Forces, Principal Secretaries, the Vice Chief of Defence Forces, the Commander of Kenya Army, the Director General-National Intelligence Service, the Inspector General-National Police Service, the Commander Kenya Airforce, the Commander Kenya Navy, the Deputy Inspector General-Kenya Police and the Deputy Inspector General-Administration Police. Table 3.6 shows that the annual wage bill for the Executive was Ksh 798.5 million in the first year of contract and grew to Ksh 962.5 million in March 2017.

3.5.2 The Legislature

The wage bill for the Legislature consists of the salaries paid to Members of Parliament and the Senate. Table 3.7 shows that the annual wage bill for the Legislature was Ksh 6.7 billion in the first year, and grew to Ksh 7.3 billion in March 2017.

3.5.3 The Judiciary

The wage bill for State Officers in the Judiciary comprise of the salaries paid to the Chief Justice, the Deputy Chief Justice, Judge - Supreme Court, Judge - Court of Appeal, Judge - High Court, Chief Magistrate, Senior Principal Magistrate, Principal Magistrate, Senior Resident Magistrate and Resident Magistrate. Table 3.8 shows that the annual wage bill for the Judiciary was Ksh 1.8 billion in the first year, and grew to Ksh 2 billion in March 2017.

3.5.4 County Government

The wage bill for the County Governments is made up of salaries paid to Governors, Deputy Governors, Speaker of the County Assembly, Deputy Speaker of the County Assembly, Member of the County Assembly, Leader of Majority Party, Deputy Leader of Majority - County Assembly, Leader of Minority Party, Deputy Leader of Minority-County Assembly, Chief Whip and Deputy Chief Whip. Table 3.9 shows that the annual wage bill paid to County Governments was Ksh 12.8 billion in the first year, and grew to Ksh 14.2 billion by March 2017.

3.5.5 Constitutional Commissions and Independent Offices

The wage bill for the Constitutional Commissions and Independent Offices consists of salaries paid to Chairpersons and Vice Chairpersons of

Table 3.7: Wage bill for the Legislature

State Officer	March 2013 - March 2014	March 2014 - March 2015	March 2015 - March 2016	March 2016 - March 2017	March 2017 - August 2017
Speaker of National Assembly/Speaker of the Senate	2,970,000	3,135,000	3,290,000	3,465,000	3,630,000
Deputy Speaker of National Assembly/Deputy Speaker of the Senate	2,864,000	2,996,000	3,128,000	3,260,000	3,392,000
Chairpersons of Committees-national Assembly / Senate	44,555,000	46,241,250	47,927,500	49,613,750	51,300,000
Vice Chairpersons of Committees-national Assembly /Senate	40,907,000	42,593,250	44,279,500	45,965,750	47,652,000
Members of Speakers Panel National Assembly/ Senate	7,460,000	7,815,000	8,170,000	8,525,000	8,880,000
Leader of Majority Party(Senate & Assembly)	9,536,000	10,064,000	10,592,000	11,120,000	11,648,000
Leader of Minority Party(Senate & Assembly)	9,324,016	9,834,352	10,344,688	10,855,024	11,365,360
Member of National Assembly/Member of Senate	247,270,000	261,292,500	275,315,000	289,337,500	303,360,000
Majority Chief Whips (Senate & Assembly)	7,460,000	7,815,000	8,170,000	8,525,000	8,880,000
Minority Whips (Senate & Assembly)	7,460,000	7,815,000	8,170,000	8,525,000	8,880,000
Total monthly pay	379,806,016	399,601,352	419,386,688	439,192,024	458,987,360
Total annual pay	6,656,286,482	6,893,830,514	7,131,254,546	7,368,918,578	2,753,924,160

Source: SRC estimates

Table 3.8: Wage bill for the Judiciary

State Officer	March 2013 March 2014	March 2014 March 2015	March 2015 March 2016	March 2016 March 2017	March 2017
August 2017	1,153,500	1,195,736	1,237,972	1,280,208	1,322,444
Chief Justice	1,153,500	1,195,736	1,237,972	1,280,208	1,322,444
Deputy Chief Justice	984,833	1,059,779	1,097,252	1,134,725	1,172,198
Judge-Supreme Court	4,777,500	4,955,225	5,132,945	5,310,670	5,488,390
Judge-Court of Appeal	15,395,625	16,162,652	16,929,679	17,696,706	18,463,710
Judge-High Court	32,712,000	34,179,904	35,647,761	37,115,665	38,583,522
Chief Magistrate	14,576,000	15,395,008	16,214,016	17,033,024	17,852,032
Senior Principal Magistrate	17,206,250	18,016,650	18,827,100	19,637,500	20,447,900
Principal Magistrate	19,270,000	20,377,000	21,500,400	22,591,000	23,698,000
Senior Resident Magistrate	14,630,000	15,400,000	16,170,000	16,940,000	17,710,000
Resident Magistrate	26,215,000	27,513,500	28,812,000	30,110,500	31,409,000
Total monthly pay	146,920,708	154,255,454	161,569,125	168,849,998	176,147,196
Total annual pay	1,763,048,496	1,851,065,448	1,938,829,500	2,026,199,976	1,056,883,176

Source: SRC estimates

Constitutional Commissions and Independent Offices. Table 3.10 shows that the annual wage bill for Constitutional Commissions and Independent Offices for the first year of contract was Ksh 557.4 million, and grew to Ksh 660.2 million in March 2017.

There is no silver bullet to address the current challenges the Government faces on fiscal sustainability, but one should appreciate that this is a gradual process. Regular review and setting of salaries in the public sector will ensure that the wage bill is contained in the long run. Short-term strategies such as tightening the link between pay and performance, cleaning and strengthening payroll systems both at the national and county levels, and salary reviews based on a periodical and systematic evaluation of wage competitiveness would go a long way in helping to tame the huge wage bill.

Table 3.9: Wage bill for County Government

State Officer	March 2013 - March 2014	March 2014 - March 2015	March 2015 - March 2016	March 2016 - March 2017	March 2017 - August 2017
Governor	40,984,000	44,086,000	47,188,000	50,290,000	53,392,000
Deputy Governor	27,733,807	29,794,287	31,854,767	33,915,247	35,975,727
Speaker of the County Assembly/Member of County Executive Committee	248,418,500	259,727,875	271,037,250	282,346,625	293,656,000
Deputy Speaker of the County Assembly	8,460,000	9,165,000	9,870,000	10,575,000	11,280,000
Member of County Assembly	142,728,986	147,751,417	152,773,361	157,795,792	162,817,736
Chairpersons County Assembly Committees	189,070,660	193,917,770	198,764,410	203,611,520	208,458,160
Vice Chairperson - County Assembly Committees	168,108,660	172,955,770	177,802,410	182,649,520	187,496,160
Leader of Majority Party	30,557,332	31,526,754	32,496,082	33,465,504	34,434,832
Deputy leader of Majority -County Assembly	30,275,332	31,244,754	32,214,082	33,183,504	34,152,832
Leader of Minority Party	30,557,332	31,526,754	32,496,082	33,465,504	34,434,832
Deputy leader of Minority -County Assembly	30,275,332	31,244,754	32,214,082	33,183,504	34,152,832
Chief Whip	30,275,332	31,244,754	32,214,082	33,183,504	34,152,832
Deputy Chief Whip	29,993,332	30,962,754	31,932,082	32,901,504	33,870,832
Member of Speakers Panel	58,858,664	60,797,508	62,736,164	64,675,008	66,613,664
Total monthly pay	1,066,297,269	1,105,946,151	1,145,592,854	1,185,241,736	1,224,888,439
Total annual pay	12,795,567,228	13,271,353,812	13,747,114,248	14,222,900,832	7,349,330,634

Source: SRC estimates

Table 3.10: Wage bill for Constitutional Commission and Independent Offices

State Officer	March 2013 - March 2014	March 2014 - March 2015	March 2015 - March 2016	March 2016 - March 2017	March 2017 - August 2017
Governor	40,984,000	44,086,000	47,188,000	50,290,000	53,392,000
Deputy Governor	27,733,807	29,794,287	31,854,767	33,915,247	35,975,727
Speaker of the County Assembly/Member of County Executive Committee	248,418,500	259,727,875	271,037,250	282,346,625	293,656,000
Deputy Speaker of the County Assembly	8,460,000	9,165,000	9,870,000	10,575,000	11,280,000
Member of County Assembly	142,728,986	147,751,417	152,773,361	157,795,792	162,817,736
Chairpersons County Assembly Committees	189,070,660	193,917,770	198,764,410	203,611,520	208,458,160
Vice Chairperson - County Assembly Committees	168,108,660	172,955,770	177,802,410	182,649,520	187,496,160
Leader of Majority Party	30,557,332	31,526,754	32,496,082	33,465,504	34,434,832
Deputy leader of Majority -County Assembly	30,275,332	31,244,754	32,214,082	33,183,504	34,152,832
Leader of Minority Party	30,557,332	31,526,754	32,496,082	33,465,504	34,434,832
Deputy leader of Minority -County Assembly	30,275,332	31,244,754	32,214,082	33,183,504	34,152,832
Chief Whip	30,275,332	31,244,754	32,214,082	33,183,504	34,152,832
Deputy Chief Whip	29,993,332	30,962,754	31,932,082	32,901,504	33,870,832
Member of Speakers Panel	58,858,664	60,797,508	62,736,164	64,675,008	66,613,664
Total monthly pay	1,066,297,269	1,105,946,151	1,145,592,854	1,185,241,736	1,224,888,439
Total annual pay	12,795,567,228	13,271,353,812	13,747,114,248	14,222,900,832	7,349,330,634

Source: SRC estimates

Key: IEBC: Independent Electoral and Boundaries Commission; CIC: Commission for the Implementation of the Constitution

Salaries & Remuneration Commission

Salaries and Remuneration Commission

An interview with Mr. Daniel O. Ogutu, MBS, Vice Chairperson, Salaries and Remuneration Commission

Question: It seems as if you are one of the younger members of this Commission. How did you get here and how has the journey been?

Answer: It has been an exciting moment for me to be here. The Constitution of Kenya 2010 provided for fairness in the filling of the positions that it created. The positions were competitive and interested people were asked to apply. At that point, I was working as the General Manager at the Agricultural Finance Corporation in charge of Human Resources and Administration. I also had a good background in HR having worked in Office of the President and at the Directorate of Personnel Management at several levels. SRC was a new body and I said to myself, 'let me give it a try.' I applied through the Public Service Commission and I was invited for an interview. The results of the interview took long and I had basically forgot about it until I got a call from Parliament asking me to go for vetting. That was a surprise. After that everything went quiet again until somebody called to congratulate me on my gazettement as a member of the SRC. I had not seen the gazette notice and my first thought was that this was a very fair process. It was not necessary to know anybody so as to get the job. We were meeting with other commissioners for the first time and starting our work from zero. It was both exciting and challenging.

Question: How so?

Answer: Joining the commission was challenging because we were starting from a background where nobody else has ever gone to. The expectations were very high and at the same time everything was running so fast since this was a Commission that should have come immediately after the promulgation of the constitution in 2010. However, we came in one year later. For starters, we had to read a lot. We did get a lot of support from the Pay Review Board, the predecessor of the SRC. The team that came was well prepared for the challenge, they were imminently qualified. Nobody owed allegiance to anybody and they have exercised that independence to the best of my knowledge.

Question: Describe stakeholder reaction to you and your engagement with them during those days.

Answer: Coming in meant that we were introducing a completely new body that nobody knew anything about. It meant explaining to people what we were coming to do. There were some stakeholders who were worried about our intervention in their mandates and this was an issue. We took a lot of time to convince people to understand what we stood for and to get them to work along with us. We were doing so many things at the same time – recruiting staff, understanding what really our mandate is, identifying our stakeholders and getting them to align themselves with what we were mandated to do, and all this was quite a challenge. On the other hand we also had a lot of applications from our stakeholders to review their pay since just before we came in, the Head of the Public Service had suspended everything awaiting the coming into operation of the SRC. The expectations, however, was that when the SRC came in, it was all about to "give us more money," as it were.

Question: And then some of them embarked on litigation, didn't they?

Answer: Yes. The first court case we had was challenging the mandate of this commission. We lost it. And that is for the simple reason that we had not put in the guidelines. So we had to work out the guidelines and that was sorted. It is the only case that we have lost. From there, all went well and we have been able to communicate effectively with our stakeholders regarding our mandate. We were able to set our first pay structure for state officers and released it in March 2013.

Question: And some of your stakeholders, especially the MPs didn't like.

Answer: Indeed. Nobody had ever touched MPs salary before and they resisted fiercely. We had a stand-off with MPs lasting three months but whatever the threats they made to us, we stood our ground. Although it was sometimes uncomfortable, it gave us a solid foundation. Having gone through this, we spent a lot of time trying to get stakeholders to understand us. It meant a lot of debates. The first debate was on state officer's pay. We went round the country meeting people. There was a lot of media information about us and from there people were able to make a U-turn and started looking at the cost of employment in the public sector as directly impacting their lives.

***Question:** The unions also took time to internalize the new order, didn't they?*

Answer: Yes. Their interpretation was that the SRC was coming to take away their role. They asked, once we set pay, what was left of them to do? They said that under Article 41 they had the right to negotiate. We told them we were not coming to take away that role. We made it known to them that we had a constitutional mandate to advise their employers on framework within which they could negotiate. We had the holistic picture of how much the economy could afford to allow their employers to give an offer.

***Question:** What are the pitfalls facing the incoming commission?*

Answer: The biggest challenge that we are not going to resolve soon is that the salary structure in Kenya has been based on an upward trend. Here, people earn pay adjustments in double digits. They will have to create a balance where there is fiscal sustainability. You cannot go on increasing salaries without looking at what the public purse has. This is a serious pitfall that we have. The rate at which pay has adjusted in the last several years does not compare favorably with the rate at which labour productivity has improved. In our understanding, we have worked out up to what level the economy can sustain. You put that at the level of the existing salaries, and it is clear that the existing salaries are already way too high.

> **There were some stakeholders who were worried about our intervention in their mandates and this was an issue. We took a lot of time to convince people to understand what we stood for and to get them to work along with us.**

***Question:** Where will you go after your terms ends?*

Answer: this is not an end in itself but a beginning to continue saving in other capacity. I will continue with my Job at CUE but open to any other assignment that may come on my way.

***Question:** Do you have time for yourself?*

Answer: I have just been introduced to golf but I have not started playing it. We work quite a lot here at SRC and sometimes it has not been easy finding enough time for personal recreation. At the same time, this job comes with its own package: one must make sure that you don't find yourself in environments where people ask you: "Hey, Commissioner, when are you increasing our salaries?" There are some unrealistic expectations from people who know you personally and yet you are working for the country. For this reason, you become more a social misfit than a social animal.

***Question:** Will Kenyans hold their country together?*

Answer: One thing I have learnt about Kenyans is that they never say 'No'. When they want to say 'No' they hide under God. And that is the difference that we try to make. Here we say 'No.' And we have said 'No' to very many requests. We call a spade a spade. If you are truthful with people, you can't go wrong.

Chapter Four

4. PRIVATE-PUBLIC SECTOR WAGE DIFFERENTIALS

4.1 Introduction

In 2013, SRC commissioned the Kenya Institute for Public Policy Research and Analysis (KIPPRA) to undertake a study on Public-Private Sector Wage Differentials in Kenya. The aim was to provide empirical evidence on wage differentials between the public and private sectors as a baseline for sound policy formulation on wages in the country.

4.2 Background

The public sector accounts for a significant portion of wage employment in developing countries. The ability to attract and retain highly skilled personnel is a major challenge for any government, if it is to increase its capacity to produce and implement good policies, including wage determination policy. In employment, a major debate revolves around public-private sector wage differentials that are significant for attracting and retaining talent.

Wage differentials in favour of the private sector may impose severe implications on the overall output of the public sector, and the capacity of the sector to make and implement policies and reforms. First, it results to a massive "brain drain" from the public sector to the private sector, thereby incapacitating the public sector in its mandate of making and implementing sound policies. While the reverse drain also occurs, it is not as extensive.

Second, substantial wage differentials lead to low morale among public sector workers, leading to diminishing output. In most cases, perceived wage differentials have led to agitation among public workers for higher pay, as evidenced by various professional groups working in the public service.

4.3 Key Findings of the Public-Private Sector Wage Differentials Study

Some key findings of the Wage Differentials study include:

Existence of wage differences

The findings confirmed existence of wage differences between the private and the public sectors in Kenya. The main counter-intuitive finding is that there is a wage premium in favour of the general public sector. However, when civil service basic salary is compared to private sector, the wage premium is in favour of the private sector. On average, the magnitude of the differential was about Ksh. 7,150 per month for basic salary in favour of the private sector for individuals with similar education and years of experience. However, when allowances were included, the gap was in favour of the Civil Service by Ksh. 7,032. The differential was especially in favour of state corporations, constitutional offices and local government sub-sectors when both basic and gross wages are compared with those of the private sector.

Major Disparities Revealed

A comparison of public and private sector wages using broad occupation categories revealed major disparities. Legislators, administrators and managers enjoy a wage premium for all the public offices compared to the private sector. Similarly, professionals, technicians and associate professionals enjoy a wage premium in basic and gross salary in the public sector, excluding the government ministries. The wage differential in the respective basic salary was an average of Ksh 6,394 for professionals and Ksh 3,592 for technicians. The highest differentials in favour of private sector were among technicians and associates when compared with their counterparts in the county governments.

Existence of vertical inequalities

The findings further showed existence of large vertical inequalities in wages within the public sector. This is particularly severe between the lower and the highest cadres. The wide inequality was caused by the huge salaries obtained by individuals in the highest job groups, i.e. top 10 per cent of the public wage earners. Wide wage differences also existed within the private sector, with earnings even higher at the top compared with those of the lower cadres, the vertical wage difference being greater than that in the public sector.

Wage Distortions

The market-clearing wage was distorted by pay structures in both the public and private sectors. The wage differential between the two sectors and within the sectors had caused a wage distortion. The principles of wage determination had been violated, and education and experience rarely considered in wage determination.

Effect of wage differentials on public sector labour

The employment policy in Kenya inadequately addressed issues around wage differentials within

Wage formation in the private sector is similar to the public sector. These channels include minimum wage regulation, collective bargaining and flexible wage fixing approach.

the public sector and between the public and private sectors. Many informal sector workers typically earned less than those in the formal sector. For instance, the policies governing wage determination had no clauses to ensure transparency in monitoring and reporting pay differences to the National Government. Wage reporting and monitoring practices have been observed in most national governments in other countries. Besides the general monitoring of pay differences, which is conducted by or on behalf of the National Government, some countries reportedly had legislation in place for ensuring transparency, mainly targeting employers.

Wage differentials have a positive and significant effect on the cost of labour in the public sector. For instance, a Ksh. 100 increase in the wage differential leads to an equivalent increase in the cost of labour in the public sector in the long term. This is because the wage differential can be used as a justification for lobbying for higher wages in the public service, as witnessed in salary increment calls by teachers, lecturers, doctors and nurses in the recent past.

In addition, wage differentials also play a significant role both in the short- and long-term. The results indicate that wage differentials can exist in the short-term, but agitation for higher wages could lead to a one-on-one increase in the cost of labour in the long-term. The wage costs incurred by the private sector due to wage differentials is much higher than a similar cost to the public sector, implying that private sector wages, on average, stay above the public wage, which might be a deliberate attempt by the private sector to attract and retain employees.

A wage penalty in the public sector increases turnover, while a wage premium reduces the chances of quitting. Specifically, a percentage increase in the gross wage gap (wage premium) in the Civil Service would result in reduction in the probability of quitting of about 0.08 per cent. Similarly, a percentage increase in the basic wage gap (wage penalty) – equivalent to Ksh 71.50 – would lead to an increase in the probability of leaving the Civil Service of about 0.24 per cent for individuals residing in urban areas. Considering the general public sector, the positive wage differential (wage premium) is in favour of the public sector, and hence the probability of leaving is very low (0.10%).

Despite the importance played by wages, the overall job satisfaction that an individual derives from an organisation is the most significant determinant of whether the individual leaves or stays in the public sector. A percentage increase in the proportion of public sector workers who are satisfied would result in about 19 per cent reduction in turnover in the general public sector and 17 per cent in the Civil Service. Incentives and allowances play a significant role in ensuring employee retention within the public sector. However, basic salaries alone significantly decrease retention chances.

Nearly 45 per cent and 47 per cent of workers in the public and private sectors, respectively, consider wage difference as one of the important factors motivating employees. The employees also noted that non-monetary incentives play a critical role in motivating them to work. Some of the incentives include: good working conditions, challenging assignments, flexible work conditions, job security and respectful positions. However, other factors affecting morale include low salaries, lack of promotion or clear criteria for such and poor working conditions.

A general observation is that some of the current remuneration structures in the public sector were developed through an ad hoc process hence lacks objectivity and comparability. Although the existing performance contracting is a fairly good system of assessing performance in the public service, it does not effectively cascade to individual employees, especially in the lower cadres. Moreover, it is difficult to objectively measure and compare productivity in the public sector due to the nature of outputs.

Kenya's Wage Compression ratio

Kenya's wage compression ratio is relatively high compared to the other countries in the region (about 20:1). In fact, the ratio between the highest and lowest paid within the Civil Service in Kenya is 98:1! Further, the composition of gross wages is skewed towards allowances and fringe benefits where the proportion of allowances in gross salary accounts for over 50 per cent across all job groups in the Civil Service, excluding other allowances not reflected in the payroll.

There are many different categories of allowances in the public sector, some of which are relatively small whereas others are large and make public sector employment more attractive when the complete package is considered. Some job groups in the Civil Service are entitled to more allowances than others, these preponderantly benefit the higher and middle job cadres. This has promoted inequalities in wages, with individual incomes from allowances highly supplementing the basic remuneration. Incentives and allowances play a significant role in ensuring employee retention within the public sector. While wage differences between the private and public sectors are more pronounced when public sector is defined as the Civil Service only, public sector workers choose to stay in the public sector despite the gap. It appears that benefits such as job security, prestige, allowances and other non-wage benefits are successful in motivating highly educated workers to remain in the public sector.

4.4 Recommendations from the Study

The following policy recommendations were provided:

i. The Government should develop standardised frameworks for determining terms and conditions of employment across the entire public sector. Jobs of the same value should be remunerated with the same pay range in accordance with the principle of "equal pay for work of equal value", and it should target output as an instrument to enhance pay.

ii. The public sector should create a more favourable work environment for career advancement and job satisfaction; widen the scope of non-monetary incentives while ensuring equality in access among potential beneficiaries; and link public sector pay to levels of competencies and output.

    Further, there is need to compress civil service wages by reducing the difference between the highest and lowest paid from the ratio of 98:1. There is need to consolidate non-incidental allowances in the public sector into basic salary, address the inefficiencies in allowances, and institutionalise selected categories of allowances. The proportion of basic pay should be not less than 75-90 per cent of the total salary.

iii. The public sector should review the role of allowances in total remunerations. The SRC should undertake a comprehensive review of all allowances with a view to standardising and/or including them as part of basic pay. Allowances that are not directly linked to job responsibilities can be merged, redesigned, or eliminated.

iv. There is need to embrace practices such as job security, quality of work (improve the work environment by ensuring the availability of work tools, a safe/healthy work environment, and flexible working hours, amongst other concerns), harmonised allowances and other non-wage benefits as interventions towards motivating highly educated workers in retaining their jobs in the Civil Service.

v. There is also need to legislate policies that support transparency in monitoring and reporting wage differentials. The Employment

Act of 2007 is one of the avenues that could be used in this case. The SRC should introduce a unit in charge of monitoring and evaluation of wage equalities within/ in the public sector and undertake periodic comparisons with the private sector wages. Public sector remuneration should be linked to employee performance and productivity. Payment should be based on proven skills, competencies and achieved results.

vi. The Government should develop a pay policy and pay reform strategy for the country. Instead of ad hoc negotiations with trade unions and other collective bargaining institutions, the Government should collaborate with stakeholders to develop a medium-term pay strategy, which should be guided by a three to five-year framework on pay guidelines. The collective bargaining process with trade unions should be flexible to take into consideration the envisaged pay reforms. This could minimise the uncertainties and inefficiencies associated with ad hoc strikes and irregular pay demands. The policy should also be consistent with macroeconomic stability policy objectives of the country.

vii. The relevant government organs should strengthen the Integrated Payroll and Personnel Database (IPPD) system and develop an information management system for human resources in all employment institutions under the public sector, both at the national and county levels. The system should capture, among others, information on pay, employee characteristics and best pay practices. The information can then be used to inform policy in the short- and long-term, and for monitoring and evaluation of pay policies in the country.

viii. The SRC initiative to undertake a job evaluation exercise to determine the value of each job in the public service is a step in the right direction. This should be completed with a view to continually improve the working conditions in the public sector. The results of job evaluation should be supplemented with other pay decision-making strategies, such as market benchmarking and cost of living.

4.5 Achievements on Implementation of the Study Findings

The following achievements are as result of implementing the study recommendations:

i. **Harmonisation and restoration of equity in the remuneration cycle:** The Commission issued a Circular on July 4, 2012 harmonising the review cycle from the previous period of between two to five years or as determined by the executive, to a standard cycle of four years for better management of the process and stop endless agitation for pay reviews. In addition, the circular provides the procedure for submission of proposals and factors to be considered for pay determination.

ii. **Study on allowances payable in public institutions in Kenya:** The study identified and categorised 149 remunerative and facilitative allowances in the public service. The study further determined the appropriateness, value and cost benefit of allowances payable, and made proposals/recommendations on the management of allowances for the entire public service. Some of the major recommendations entailed merging some allowances, and abolishing others.

iii. **Job evaluation for public service:** The exercise targeted all jobs in the public service, both at the national and county governments to achieve an equitable and defensible grading structure for the public service. Further, the relative worth of the jobs has been determined and an objective criterion for management of remuneration developed.

The job evaluation exercise targeted all jobs in the Public Service, both at the national and the county governments' level. The aim was an equitable and defensible grading structure for the Public Service.

Salaries & Remuneration Commission

Salaries and Remuneration Commission

An interview with Mrs. Anne E. Owuor, HSC, Salaries and Remuneration Commission

***Question:** After six years, the team members are going their separate ways. Please look back on how it has been.*

Answer: It has been a very good journey – with successes and challenges in equal measure. As commissioners we came from different backgrounds. We came from about 10 different types of institutions to see how best to manage the issues of salaries and remuneration in the public sector. It was completely new and in the beginning, we were kind of lost even if there was no time for that. We had to do a lot of benchmarking to understand our task, we had to do a lot of visitations and engage consultants in trying to have a sense of direction.

We also had to look at what the position was in other countries.

We burnt the midnight oil to make sure that as the new government came in in 2013, it would find a salary structure for state officers ready. We accomplished this. Parliamentarians were not too happy with us. But we stood our ground because we had to shed the excesses that characterized the old order.

***Question:** SRC's fight with Parliament played out in a big way in the public domain. What exactly was the MPs' problem?*

Answer: The major problem was the change in managing salaries and remuneration for the parliamentarians whose role had been removed from the Parliamentary Service Commission to the Salaries and Remuneration Commission. Hence there was a new sheriff in town- an independent body to determine their pay and not themselves.

This change posed major challenges as in reviewing their pay package SRC left them with no wriggling room on the issue of salaries, the MPs therefore turned to the issue of transport allowance. The MP's felt that they are entitled to a transport allowance for travel to their constituencies which in their Act specified that they are allowed to visit 52 weeks in a year. The figure really increases their overall pay significantly. The second one was the car grant. Everybody was up in arms about it because it was like we were giving them a gift. On further query when they reached out to us and confided that the car grant was a necessity due to the enormous pressure put on them during the electioneering period and they may not be able to afford a decent car once elected.

One MP insisted that "its part of the settling down fees after elections," I asked him what he meant by that. He said: "You know some of us come from different parts of the country. Some of us have never been in Nairobi. Now, as an MP you have to come to Nairobi. And you know in parliament you are supposed to own a new car, wear a suit to parliament and all this requires money. We need money to buy suits. We also don't own houses; we live with relatives. So this allows us to have some money to purchase a decent vehicle as we look for other sources of funds to settle down. Also, in an election you borrow a lot of money and you must pay back, putting a further strain on your finances."

Initially we put our foot down and refused to give them the car grants. That's when they conspired to threaten that if they are not given the money they would not pass the national budget and paralyze national government. Those were some of the challenges we had with MPs.

***Question:** Were there other stakeholders who confronted you with similar issues?*

Answer: We ran into similar attitudes of entitlement from other public service institutions who felt that they were independent and were not prepared for the change that occurred in management of their pay.

One of the biggest challenges were the regulatory institutions argued that their salaries should be higher than those of the institutions they regulate. But when we looked at the work per se on a daily basis, we found that those they regulated were doing much more than their regulators.

Again, we had to be firm. It was not enough to claim higher pay just because you were a regulator but justification of the work you do. You had to be able to demonstrate and convince us the need for the higher pay. The other major problem was the commercial based public sector institutions. They felt that since they were able to generate their own income and pay salaries without assistance from the national treasury, they should be left on their own to determine pay without reference to SRC forgetting that they too were public institutions.

***Question:* What will the incoming commission find? Are you happy with the state of the SRC as you are leaving it?**

Answer: We have tried to lay a firm foundation for SRC by coming up with processes, policies and procedures which we have documented. Whatever decisions we have made is all recorded. We are also coming up with a comprehensive report that we shall hand over to the next team as part of their orientation.

We are living behind a strong secretariat which is absolutely conversant with the way things are done. We are making sure that the next team will have a seamless start to their tenure. We have tried to be as thorough as possible so that it is easy to understand and follow through with what we have done during our tenure in office and also to minimize the need to overturn the decisions that were made.

***Question:* The SRC has been one of the most cohesive commissions in Kenya. What was the secret?**

Answer: To succeed, one thing that you really need to work on is team work and respect for each other. It is important to let all people to speak their minds. When you have an open system where nobody's opinion is belittled, you are on the right course.

The good thing about this atmosphere is that it brings out the best out of everybody. Everybody feels party to the decisions that have been made and it is therefore very hard to infiltrate from the organization from the outside.

Even if you call me aside, I will say the same thing as the other commissioners. This way, political interference is rendered ineffectual. The other issue is that if you start allowing political interference, you start dying as a team. It pays more to disagree from the inside

> **We are living behind a strong secretariat which is absolutely conversant with the way things are done. We are making sure that the next team will have a seamless start to their tenure.**

if you have to but once you come out, you must speak as one. I am very proud with the way my colleagues have conducted themselves. It has made our difficult tasks that much easier to carry out.

***Question:* Are you as happy with the country at large?**

Answer: Not exactly. We have abandoned our African values. We have become quarrelsome. We have even turned to hatred. We have pursued power and money with a greed that shocks me. We have ceased being our brothers' keeper.

The question to ask is: can't we learn from what has been going on in other countries? It is as if 2007 never happened.

It as if the turmoil that has happened to our neighbours including Rwanda never happened. We have to re-learn the skills of disagreement in a civil way. We can disagree here but still remain civil to one another. That is what makes the world go round. We have to remember at all times that we only have one Kenya.

***Question:* What is your background?**

Personal: I am an accountant by profession. Early in my career, I interacted with eminent professionals and they told me that one of the most glorifying achievements you can have is to do volunteer work especially within the profession so as to promote accountancy worldwide. I took that advice and have undertaken a lot of volunteer work both nationally and internationally through service in various bodies which I find very satisfying.

I have done this for many years as am very committed to upholding the standards of my profession. The whole issue of integrity, transparency, accountability, good governance, the issue of systems, internal controls, all these are very close to me. This has made me receive accolades not just in Kenya but also internationally. Through this I have been able to travel widely and have been to all the continents of the world. One of the highlights was the acknowledgement I received from the International Federation of Accountants worldwide for my excellent service in promoting the accounting profession. I believe that a strong accountancy profession that is highly skilled, behaves ethically, and acts in the public interest and is an essential element in both the public sector and private sector in developing countries.

Question: Do you find it challenging to run your busy schedule and at the same time take care of your family?

Answer: No. I find it satisfying and fulfilling. I think the issue of juggling family and work has been over emphasized. Go back to our African traditions. Our grandmothers used to till the land and to make sure that they stored food to make it through to the next season. They did this while raising large and healthy families. What we are doing is no different from them. The issue here is that many young people don't want to work; they don't want to get their hands dirty. They want to jump from Standard One straight to University instead of going class by class, year after year. I prefer it the old traditional way which is hard work, perseverance and patience, I know from experience it works.

Chapter Five

5. JOB EVALUATION FOR STATE OFFICERS

5.1 Introduction

The Constitution of Kenya, 2010 under Article 260 defines the positions created as State Officers, which are spread in all arms of the Government. These include: the Executive, the Legislature, the Judiciary, and various positions in county governments, Constitutional Commissions and Independent Offices, and State organs. The Commission undertook the first ever job evaluation for all the State Officers in Kenya in 2012/2013 to determine the comparable worth of State Officers. Subsequently a rationalised, defensible and equitable grading structure was developed.

To assist the Commission determine the salaries and benefits of State Officers, several studies were commissioned, good practices from other jurisdiction and the principles in the Constitution of Kenya, including other relevant laws and economic situation of the country were considered.

5.2 Rationale for the State Officers Job Evaluation

Prior to the establishment of SRC, setting of remuneration and benefits for State Officers in Kenya was undertaken through institutional and administrative ad hoc committees, and commissions. State Officers in Parliament would set their own pay, those in the Judiciary would set up committees to advise, while in the Executive, the Office of the President was responsible for setting remuneration and benefits for State Officers serving therein. All these processes were undertaken without a justifiable and defensible base that satisfies the principles of pay setting. Moreover, such an approach lacked an objective criterion for determining value and comparability of jobs, leading to glaring disparities in both grading and subsequent remuneration for State Officers.

5.3 State Officers Job Evaluation Process

The Job Evaluation Exercise for State Officers took six months. The Commission, with the assistance of a Consultant, Pricewaterhouse Coopers (PwC), conducted sensitisation forums to create awareness on the need for the exercise and trained job analysts in each of the sub-sectors to assist in undertaking job analysis for the identified positions. The entire exercise was undertaken through the following stages:

a) Stakeholder sensitisation;
b) Training of Job Analysts (JATs);
c) Administration of Job Analysis Questionnaires (JAQs);
d) Validation of the JAQs;
e) Development of Job Descriptions (JDs);
f) Validation of Job Descriptions (JD) manuals;
g) Evaluation of jobs per institution;
h) Development of a grading structure;
i) Salary survey; and
j) Development of remuneration structure.

Eighty eight jobs were evaluated by the Commission using job evaluation compensable factors, which included: qualification, knowledge and skills; experience and training; problem solving; communication; financial impact; and influence. In compliance with the provisions of the Constitution on public participation, SRC conducted public hearings across the country, and received feedback on the grading and proposed salary structure.

The salary structure that was reviewed across all grades from the President of the Republic of Kenya to Members of County Assembly was based on three major planks that included job evaluation, comparative studies and public discussions. In March 2013, the Commission gazetted the remuneration and benefits for all State Officers. This was a historical feat that had never been witnessed in Kenya.

5.4 Achievements of the Job Evaluation for State Officers

The grading structure for State Officers (Table 5.1) was a major milestone in streamlining setting of pay for policy makers in the public service. The resultant remuneration and benefits structure is contained in the Kenya Gazette Notice Ref. Vol. CXV - No. 33 dated 1st March, 2013.

In developing a harmonised grading structure, the Commission achieved the following:

i. Equity and fairness in remuneration for State Officers: The grading and salary structure reduced disparities that had been created by the various selective salary reviews. The salary structure brought in equity and harmony in the remuneration and benefits for State Officers, reducing the compression ratio from 1:58 to 1:10. The exercise also facilitated effective implementation of the Constitutional requirements of instituting a transparent, equitable and fair remuneration system in the Public Service.

Table 5.1: Grading structure for State Officers

State Officer	Job Grade
President of the Republic of Kenya	G
Deputy President	F5
Speaker of the National Assembly Speaker of the Senate, Chief Justice	F4
Deputy Chief Justice, Cabinet Secretary, Secretary to the Cabinet, Deputy Speaker of the Senate, Deputy Speaker of the National Assembly, Attorney General, Auditor General, Judge of the Supreme Court, Chairman, IEBC, Chairman, CIC	F2
Principal Secretary, Controller of Budget ,Judge of the Court of Appeal, County Governor, Director of Public Prosecution, Vice Chair IEBC, Vice Chair CIC, Chairpersons, other Constitutional Commission	F1
Member of the National Assembly, Member of the Senate, Member of Independent Constitutional Commissions, Judge of the High Court, Register of Political parties, Secretary of Independent Constitutional Commissions, Deputy County Governor	E5
Chief Magistrate	E4
Speaker, County Assembly, County Executive Committee Member, Senior Principal Residence	E3
Principal Residence Magistrate	E2
Senior Resident Magistrate	E1
Resident Magistrate, Member of County Assembly	D5

ii. Better planning and budgeting: The structured salary setting has enabled efficient planning of budgetary allocation within the prevailing economic circumstances.

iii. Attraction and retention of requisite skills: The job evaluation results facilitated setting of remuneration and benefits for State Officers based on the relative worth and value of jobs. This enabled them to not only be rewarded for the value of their, but also ensured that the right skills were attracted to serve in the country.

iv. Harmonisation of cross-cutting allowances/ benefits: Most allowances were subsumed in the salary payable to State Officers and consolidated to 40 percent of the gross pay. This reduced varying rates of allowances, criteria for payment, and discontent from perceived unfairness among the affected officers while addressing multiplicity and duplicity in payment of allowances.

5.5 Challenges from the State Officers Job Evaluation

Owing to the fact that the State Officers' jobs were evaluated for the first time, the exercise faced some challenges including:

(i) Setting remuneration for top policy makers in the public service was sensitive and required high level of confidentiality, yet the Commission had to invoke the principle of public participation as provided in the Constitution;

(ii) Due to the nature of some positions, especially at the top, job holders were not easily accessible to verify the information provided by representatives;

(iii) Non-cooperation by some public service institutions and job-holders.

These challenges were, however, surmounted through engagements with the relevant stakeholders.

5.6 Lessons Learnt from the State Officers Job Evaluation

Key lessons learnt from the State Officers job evaluation process included:

(i) Job evaluation brings harmony in grading structures and equity in remuneration structures;

(ii) Classifying State Officers based on the resultant grading structure enables the application of a single spine salary structure from the highest paid State Officer to the lowest and reduction of the compression ratio;

(iii) The defined period of salary review cycles set for State Officers following the job evaluation exercise ensures predictability of wage bill budgets. Through this, timely plans are made to capture the cost implications of the reviews within the medium term budgeting framework.

(iv) The exercise should be undertaken following substantial restructuring of the roles in Government through either Constitutional changes or legal frameworks that affect the general organisation of State offices across the three arms of Government. This provides adequate and approved job descriptions and documentation, which are a precursor to a credible job evaluation process.

(v) Credibility and dependability of the evaluation process and the subsequent transparency and professionalism in setting remuneration and benefits structure is necessary in minimising resistance by the affected State Officers who have the powers to make policies that can negatively affect the implementation of the results if not satisfied.

(vi) Before engaging the consultant or a technical team to undertake the job evaluation, the tool and weighting of the job evaluation factors should be agreed on.

Salaries and Remuneration Commission

An interview with Mr. Isaiah Kubai, MBS, Salaries and Remuneration Commission

Question: Your background is in the trade union movement. Your members must have been very happy to nominate you the SRC. Did you disappoint them?

Answer: When I was appointed to this commission, the expectations of my members were that I was going to be a very useful person to them. In the banking industry I have been a workers leader for many years and I have always been very committed to the workers' plight. When I came here, my biggest concern was: how do I handle the clamour for workers' rights while upholding the mandate of the SRC?

We had come to deal with an untenable wage bill and the same time to be fair to the workers of the country. The commission's mandate was sacrosanct because only it could be fair to everybody in the country since everybody fights for themselves. Yes, I disappointed my constituency who imagined that I had come here to fight for them.

Question: Tell us more about that.

Answer: I had a very difficult time trying to convince my colleagues that I was not here to represent their interests. When I made it clear that I was serious, they started talking of recalling me. Of course, that was impossible because of my constitutional protection. I was losing their confidence and it took a lot of patient engagement to make them understand my role as a commissioner of the SRC.

People even approached my Member of Parliament who assured them that he would talk to me. But I was not the only one. My colleagues, Hon Oloo Aringo and Mr Jason Namasake, nominated by the National Assembly and the Senate, had an even rougher time.

The same happened to Ms Sellestine Kiuluku with people from her constituency, the Judicial Service Commission. The early days in this commission were full of turmoil. Many people wanted to slay this new animal that was setting their salaries or invading their negotiating space with their employers.

Question: How did your union and indeed other unions take the mandate of the SRC?

Answer: Before SRC came into being, union's liked flexing their muscles depending on their size. The biggest ones enjoyed intimidating others. The teachers' union, for example, with more than 200,000 members was a big force. It could hold the country at ransom.

The military could go to the president quietly and come out with a deal. SRC as a constitutional commission caused a disruption in all this. It stepped into a space occupied by many players, some of whom, like Parliament, were used to setting their own salaries.

As the body constitutionally mandated to set the salaries of all state officers, it was viewed with mixture of hostility and curiosity.

Question: What was its strength?

Answer: Togetherness. It is the most cohesive commission in the country. It is the commission where there are no wrangles, where everybody respects one another. We debate issues and arrive at a consensus. We have never voted on an issue in this commission.

Question: What are the lessons you have learnt the most?

Answer: Let me give you a brief background by way of answer. I went to Ruskin College in the UK for two years. It is the oldest labour college in the world. Many leaders of Britain's Labour Party studied there. Our own Tom Mboya also studied there. Before going there, I was a very militant trade union leader. I approached negotiations with my employer as a zero sum game.

But Ruskin taught me the importance of employers. It taught me the value of productivity. It taught me to look at the labour space as an interacting ecosystem where everybody depended on the other so as to expand the cake before talking about dividing it.

These are the values that I was keen to share and my nomination to the SRC came as a godsend. I was able to become comfortable thinking about all people who earn a wage in Kenya and not just my members. This was a good platform to put that knowledge and experience into action and I look back on these six years with a lot of satisfaction.

In short, the focus to frame a sustainable national wage bill while working as a team amongst people from diverse backgrounds, will remain a lasting lesson in humility and patriotism.

The commission's mandate was sacrosanct because only it could be fair to everybody in the country since everybody fights for themselves.

Question: What challenges lie ahead?

Answer: The challenges of productivity. In this country, we have become so preoccupied with how much we can earn and not how much we can produce. This has developed into a culture. It will be the duty of the incoming commission to address this. We must expand the size of the cake even as we talk about sharing it.

Question: What will do when you leave here?

Answer: I will go back to my union job. I have a law office which I run and I will continue to do so. And hopefully I will take up golf. I am a member of Royal Nairobi Golf Club but I go there only for long walks.

I know the importance of taking time off from all this heavy workload.

Chapter Six

6. REVIEW OF REMUNERATION AND BENEFITS FOR OTHER PUBLIC OFFICERS

6.1 Introduction

One of the key constitutional principles the SRC must take into account in executing its mandate is that of fairness and transparency. As the Commission embarked on the unenviable mission to address the various manifestations of pay inequity and unfairness, it became increasingly clear that job evaluation was the most logical intervention to create order in the Public Service remuneration structure. This would not only remove internal as well as external inconsistency in wages paid to similar or comparable jobs and in the final analysis lead to fair and transparent remuneration in the Public Service.

The objective of the comprehensive job evaluation for the Public Service exercise was to determine the relative worth of jobs and advise on remuneration and benefits for Public officers, bearing in mind that the national and county governments have over 700,000 employees and 500 job families. Equally important for the Commission is to ensure that the Government is able to attract and retain the needed skills to execute the functions of public services.

6.2 History of Salary Reviews

The Government has since independence addressed issues of grading, job classification and remuneration in the Public Service through institutional, administrative (ad hoc committees and commissions) and collective bargaining agreement (CBA) processes. These processes were uncoordinated and addressed the issues by sub-sector at different intervals, thus creating disparities in grading and remuneration.

The Government, therefore, undertook several grading and pay reform measures with reasonable success in attracting and retaining requisite skills. This notwithstanding, there were issues that affected delivery of service, which included: lack of objective criteria for determining value and comparability of jobs and effective performance monitoring and evaluation system, leading to inequity and disparities in grading, remuneration and benefits.

In 1999, there were recommendations for a service-wide job evaluation to rationalise and harmonise the job grading structure. Although a banding system was subsequently introduced, it had limited success as it was not based on an objective evaluation criteria and as a result, various cadres sought to be banded at levels that had the highest remuneration and benefits.

In 2004, the State Corporations including public universities and research institutions, for purposes of being aligned to the banding system, were categorised based on functions so as to provide an equitable grading structure, remuneration and benefits. The exercise had limited success because it was not based on an objective criterion, hence increasing the disparities and inequities.

6.3 Rationale for Undertaking Job Evaluation for Public Service

The ad hoc nature of reviews in the Public Service had impacted negatively on the grading and remuneration structures and benefits. Consequently, similar job titles and comparable professional cadres were graded differently and attempts to re-grade without job evaluation only created negative ripple effects.

It is against this background that the SRC commenced job evaluation for Public Service in 2015 pursuant to its mandate of ensuring that the remuneration system in the Public Service is transparent and fair, while maintaining a fiscally sustainable wage bill.

It was envisaged that the results of the exercise would facilitate determination of comparability of jobs' worth, thus providing a basis for: grading structures, rationalisation and harmonisation of job-grading structures; and setting and reviewing compensation packages.

6.4 Management of the Job Evaluation exercise

Owing to the size and complexity of the Public Service and the need to ensure that the desired results are achieved, the Commission engaged consultants to conduct job evaluation for the Public Service. For better management of the exercise, the Commission opted to categorise the entire public sector into seven clusters:

- (i) Civil Service;
- (ii) Service and Regulatory State Corporations;
- (iii) Commercial State Corporations;
- (iv) Research Institutions, Public Universities and Tertiary Education Institutions;

(v) Constitutional Commissions, Independent Offices and the Teaching Service;
(vi) Disciplined Services; and
(vii) County Government.

The job evaluation for the Public Service was a massive exercise that required concerted effort and ownership by all stakeholders. In view of this, the Commission collaborated with Government employing agencies to undertake the exercise in the respective institutions within the scheduled time frames.

6.5 Methodology of the Job Evaluation

The job evaluation was structured and undertaken as follows:
(i) Stakeholder sensitisation;
(ii) Training of job analysts;
(iii) Administration of Job Analysis Questionnaires (JAQs);
(iv) Validation of the JAQs;
(v) Development of job descriptions;
(vi) Validation of job description manuals;
(vii) Job evaluation;
(viii) Development of a grading structure; and
(ix) Salary survey and development of a salary structure

The exercise kicked off with sensitisation of top managers of 228 government institutions. Thereafter, each institution nominated officers for an intensive training on job analysis and data collection. The trained officers formed the job analysis teams (JATs) that would oversee the administration of the job analysis questionnaires in their respective institutions. The respective human resource officers and managers verified the completed job analysis questionnaires before proceeding to the next stage of the exercise.

The information from the JAQs was used to develop and update the job description manuals that were later signed by the respective CEOs, and used for evaluation. At the end of the exercise, over 40,000 jobs had been evaluated across all the sectors using different evaluation systems based on standardised job evaluation compensable factors as approved by the Commission.
This was followed by a salary survey and development of the salary structures for all the public institutions with clear implementation guidelines.

6.6 Job Grading Rationale

The Commission identified the following ten factors to be used for evaluating jobs:

i. **Accountability:** This was to measure whether a job has a financial responsibility; i.e. direct or indirect influence on any financial measures for the whole or part of the institution;
ii. **Decision-making:** This was to measure the level of decision-making of the job in the institution given the type of problems that the job holder is required to solve.
iii. **Impact:** The impact of the decisions by the job holder including the sphere of its influence; i.e. influence in practices, policies and/or strategy.
iv. **Problem solving:** This measured the complexity of the problems the job is required to solve;
v. **Job knowledge:** The knowledge and skills that would be required for appointment to the job;
vi. **Managerial skills:** Technical, human and conceptual skills;
vii. **Interpersonal skills:** The type of communication, verbal and/or written, that the job holder needs to understand in order to perform the job;
viii. **Working conditions:** The exposure of an employee in a working environment;
ix. **Responsibility:** This measured, among others, the managerial, operational and financial responsibility of the job; and
x. **Independent judgement:** This is measured whether a job holder can make independent judgement or has to consult for advice. Evaluating possible causes of conduct, and acting or making a decision after the various possibilities.

Based on the factors, the Commission used the Paterson Job Grading Philosophy, which has been widely applied with great success globally to evaluate the Public Service jobs. The philosophy examines the characteristics of WORK and PAY. The philosophy is based on decision-making as a key factor, as all jobs require decisions to be made, but at varying degrees. Evaluation of jobs was undertaken by a panel.

The Paterson Job Grading Philosophy has seven bands. All jobs evaluated in the exercise fell in band A to E. All the bands have five grades except for Band A, which has three grades. Each grade is a representation of the level of decision making and function of job as described in Table 6.1. Band E represents the highest jobs or top management jobs in an institution, while Band A represents lower level jobs that require basic skills. It is important to note that the job bands (A, B, C, D, E) are not a representation of the current public service job groups.

During job grading, the worth of one job relative to another was determined systematically and objectively without due regard for personalities. Key inputs for job grading were approved and verified by the heads of respective institutions.

6.7 Challenges and Lessons Learnt from the Job Evaluation for Public Officers

The following challenges were observed in the course of the exercise:

a) **Legal:** The Commission faced litigations challenging its mandate with respect to job evaluation exercise, job evaluation grading structures and procurement related issues.

b) **Complexity and enormity of the exercise:** The diversity of the public sector required institution or sector-specific approach to manage and plan the exercise. This made it challenging to procure consultants for the assignment. On the other hand, the exact number of Government institutions and jobs were not known beforehand as there was no centralised data, which led to increase in the assignment's scope and costs.

c) **Non-cooperation by some institutions:** Some government institutions did not give the required support to the exercise which affected the timelines.

d) **Funding:** Timely access of funds affected planning and completion of the exercise.

e) **Harmonisation of job grading and salary structures for the Public Service:** Whereas the Commission envisaged to harmonise the grading and salary structures for the Public Service, this was not achieved within the expected time since it is a long term process. Ultimately, after harmonisation and implementation of the grading and salary structures, 'equal pay for work of equal value' shall be achieved.

Table 5.1: Paterson Bands

Band	Decisions Made
E	Programming decisions
D	Interpretative decisions
C	Routine decisions
B	Discretionary decisions
A	Defined decisions

6.8 Achievements of the Job Evaluation

a) Developed a harmonised grading structure across the public sector. Each role has a grade that can be mapped within the public sector without distorting the structure and disadvantaging the job-holder.

b) Job evaluation considered all factors associated with the public sector jobs for purposes of compensation, including job complexities, risks, decision making, physical and mental pressure.

c) The new structure will focus more on productivity and performance. This requires development and institutionalisation of a performance management system for the entire public service.

d) Through the job evaluation exercise, all public institutions now have comprehensive job description manuals. This will enable the institutions to clearly define job roles and functions leading to better performance, accountability and succession planning.

e) Through the exercise and as per article 230 (4) (b) and Article 41 of the Constitution of Kenya, the Commission developed and advised the public service employing agencies on salary structures subject to the principle of affordability and sustainability.

Salaries and Remuneration Commission

An interview with Mrs. Jacqueline Mugo, MBS, Salaries and Remuneration Commission

Question: Describe to us how you ended up here.

Answer: I came to the SRC through the Federation of Kenya Employers which is one of the nominating bodies or institutions that form the commission. I think the idea of forming the commission in such a structure was to have all voices heard. It was important as a country to have the voice of the private sector because it would be impacted by the decisions made by the commission. The objective of the commission is to come up with holistic policies, principles and guidelines that help put us in a place where we are competitive. Although not every sector is represented in the commission, we as commissioners do not see ourselves as representing our separate nominating bodies. We are here for all Kenyans.

Question: Personally, how have you found your tour of duty here?

Answer: My expectation was that it couldn't be so involving and we could spend no more than half our time. It ended up being full time job and for some of us who are in other jobs it became quite a stretch. But it has been a good opportunity to serve and holistically as a country we have made progress.

Historically the country had spread the question of salaries and remuneration across many bodies and we were coming together to bring all that under one roof. We came in at a time that was very highly charged politically and we had to make certain critical decisions before the new government took office following the 2013 elections.

There was an expectation among Kenyans that we would tame the salaries of high earning public officers. We set out to do this. It was harder than we thought. The degree of resistance from those impacted by our decisions was extreme. Many stakeholders agreed to engage with us but they offered us a lot of resistance. Looking back I don't think we had any way of gauging the amount of push back that we would encounter. However, at the same time, there was a lot of support from Kenyans as we came out and showed them the parameters of wage determination and some of the principles we were using to determine them.

Question: Parliament wanted to send you home only they couldn't because of your constitutional protection.

Answer: Yes. The biggest pushback came from parliament. Previously they used to set their terms as they deemed fit. Now comes a commission that is making the decisions for them. I think that change was very difficult for them. They felt we were being unfair. They wanted not just to retain what they were earning but in fact improve on it while we came to cut it down.

And this is not arbitrary. The commission's decisions are based on studies; they are scientific and can stand the test of time. We tried to sell this to Parliament but came up against stiff resistance. We had very hot sessions during which we were called names. But we prevailed because we had the support of the Executive and the people at large.

Question: What about other stakeholders, like the trade unions?

Answer: The trade unions were interesting. They felt that we were interfering in their work. They felt that we had invaded their space and impinged on their right to collective bargaining, their freedom to negotiate and indeed their freedom of association. But we told them that it was our mandate to look at the parameters of wage determination and evaluate the cycles of negotiation for their CBAs. But they pushed back and in some cases we ended up in the courts. All these challenges had to do with stakeholders who had still not familiarized themselves with the SRC mandate. They had not brought themselves up to speed with the new constitutional dispensation.

Question: Have people lobbied you to look favorably into their matters?

Answer: Oh, yes, all the time! But we, too, have also encouraged them to come to us and make their cases. This is beneficial on both sides. We have met stakeholders such as Kenya Power, Moi

Teaching and Referral Hospital, the military and these interactions help us a lot. They educate us about what they do. They help us to understand their issues. As a commission we are very close to our clientele and those who come to seek our decisions. That is another achievement. We have listened. We have welcomed various representations. But at the end of the day we make decisions that are defensible.

Question: You are a familiar face as an imminent professional person in this country because of your position at the FKE. Tell us something about yourself.

Answer: My story is long. The FKE picked me when I was young. It was my second job after working for the government for seven years. I was trained as a lawyer. But a lot more has been invested in me for which I feel very grateful. God has placed me in a space where I now can make my own little contribution to the country in creating an environment that is friendly, talking to government, talking to all the policy makers and talking truth to power as they say.

Question: What motivates you, who are your role models?

Answer: My greatest role model is my mother. She was widowed at a very young age and left with seven children. She married young. She had not even finished primary school. Imagine then, being widowed before the age 30, seven children to raise, leaving your rural home to look for a job in Kericho, finding the job and educating all seven of us to university. If she could face all that and overcome it, why can't I? In fact, she is the reason I have not sought a job out of the country. I am so grateful that I want to be close to her.

"The commission's decisions are based on studies; they are scientific and can stand the test of time. We tried to sell this to Parliament but came up against stiff resistance.

Question: What about family?

Answer: The family is the base after God and I am very conscious about that. I have tried to raise my own family with the love and care and discipline that she did. It is not always easy and sometimes I feel I have fallen short, but I try all the time. You have to be a balanced person –spiritually, socially and professionally. It is balance that I strive for and I watch my guiding posts, my radar, and ask myself if I am tilting too much on one side and have to make a course correction. I consciously subject myself to this test. Success in life is not just about more money and a bigger car; it is about being a balanced person.

Chapter Seven

7. ALLOWANCES IN THE PUBLIC SERVICE

7.1 Introduction

The Public Service compensates its employees through payment of a basic salary and allowances. Payment of allowances, however, varies from one institution to another based on policies and practices. While it is considered that a basic salary attached to a post should represent appropriate remuneration of its holder, additional payment in form of allowances has been made either as reimbursement for expenses incurred directly or indirectly in the course of duty or as compensation for services rendered under certain circumstances. Allowances are, therefore, classified into remunerative and duty facilitating.

Remunerative allowances include: extraneous, responsibility, special duty, acting, non-practicing, risk and emergency call. Duty facilitating allowances include: entertainment, transport, subsistence, domestic servant, hardship, uniform, transfer and leave.

Although the remunerative allowances are paid and can be tracked through the payroll, quantifying the facilitative allowances in the Public Service is a challenge. Some of the facilitative allowances are lumped together with other budget line items such as training and workshop, making it difficult to analyse, budget and report them separately. This creates a gap in audit trail.

7.2 Situation Analysis

Owing to the fact that there is no common policy framework to guide payment of allowances in the Public Service, different public organisations compensate their employees using different criteria and payment mode. The practice has over the years resulted in inequity and unfairness, creating discontent within and across public service organisations. It has also been a cause for agitation and requests for parity of treatment among cadres performing similar jobs under similar circumstances.

One of the key recommendations of the Kipkulei Harmonisation Commission in 1989/99 was the need for the Government to define the criteria for determination, eligibility, equity and thereafter review the entire spectrum of allowances. The allowances whose payments are no longer justifiable would be targeted for abolition, while others would be consolidated, depending on their nature.

Pursuant to the provisions of Articles 230(5) and 41 of the Constitution on fairness and transparency, SRC sought to streamline the remuneration systems with a view to rationalise payment of allowances in the Public Service. The Commission engaged a consultant to undertake a comprehensive study on review of the allowances to enable it to develop a policy to restructure and streamline payment of allowances. The resultant structure would facilitate the achievement of a transparent and equitable remuneration and benefits structure, and ensure fiscal sustainability of the public compensation bill.

The scope of the study was to review all the facilitative and remunerative allowances payable both in the National and County governments, including State Corporations.

7.3 Components of Remuneration

Remuneration in the Public Service has two basic components, the basic pay and allowances. Basic pay is a fixed component of remuneration for a position. A salary scale, a salary range and annual salary increments based on either performance or time or both, determines it. Salary scales distinguish one grade from another and a range has a minimum and maximum basic salary. Remunerative allowances are those paid to an officer, in addition to salary as a form of compensation.

Allowances payable in the Public Service include:

1. **House Allowance:** A monthly allowance payable to all public servants to contribute to housing expenses per salary grade. The allowance differs across public institutions. Officers occupying institutional houses pay rent equivalent to the value as shall be determined by the ministry responsible for housing or surrender their house allowance, whichever is lower.
   A benefit meant to facilitate housing is the Housing Benefit which is a monthly allowance provided to Cabinet Secretaries and Principal Secretaries.
   Another aspect of the allowance is the Housing Supplementation, payable to specific ranks of the uniformed personnel who are expected to reside within their respective force/service lines for the purpose of quick combat, mobilisation and closer supervision and

eligible for free housing facilities, including water and electricity. The allowance is payable to uniformed officers below rank of Inspector (Job Group K).

2. **Extraneous allowance:** It is payable to officers whose duties expose them to excess physical and mental stress, and extended undefined long working hours. Extraneous allowance is paid to officers who are called upon to undertake extra responsibilities in addition to their normal duties and, therefore, work over and above the official working hours on a continuous basis. The allowance is referred to as Health Workers Extraneous Allowance in the health sub-sector.

3. **Commuter Allowance:** It is paid to officers to cater for their transport expenses to and from their place of work when not provided with Government transport. It is an offence for an officer in receipt of commuter allowance to use Government vehicle from the house to office and vice-versa.
Besides, there is Transport Allowance payable to senior staff who ordinarily could be assigned an official car but this facility is not available and thus substituted with transport allowance.

4. **Leave allowance:** It is paid to officers to facilitate travel while on leave once every year. All officers are eligible for leave allowance.

5. **Hardship Allowance:** It is payable to officers posted to areas designated as hardship to compensate them for the stress they undergo for lack of basic social services/amenities and other non-quantifiable factors.

6. **Health Risk Allowance:** It is paid to health workers exposed to certain occupational risks but whose salaries have not been consolidated to include the risk factor. Some of the occupational risks include exposure to infections, contaminated materials, hazardous chemicals, toxic gases and fumes or physical danger.

7. **Non-Practicing Allowance:** It is paid to certain registered professionals in the legal and medical professions to compensate them for foregoing private practice. The allowance is also paid to other registered professionals in the former local authorities.

8. **Acting Allowance:** It is paid to an officer who acts in a higher post for not less than 30 days. It is paid to an officer eligible for appointment to a higher post when called upon to act in that post pending advertisement of the vacant position. Acting allowance is not payable to an officer for more than six months.

9. **Special Duty Allowance:** It is paid to an officer called upon to perform duties of a higher post but does not possess the necessary qualifications for appointment to that post. Payment of special duty allowance is subject to recommendation by the Human Resource Management Advisory Committee and approval by the Authorised Officer. Special duty allowance is not be payable to an officer for more than six months.
Officers performing duties of a higher post under this provision are eligible for travelling privileges, accommodation allowance, subsistence allowance, or an extraneous allowance and entertainment allowance applicable. However, the officer does not qualify for house allowance or other remuneration and benefits applicable to the higher post.

10. **Responsibility Allowance:** It is paid to officers whose duties involve added responsibility over and above the normal duties of officers of equivalent rank and for which regular salary is assigned. The allowance is paid to officers who have been assigned an administrative duty and as a result do not undertake their ordinary core mandate.
In the Teaching Service, payment of this allowance depends on whether the school is a day or boarding institution, and rates vary according to streams for day schools and batches of 60 boarders, for boarding schools.

11. **Telephone/Airtime Allowance:** It is paid to officers to facilitate communication on official duties. The amount depends on job groups and is paid either through the payroll or issuing of airtime cards.

12. **Personal Aide Allowance:** It is meant to facilitate public servants using wheel chairs and the visually challenged to pay for their guides.

13. **Emergency Call Allowance:** It is paid to officers who are required to be on call in case a need arises for them to be present at the duty station. It is payable to, for example, doctors (medical officers, dentists, pharmacists) deployed in hospitals.

14. **Uniform Allowance:** It is paid to various categories, including judicial officers, nurses, and nutrition officers for various uniforms and robes. For judicial officers, it is called Robe Allowance.

    There is also plain-clothes allowance paid to all police officers who are required to wear uniform, but due to their special assignment they wear civilian clothing.

15. **Medical Allowance:** It is paid to teachers under the Kenya National union of Teachers (KNUT) to cater for outpatient medical treatment, as they are not on a medical cover.

16. **Special School Allowance:** It is paid to special education teachers offering teaching services to special needs students, depending on job group.

17. **Overtime Allowance:** It is paid to staff to compensate for hours worked in excess of the official working time. This allowance may be granted to an officer with approval of the departmental head for overtime worked in excess of 40 hours per week. It applies to an officer in Job Group 'J' and below who is required to work overtime, and is payable subject to a maximum of 10 hours per week.

18. **Aircraft Engineering Allowance:** It is payable to officers in the air wing who are involved in repair and servicing of aircrafts.

19. **Police Pilot Allowance:** It is paid to all the police officers who are deployed as pilots in the police air wing to compensate them for additional skills and training that they have over and above the police training, and to pilots who have achieved certain competences of flying.

20. **Animal Handlers' Allowance:** It is paid to officers handling horses and dogs to compensate them for the training, risks and strain involved as they handle the animals in their course of duty.

21. **Coxswain Allowance:** It is paid to water police officers and livestock and fisheries officers who are deployed in marine duties to compensate them for working long hours in unusual and risky environment.

22. **Wireless Operators Allowance:** It is paid to disciplined officers who operate high frequency equipment that expose them to harmful rays due to long exposure.

23. **Presidential Escort Allowance:** It is paid to officers deployed from the police service who form the security network of the President and accompany him to functions. The allowance is compensation for the extraneous nature of the duties as they are expected to be on call and alert at all times, and have undefined duties that go beyond normal working hours.
    Related to this is VIP protection allowance paid to officers deployed from the police service who form the security network of VIPs.

24. **Instructors' Allowance:** It is paid to officers who undertake instructing duties in the training institutions as compensation for undertaking instructing responsibilities, in addition to policing duties. The allowance is payable to all instructors at a monthly rate of 25 per cent of the basic salary.

25. **Trainers' Allowance:** It is paid to judicial officers who are called upon to facilitate at workshops, seminars and conferences. It is paid to officers who are deployed to manage and undertake lower cadre training.

26. **Domestic Staff Allowance:** It is paid to senior staff to facilitate hiring of a domestic servant to cater for domestic servant expenses. The officers eligible for this allowance are in grade U and above.

27. **Transfer Allowance:** It is paid to an officer transferred from one station to another to assist him/her during the transition period to offset some of the expenses incurred in relocating. The officer is eligible for transfer allowance amounting to one month's basic salary provided the new station is not less than 40 kilometres from the former station. This allowance is paid at least three days prior to departure. Transfer allowance is not paid to field officers such as surveyors, hydrologists, engineers, geologists and inspectors of works, when moving from one camp to another; officers deployed on temporary basis (i.e. on relief duty) for a period not exceeding five months; and officers transferred at their own request.

28. **Safety Allowance:** It is payable to staff for their contribution to the safety of transport sector (air navigation, shipping, road and rail); disaster risk reduction, and the timely provision of early warning information against natural hazards.

29. **Shift Allowance:** It is paid to staff who by the nature of their specific duties are required to work on a roster shift-basis. For example, the allowance is payable in the Metrological Department.

30. **Adversity Allowance:** It is paid to officers on call all the time to respond to emergency situations such as flash floods, cyclones, tsunami, adverse weather to aircraft operations and natural hazards such as earthquakes and tremors.

31. **Aviation Support Allowance:** It is paid to all officers in job group M and below performing duties in support of the aviation industry.

32. **Administrative Allowance:** It is paid to all nurses and clinical officers in the Ministry of Health who are called upon to perform administrative duties to compensate them for additional responsibilities which are deemed to be over and above their normal duties but cannot be compensated through acting/special duty allowances.

33. **Foreign Service Allowance:** It is paid to compensate for the higher living standards in the foreign country. The allowance is one of those payable to all officers on missions abroad. The rate of allowance varies from one country to another and determined by grade, family status and country of posting.

34. **Police Field Allowance:** It is paid to compensate for cost borne on long periods away from duty station.

35. **Cabin Crew Allowance (Police):** It is paid to stewards and stewardesses to compensate them for performing functions using additional skills acquired over and above police training.

7.4 Study Findings and Recommendations

The results of the study revealed that there are 150 allowances payable in the Public Service. Further, the study noted significant variations on allowances payable across the Public Service, which range from duplications and wide disparities (both vertical and horizontal) to varied eligibility criteria for payments that hamper harmonisation and standardisation. The recommendations from the study were categorised as follows:

(i) Allowances that are paid for similar purposes but have different names be merged;

(ii) Allowances whose rationale is redundant or the purpose of paying them overlaps with that of the basic salary be abolished;

(iii) Allowances whose economic values/rates are not commensurate with the intended purpose be restructured; and

(iv) Allowances whose purpose of payment is still valid be retained and harmonised.

7.5 Achievements from Implementation of the Study Recommendations

As a first step in the implementation of the recommendations and for purposes of harmonisation, equity and compensation for the cost of living adjustment, the Commission reviewed four allowances: house, hardship, leave and subsistence. Implementation of these allowances was effected in December 2014.

7.6 Implementation Challenges

Following the implementation of the four allowances, the following challenges were noted:

(i) Whilst, the Commission reviewed house allowance, there were implementation challenges with respect to institutions that apply consolidated remuneration structures;

(ii) The criteria adopted by the Commission for clustering regions for purposes of payment of daily subsistence allowance made some regions more attractive than others; and

(iii) There are organisations drawing higher rates than those advised by SRC, hence harmonisation of these allowances will take longer.

(iv) The Commission adopted a policy of awarding salary and allowances at the ratio of 60:40. Currently, some institutions draw consolidated pay, while others draw basic salary and allowances. This, therefore, presents an implementation challenge for those institutions with consolidated pay because when any allowance is revised, they strive to maintain the 60:40 ratio.

Salaries and Remuneration Commission

An interview with Mr. James Muhoro, OGW, Salaries and Remuneration Commission

***Question:* You are the only commissioner who is not leaving this December. Tell us how this came about.**

Answer: I came here by way of the National Police Service Commission. The Commission was late in undertaking the initial recruitment, and that is why I am the only Commissioner whose term is not expiring this December. I came in when my colleagues had already done a lot of work including the critical job evaluation for state officers. I arrived to find very strong reactions to what they had done. Parliamentarians were fighting back. One of the things that impressed me most was how fast the commission had understood its mandate and how it prosecuted it. I was a beneficiary of my colleagues' experience; I was piggybacking on them and learning as fast as I could.

***Question:* Talk about the challenges you encountered.**

Answer: I think the greatest challenge posed to many Kenyans was the positive disruption caused by the new constitutional order. The constitution changed the governance architecture of the country and formed many new organizations. There was an eagerness on the part of many organizations, both old and new, to assert themselves. Parliament wanted to assert itself and the judiciary the same. So did many new organizations. This came about in part because many people did not understand themselves well and what their role was within the whole fabric of society in the new constitutional dispensation. So they resorted to fighting from and for their corner instead of seeing the importance of a working in a complementary way. They did not understand that through different parts, they were part of one whole ecosystem called Kenya.

***Question:* Has the SRC delivered as your colleagues take their leave?**

Answer: Future commissions will be grateful to the groundwork done by this commission. The big stand-off with MPs in 2013 was a godsend, painful though it was. It resulted in big support for the commission by the public and that cannot be rolled back. The public has already internalized the role of SRC and that support is what matters because it is for the public good that we work. This was evident at the beginning of this Parliament when some MPs tried to agitate for higher salaries and suffered a big public backlash as a result. At the same time, the first person to give us confidence was the head of state. He came out very strongly against that attempt. He told all in no uncertain terms that he had also suffered a pay cut which he had accepted without complaining. That is progress.

***Question:* What is the most important lesson that you have you learnt in your long public service career?**

Answer: I worked with the provincial administration for 36 years. One of the most important lessons I learnt is that a human being is what he is, not by birth, but by training. This is what gives us our uniqueness. For us to build a good society for ourselves, we should internalize what Mahatma Gandhi said: "There is enough for everybody's needs but not enough for the greed of just a few." Once you start from there, you appreciate every culture in Kenya and its contribution to the strength of the country.

***Question:* Some people have become fabulously wealthy by working in the public service. Why is this?**

Answer: There are stories you read in our media and people you hear of or know who have mind-boggling riches. Then there are the desperately poor. All these people are within our economy. Even within government these massive disparities are evident. I joined the civil service in 1978. Others joined in the 1990s and they are already billionaires. There are people who have made incredible amounts of money from the public sector. This shows that there is something wrong with our society. So you may blame the nurse, you may blame the teacher, but then you ask yourself: there are people who have grossly abused their positions and nothing happened to them, what message did that convey? After working for 36 years, I got a retirement package of Ksh 5 million– which is loose change in one transaction for some people who have abused their public office. Unless we refocus ourselves, we cannot expect to build a lasting, ethical and fair society.

Question: How does upward mobility in the civil service go?

Answer: Theoretically, to move from one grade to another, a vacancy must and a position is advertised. Applicants are then subjected to interviews and the most qualified takes the position. But for a long time this has not happened. A person can be stuck in the same position for 10 years or more. There are people we called parachuters who came from the outside and started by earning three or four times the salary of the ones they had replaced. Yet this much I must tell you: there is a lot of work in the public service. It is the backbone of the economy. Personally, I was lucky to go in and out of my job in the civil service twice. First, I went to the Boundaries Commission and second to the National Police Service Commission. On both occasions, I trebled my salary. Hopefully, the much awaited harmonization of salary in the public service will bring a cure to these disparities.

Question: Elaborate.

Answer: Harmonization is not equalization, but at least there is some relativity. We are now coming up with a grading structure and everybody within the public service fits within that structure. In whatever sector that you are in the public service, the highest position is E5. Whether you are in the military, whether you are in the parastatals or wherever you are, the highest position is E5 and the lowest is B1. So we have provided the starting and the ending line.

> **One of the most important lessons I learnt is that a human being is what he is not by birth but by training.**

We want to see the relativity within the jobs. If, for instance, you are a doctor in the military and I am a teacher, how do our jobs compare? We are saying equal pay for equal value of work. This is what we are working towards.

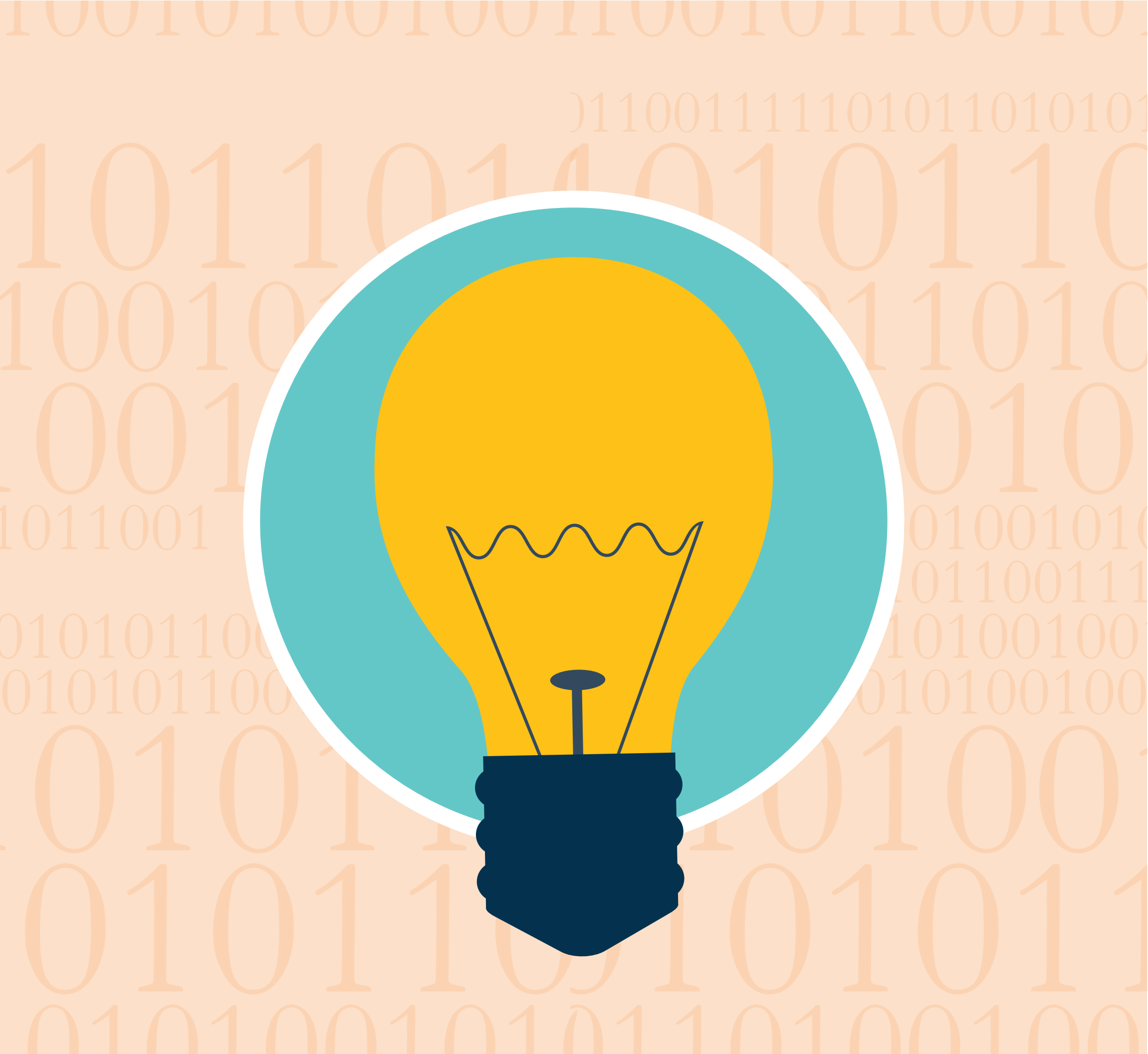
Question: What drives you?

Answer: The question I ask myself is: have my children gone to school? Do I have my own roof over my head? Do I have enough food? Once you accept your situation, and then you know how to work within your situation and knowing that you would like things to be better, that's what drives me. I am a very satisfied person. There is a friend of mine who listed his achievements to me thus: his first achievement was when he was able to pay for his dowry. His next achievement was when he was able to build his own house. His third achievement was when he was able to retire with no issues. I liked the simplicity of that life. I am proud of my family and by the grace of God, I can say that they can stand on their own. What else do I want?

Question: Your last word.

Answer: I would like Kenyans to have a responsible interpretation of the constitution they have. There is too much awareness of rights and not enough appreciation of the responsibilities that come with those rights. What I would wish for our country is sobriety. Everybody is talking of the rule of law but only from the perspective of their parochial gain. We won't achieve much if we don't think about the greater good of society.

Chapter Eight



8. POLICY AND LEGAL FRAMEWORK

8.1 Introduction

The Commission has instituted a legal and policy framework — with a set of principles and rules — that guides in the execution of its mandate from planning to execution.

8.2 Policy Framework

The Commission spearheaded the development of a Public Sector Remuneration and Benefits Policy to guide remuneration and benefits setting and management in Kenya. The process was informed by the need for a strategic approach to address fundamental issues and challenges that undermine the public sector remuneration and benefits system. It was evident that the range, spread and depth of the problems are indicative, leading to a dysfunctional system. There are also deficiencies that cannot be effectively and sustainably addressed through reactive, ad hoc and piecemeal measures. The overall purpose of the policy framework is to guide the Government on how to achieve an efficient remuneration and benefits system. Specifically, the framework:

i. Elaborates the principles that will govern future determination of remuneration and benefits;
ii. Presents the long term policy goals on public sector pay that the nation should pursue ;
iii. Lays down the medium-term policy objectives and implementation measures; and
iv. Presents the institutional mechanisms for pay determination that are consistent with the pursuit of the principles and policy objectives.

8.2.1 Key Principles

The principles that guide the determination of public sector remuneration and benefits are primarily derived from the Constitution (Article 230). Nevertheless, by synthesising these principles, the Government (March 2011) *Report on Principles and Practices of Pay Determination Applicable to the Kenya Public Service*, and the generally accepted attributes of a sound remuneration and benefits system. Seven key principles have been identified:

(i) Affordability and sustainability of the public sector wage bill: The principle ensures that aggregate remuneration and benefits are within the realistically planned public sector resource envelope in the long-term. To ensure compliance with this principle, remuneration and benefits awards across the entire public sector must not exceed the wage bill budget in the Medium Term Expenditure Framework (MTEF). Thus, the wage bill is kept in check and its future fiscal sustainability is planned.

(ii) Competitiveness of the remuneration and benefits for the job competencies and responsibilities in the public sector. The public sector can compete with the private sector to attract and retain personnel with the requisite competencies.

(iii) Promoting productivity and performance: The principle underscores the need to ensure that there are incentives for workers to actively pursue improvements in their productivity and performance at the place of work. Such incentives will reward public servants who perform beyond the set productivity and/or performance targets in terms of quantity, quality, efficiency, effectiveness and timeliness.

(iv) Transparency: The principle entails ensuring that information relating to remuneration and benefits is openly communicated to all employees so that there are no cases of hidden compensation to any employees.

(v) Fairness: The principle requires that compensation be meted out in an objective, justifiable and impartial manner.

(vi) Equity: Both horizontal and vertical differentials should objectively reflect relative weight of competencies, workloads and responsibilities, and the risks inherent in varying work environments; and

(vii) Alignment to the national development strategy: The principle underscores the nexus of wage determination, competitiveness for investment, economic growth and employment creation.

The effective simultaneous pursuit of the aforementioned principles is necessarily to create a balancing act on the part of the policy makers. None of the principles can be legitimately pursued without regard to the others.

8.3 Legal Framework

8.3.1 Constitutional mandate

The Constitution, in Article 230, sets up the Commission with the mandate to set and regularly review remuneration and benefits of State Officers; and advise the national and county governments on remuneration and benefits of all other Public Officers. In discharging its mandate, the Commission is guided by the principles set out in Article 230(5):

(i) To ensure that the total public compensation bill is fiscally sustainable;
(ii) To ensure that the public services are able to attract and retain the skills required to execute their functions;
(iii) To recognise productivity and performance; and
(iv) Transparency and fairness.

8.3.2 Discharge of Commission's Mandate

All public institutions fall under the national or county governments and are required to obtain the advice of SRC on remuneration and benefits for Public Officers. For ease of implementation of the Commission's advice, guidelines to employing institutions are issued from time to time on various aspects of remuneration and benefits. The SRC's advice is binding as provided under Article 259 (11) of the Constitution, which states:

> *If a function or power conferred on a person under this Constitution is exercisable by the person only on the advice or recommendation, with approval or consent of, or on consultation with, another person, the function may be performed or the power exercised only on advice, recommendation, with that approval or consent, or after consultation, except to the extent that this Constitution provides otherwise."*

This means that every public sector employer must obtain the Commission's advice and comply. Failure to which Article 226 (5) shall apply:

> *"If the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not."*

The Public Finance Management Act of 2012 and the Regulations made there under further amplify the provision.

8.3.3 Salaries and Remuneration Act, 2011

Parliament enacted the Salaries and Remuneration Commission Act of 2011, pursuant to Article 252 of the Constitution to provide for additional powers and functions for the SRC. The act provides the following additional powers and functions:

i. Inquire into and advise on the salaries and remuneration to be paid out of public funds;
ii. Keep under review all matters relating to the salaries and remuneration of Public Officers;
iii. Advise the National and County governments on the harmonisation, equity and fairness of remuneration for the attraction and retention of requisite skills in the public sector;
iv. Conduct comparative surveys on the labour markets and trends in remuneration to determine the monetary worth of the jobs of public offices;
v. Determine the cycle of salaries and remuneration review upon which Parliament may allocate adequate funds for implementation;
vi. Make recommendations on matters relating to the salary and remuneration of a particular State or Public Officer;
vii. Make recommendations on the review of pensions payable to holders of public offices;
viii. Perform such other functions as may be provided for by the Constitution or any other written law;
ix. Gather, by any means appropriate, any information it considers relevant, including requisition of reports, records, documents or any information from any source, including governmental authorities;
x. Interview any individual, group or member of organisations or institutions and, at the Commission's discretion, conduct such interviews;
xi. Hold inquiries for the purposes of performing its functions under this Act; and
xii. Take any measures it considers necessary to ensure that in the harmonisation of salaries and remuneration, equity and fairness is achieved in the public sector.

The Act allows the Commission to make regulations to give further effect to the Constitution and the Act by providing procedures for the discharge of its mandate of setting and advising on remuneration and benefits. Pursuant to this, the Commission has issued a number of guidelines on various aspects of remuneration and benefits.

8.4 Stakeholders Participation

The Commission's mandate is exercised on behalf of the public. The Commission has, therefore, in the past six years involved the public and its relevant stakeholders in making key decisions. Various platforms, including workshops, one-on-one and town hall meetings, request for memoranda, SRC website, social media and the mainstream media have been used to engage stakeholders and the public on important policy issues. Undoubtedly, SRC has placed high premium on public participation, which is the hallmark of the Constitution, which holds the key for Kenyans to achieve their aspiration of a government based on the essential values of human rights, equality, freedom, democracy, social justice and the rule of law.

This is also in tandem with the overall objective of constitutional commissions to ensure that all state organs observe democratic values and principles; and to promote constitutionalism, (this includes all constitutional values and principles). The public is, therefore, entitled to give its input to the Commission from time to time.

Salaries and Remuneration Commission

An interview with Mr. Jason N. Namasake, MBS, Salaries and Remuneration Commission

Question: It's all coming to an end. How has the journey been?

Answer: The journey has been very fruitful. It has been fulfilling in the sense that as commissioners we have worked together and all the decisions that we took have been unanimous. We've never had a situation when one or more commissioners raised their hands to say "please record my disagreement."

Question: Why do you think that was possible?

Answer: In my view, we had a very good brief during our induction. From the onset, it was clear to us that we were commissioners of the Salary and Remuneration Commission and not representatives of the constituencies that sent us here. We were here to serve the public interest. Thus understood, it was easy for us to gel.

Question: In order of priority, what would you say preoccupied you the most when you assumed office?

Answer: The sustainability of the wage bill. If that cannot be sustained, well, everything else doesn't matter. So we had to address the issues of harmonization and compression ratio. We had to subtract from high earners and raise low earners. It is a sensitive undertaking requiring great skill and knowledge and ability to explain it all to our stakeholders.

Question: Parliament didn't like what you were doing and made a robust resistance. You were nominated here by Parliament. How was the going like?

Answer: This is very true. When the first Parliament under the 2010 Constitution came into office in 2013, it did so with the mentality of the old order. Parliament was used to setting its own salaries and when we told them things had changed, they aggressively objected. At the SRC, they trained their guns on the two people they had nominated, the Hon Oloo Aringo from the National Assembly and myself from the Senate. They threatened to have us removed from the commission only to discover that we had a constitutionally guaranteed security of tenure. They made a lot of noise but neither the entire commission nor Hon Aringo and I were distracted by their politics. We went about our work calmly and with focus.

Question: Some Principal Secretaries who had negotiated very lucrative personal terms with the government also had to reckon with the SRC's harmonized structure for all state officers. Did they resist?

Answer: No. They just accepted. They had no choice. They understood that the new constitutional order had taken effect. We were very clear about the equality of specific categories of state officers. For example, we decided that all governors were equal, regardless of the revenue generated by the counties. Some of us visited the United States and found out that indeed some governors were more equal than others. But that is an old system and it has well founded reasons for such disparities.

Question: Given the workload, would you root for a permanent commission or a part time one such as the one you work for?

Answer: If you look at the composition of the commission, we had employers being represented, we had trade unions being represented, we had the government and the treasury and the AG and the public service were being represented. Those ones are employees and they are on a full time basis. Then we have some commissioners who had retired from wherever they were so they were also doing their own businesses. I am in that category. I am a lecturer and I also have my own law firm. It therefore suits me very well to be a part time commissioner. So what am saying is that as far as the work load is concerned, it was heavy and is better suited for a full time commission. But the composition of the commission made it manageable.

Question: With the exception of one commissioner, you all came at the same time and will leave at the same time. Will there be a continuity issue?

Answer: I don't think so. The backbone of the commission is the secretariat and I don't think there are any people there who are not happy with what they are doing. They will shepherd the work and the new commissioners will find them an asset.

The backbone of the commission is the secretariat and I don't think there are any people there who are not happy with what they are doing.

Question: Who is Jason Namasake – the man, not the SRC Commissioner?

Answer: Let me give you a bit of my history. I started work as a lecturer at the University of Nairobi teaching Commercial Law. I was taken on as an assistant lecturer and then got a sponsorship to the University of London, where I did my LLM. On my return, I was employed on a permanent basis as a lecturer in 1974. I worked for the university until 1980 when I joined the Federation of Kenya Employers for whom I worked for 26 years. Then I retired and set up my law firm and at the same time started teaching at the Catholic University of Eastern Africa. I specialize in labour law and my consultancies for Parliament are what led me to eventually come to the SRC.

Question: Jason Namasake, the person...

Answer: I am family man with four adult children, two of whom are in the United States. My wife is retired. I do a bit of farming in my small holding on Kenyatta Road in Juja as I continue to teach. I get a lot of satisfaction from my illustrious students whom I see contributing in their own ways to Kenya's nation building.

Chapter Nine

9. PENSION POLICY

9.1 Introduction

The Salaries and Remuneration Commission Act, 2011 (11 (g)) provides that one of the functions of the Commission is to make recommendations on the review of pension payable to Public Offices.

The SRC recognises that pension benefits are part of remuneration and benefits due to a public officer during his/her working life. A structured way of reviewing the pensions is in place through the Pensions Increase Act (Cap 190). However, prior to the enactment of this Act, there has only been four increases in the last 40 years, with the last one made in 1991 before the Pensions Increase Act came into being in 2005. This indicates the need to have the pensions in payment indexed with inflation regularly.

Past Government attempts to address this need include the Ndegwa Commission (1970) and the Ramtu Committee (1985), which recommended that pension benefits be reviewed regularly to reflect the cost of living. The Munene Committee (1997) recommended that whenever there is a general revision of salary for serving civil servants, the level of increase awarded to them be applied equally to pensioners. The Kipkulei Commission (1998), on the other hand, recommended that the Government implement a policy to review the pension benefits after every two years. While these commissions and committees made good recommendations, implementation of some of them were not effected on time or in full because of either financial or legal constraints.

The Pensions Increase Act (Cap 190) provided for a three per cent review of pensions in payment with effect from 1st July, 2005 and on the 1st July every two years thereafter. Much as this was commendable from the Government, this Act did not address the existing disparities in pension payment among Public Service retirees.

9.2 Rationale for a Revised Pension Policy

SRC recognised that a desirable feature of any retirement benefit arrangement would be for pensions, once in payment, be indexed to a measure of cost of living since a pensioner's standard of living in retirement would be maintained in terms of purchasing power.

The Pensions Increase Act (Cap 190) provides for pension increases for Public Service employees. Since July 2005, the Act provides for an increase in pension payment of three per cent every second year. A minimum monthly increase of Ksh 300 applies. In July 2005, the minimum monthly pension was also increased to Ksh 2,000. Prior to 2005, there had only been four increases granted since independence in 1963; that is in 1977, 1985, 1986 and 1991.

The Commission, therefore, recommended that the existing framework for the review of Public Service pension payable under the Pensions Increase Act (Cap 190) be amended to make provision for additional discretionary pension increases over and above those provided for in the Act.

SRC commissioned a study, which included an actuarial valuation of the Government of Kenya's public service liabilities, projections of pensions benefit expenditure and costing for a one-off discretionary pension increase to existing pensioners and for various levels of future pension increases.

9.3 Recommendations of the Revised Pension Increase Policy

The following policy recommendations were informed by the findings of the study and took into account equity, adequacy, affordability and sustainability of pension reviews:

i. An immediate pension review for existing pensioners through a special one-off discretionary pension increase to cost Ksh. 112 million annually.
ii. A triennial review of pension payment over and above the existing biennial increase provided for in the Pensions Increase Act (Cap 190). Also allow discretionary pension payments increase within a set framework.
iii. Whereas this was not an issue at the time, it was also important to build in a safeguard that should inflation be lower than the three per cent pension increase every two years, the increase would be capped at the inflation rate. SRC recommended that this point be captured as part of a future pension increase policy review.
iv. In view of the need to limit the cost of pension expenditure by the Government relative to the GDP, the Commission proposed

that pension expenditure be capped at not more than 1.5 per cent of the GDP for public service pension liabilities contingent on the increase in expenditure not being as a result of salary reviews.

These policy recommendations were restricted to pension payment with respect to the Public service and not the entire Government of Kenya's policy on public service pension arrangements, including the future design, structure, governance, operation and financing of Kenya's public service superannuation arrangements.

9.4 Implementation of the Recommendations Challenges

i. The Commission shared the recommendations of the pension's study with the National Treasury for implementation in October 2014. However, due to budgetary constraints, these recommendations are yet to be implemented. The rising public sector pension liability, which was at Ksh 900 billion in 2014, is of great concern and should be addressed urgently through implementation of the contributory pension scheme as per the Superannuation Act of 2012.

ii. The court award to the retired teachers based on the 1997 CBA has exacerbated the pension liabilities position; SRC's recommendations have not been given immediate attention.

iii. Despite the Commission having supported the implementation of the Public Service Superannuation (contributory pension scheme), it has not been effected and the escalating pension liabilities continue to increase the public wage bill.

The Board also included a representative of the public universities nominated by the Minister for Education, Three private sector representatives representing the labour, industries and commercial and manufacturing enterprises in addition to a Secretary to the Board.

Salaries & Remuneration Commission

Salaries and Remuneration Commission

An interview with Hon. Peter Oloo Aringo, EGH, Salaries and Remuneration Commission

***Question:* This has been one long and eventful journey. Recap it for us.**

Answer: First and foremost the SRC did not exist as an independent commission. Before it, we had ad hoc committees that were responsible for determining salaries in the public sector. For example, the President would appoint a commission, like Ndegwa Commission, Omamo Commission, Ojiambo Commission etc all of which were looking into the salaries of public servants. Similarly we had Parliament determining its own salaries. The judiciary was doing the same likewise the private sector by which I mean state corporations. This led to disharmony and in some cases unconscionable disparities within the public service. The people of Kenya recognized this as a problem and through the constitution making process formed one body that could be responsible for the determination of salaries in the country. This was the origin of the SRC.

***Question:* Did the SRC plug the gaps those commissions created?**

Answer: The commission's mandate, of course, is to set and review salaries of state officers and also to advise national and county governments. But equally important is the recognition that the public service is the main instrument which the government uses to deliver goods and services to the people. Now, if you have an efficient public service, then the delivery of goods and services becomes easier for the public. Let me give you a good example: In Italy, the political government can fall many times in five years but the country continues to develop. Why, because the public service is strong and efficient and therefore whatever changes take place at the political level do not affect the productivity of the country. These are some of the issues that SRC had to address and we are happy that we have been able to do that. We have addressed the question of the wage bill which was getting out of hand. We have harmonized salaries where before there were great distortions. Then there is the compression ratio between the highest and lowest paid employee which was 1:50 and which is now 1:10.

***Question:* One of the previous commissions, the Ndegwa Commission of 1971, allowed public servants to engage in business. What damage did that do?**

Answer: The Ndegwa Commission brought in the culture of participation in not only decision making but also in business practice using the inside knowledge that public servants had. And so you could not compete with them. Public servants now saw their role as using their inside information to do business and become rich. They put less emphasis on servant leadership and more on personal gain. They did this to the disadvantage of other public servants and business people in competition with them. Not only did it kill servant leadership within the public service but it corrupted those outside. That is what devolved to the counties. In simple terms, this is where we as a country went wrong.

***Question:* Can the damage be undone?**

Answer: Yes, but it will take time and it will be very difficult. The first thing we need to do is to have debates on these areas which we feel have ruined us. The culture of using the public service to enrich oneself is deeply entrenched but we have no choice but to rectify it. How do we make our public service to be dedicated, efficient and productive? If we can answer that question, then we are on the right road. We lost it through the ad hoc committees that we had established and through the policies brought by the Ndegwa Commission.

***Question:* What is your take on the stakeholder challenges that you faced?**

Answer: We faced many challenges from the beginning. But we were clear about our constitutionally mandated role which is to provide transformative leadership. We all agreed that even if we were conveyed here by different belts we now had to transcend our nominating bodies and look at the national interest. And so we delinked ourselves from our conveyor belts, as it were. Of course, we have been challenged.

Parliament and the political class were very angry. But we stood our ground. And thank God for the new constitution because it protected us and we could not be removed at the whim of a disenchanted stakeholder.

Question: How did the public engage with you?

Answer: The public has been our major supporter. Remember when the Woman Reps from Kiambu and Homa Bay demanded a pay hike? They suffered a big public backlash. Why has this happened? Because we involved the public. We visited all 47 counties and explained to them the wage bill problem. They owned it and that is why you can see that it is the public who are coming to our support.

Question: Enumerate some of your achievements.

Answer: We have set the remuneration policy which will guide the entire public sector. Any employer now who is trying to raise salaries will have to read some of the recommendations we have made. We did job evaluation, for example, where there had been none before. An accountant in the private sector was earning three times more than an accountant in the civil service. We have streamed all that and corrected the imbalances that existed. It is going to be difficult to erode these gains because they have been owned by the people. As for trade unions, contrary to what they feared, there is still room for collective bargaining agreements but they are within the parameters set by us as custodians of the national good.

Question: Some people say devolution created more jobs than the country can sustain. True or not true?

Answer: There is no harm at all in expanding the public service. If anything, the best thing that has happened to this country is the county system of government because it brings democracy to the people and people are able to debate. Expansion itself is not a problem. Greed is the problem, and particularly the greed of the political class. There is enough for our needs but there isn't enough for our greed. We can have modest salaries; India, for example, has very low salaries, but they run the country effectively.

> **“ *We have streamed all that and corrected the imbalances that existed. It is going to be difficult to erode these gains because they have been owned by the people.***

Question: As a society in general, what do you think ails us most?

Answer: Africa's problem is lack of leadership, as Chinua Achebe aptly put it. The commission has provided leadership and I hope it continues to do so in future. I had a talk with MCAs in Mombasa the other day and they heckled me. I told them that at my age now, I had to tell them the truth. I told them that having been in Parliament for 50 years, I knew what I was talking about. And that is this country cannot go on this way. People must take responsibility and you cannot keep on asking for more money without caring about productivity. Somebody must put his foot down and say this is the direction. As a commission we have done that.

Question: What is your last word?

Answer: My prayer to you is that let us commit ourselves as a country like we have done in the commission. You don't hear of wrangles here. She [Chairperson Sarah Serem] has led us very well and when she speaks after our debates, nobody talks again. We have recognized her and given her the leadership and this is what has made us succeed.

Chapter Ten

10. COMPLIANCE FRAMEWORK

10.1 Introduction

To ensure that public service organisations/institutions adhere to its advisories, the Commission regularly carries out compliance monitoring/checks. In the financial year 2013/14, the Commission undertook a baseline survey to determine levels of compliance in public institutions with a view to developing strategies to address any aberrations and pick out challenges institutions were facing while implementing SRC circulars.

10.2 Framework for Compliance Check

The compliance framework consists of the processes, tools and structures that help identify, manage risks and ensure compliance. Managing compliance entails making regulations known, understood and followed, and the consequences of non-compliance are clear and commensurate with risk and context. Compliance, therefore, is an area of shared responsibility where SRC and other public institutions have an obligation to ensure that rules are clear and coherent, and public officers have an obligation to know and understand the rules and abide by them. Non-compliance can arise from a variety of factors, including lack of knowledge and information, gaps in oversight, inaccurate and incomplete interpretation and application of circulars and, in some circumstances, outright defiance.

During compliance checks, information is obtained through face-to-face interviews, verification of personnel payment records/payroll information and other documents relating to the implementation of the SRC advisories. In addition, a questionnaire seeking clarification on all benefits pertaining to the identified officers is completed by respondents. The questions cover efficiency of delivery of the circulars, experiences/challenges in implementation of the circulars, review of remuneration and benefits paid out by type and beneficiary, among others. The information collected is then analysed and used to provide further clarifications on remunerative issues as appropriate.

Compliance checks variables include car loan and mortgage scheme implementation, sitting allowance by the Members of County Assemblies (MCAs), follow up on implementation of earlier remedial measures advised by the SRC, payments outside Integrated Payroll and Personnel Database (IPPD) system and general non-compliance. Other variables include the salary scale notches, sitting allowance for other committees, responsibility allowance, commuter allowance, airtime, extraneous allowance and accommodation allowance.

At the national level, 32 institutions visited for compliance checks include ministries, state corporations/parastatals and commissions, boards and tribunals. The compliance issues that were checked included remuneration and benefits payable to the identified State Officers, and challenges in compliance of the advice provided by the Commission.

At the county level, the audits were conducted in the offices of the Governor, Deputy Governor, County Executive Committees (CECs) members, County Secretary, County Public Service Board (CPSB) and some staff members. The County Assembly checks were mainly in the offices of the Speaker, MCAs, County Assembly Service Board (CASB), Clerk of the County Assembly and County Assembly staff. All the 47 counties have been visited.

The field visits also served as fora to sensitise and clarify on any issues regarding the Commission's advice and as a review of the implementation of compliance feedback reports.

10.3 Compliance Levels

Regular compliance checks and inquiries need to be conducted, especially in high-risk counties/institutions whose compliance levels are less than 80 per cent. On the other hand, there is need to conduct targeted intervention and pro-active compliance to institutions whose compliance rating is between 80-90 per cent to improve their ratings. For low risk counties/institutions, whose compliance rating lies between 90-100 per cent, there is need to support and reward them.

10.4 Compliance Checks Findings

Most institutions at the national level are compliant, and are experiencing minimal challenges in the implementation of SRC circulars and advisories.

During the baseline survey and subsequent counties compliance checks, it was observed that key implementers of SRC advisories were experiencing some difficulties in interpreting and executing the Commission's circulars and advisories (Appendix 1). To address this, the compliance division has held sensitisation/training workshops to apprise stakeholders on various obligations, while backstopping institutions on compliance to specific advice.

The following is a summary of the salient findings and lessons learnt from counties compliance checks. It also documents areas requiring the Commission's clarification towards attaining optimum compliance levels.

Executive Arm of County Governments

i) The Executive Housing Benefits for County Governors

County governments are expected to build houses for their Governors as well as providing them with commensurate utilities and attendants. However, the Commission has noted the following:

a. Most Governors live in houses leased by their respective county governments and leasing arrangements differ from county to county;

b. Some Governors live in their own houses with no compensation; and

c. Some counties provided Deputy Governors with housing benefits, including utilities and domestic staff.

ii) Payments Outside the Integrated Payroll and Personnel Database (IPPD) System

Counties are expected to make payment of salaries through the IPPD system, however:

a. Some county jobs/designations are not in the IPPD system, and salary payment to officers is through vouchers. This is occasioned by delays in release of payroll numbers and personal files, especially for former civil servants/teachers/disciplined forces officers who had exited the service through retirement or resignation.

b. Some counties are operating three payroll systems; IPPD, Local Authority Integrated Management System and Human Resource Softpay System (HRRS).

iii) Car Loan and Mortgage Scheme

Car loan and mortgage benefit was conferred to all State and Public Officers, however:

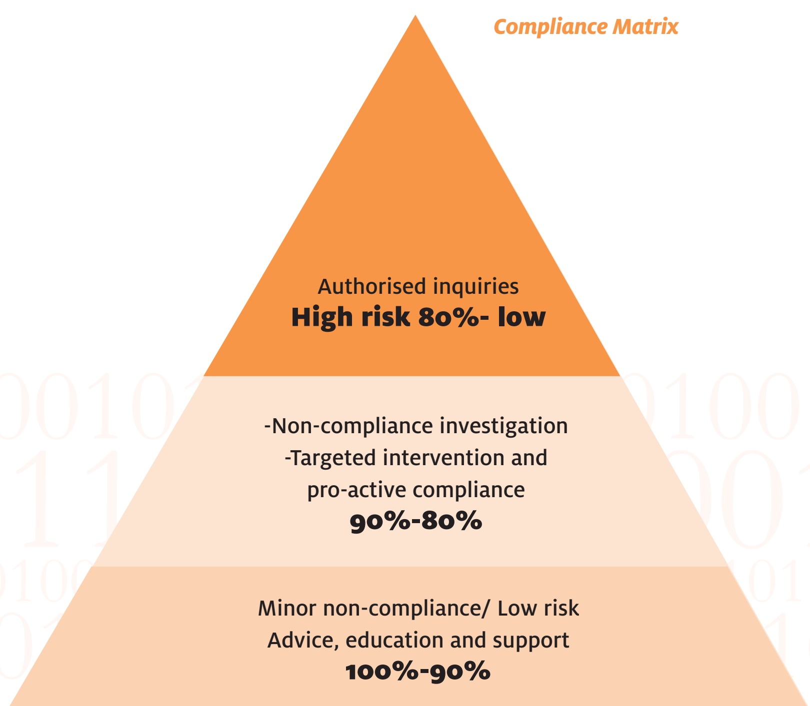
a) Most counties have not implemented the scheme fully due to budgetary constraints. In some counties where the scheme was rolled out late, staff serving on contract were disadvantaged due to the need to repay the loans within the contract period.

b) Some State Offices had been advanced amounts beyond the limits, and repayment period extended beyond their term of service (up to a maximum of 20 years or retirement date/age whichever comes earlier), contrary to SRC's advice.

c) In some counties, joint registration of cars between beneficiaries and county governments has not been undertaken although the collaterals (log books) are in the custody of fund administrators.
In other counties, title deeds for land or houses purchased were not charged as required, although the collaterals are with fund administrators.

d) Some counties have engaged financial institutions charging commercial interest rates. The beneficiaries are thus charged three per cent interest rate, while the County Government pays the difference.

Compliance Matrix



iv) Payment of Remuneration and Benefits

The Commission has issued a number of circulars, guidelines, regulations, advisories and recommendations to the county governments, however:

a) Some counties are paying remuneration beyond the salary scales advised by the SRC and allowances such as responsibility, non-practicing and extraneous contrary to the Commission's advice.

b) There is no uniformity in airtime facilitation to staff across counties.

v) Facilitation of the County Public Service Boards (CPSB)

a) In some counties, part-time members of the CPSB are drawing Ksh. 10,000 accommodation allowance per sitting instead of daily subsistence allowance (DSA) for travelling to the counties headquarters.

b) Due to revenue constraints, some members of the CPSB do not have official vehicles, hence drawing commuter allowance.

c) Staffs transferred from the National Government are not members of any contributory pension schemes across counties.

d) Some counties provide medical insurance for the State Officers and members of the CPSB, leaving out Public Officers.

County Assembly

i) Housing Benefits for the County Speakers

County governments are expected to house County Assembly Speakers. However, leasing arrangements and rent amounts differ from county to county.

ii) Car Loan and Mortgage Scheme

a) In most counties, although the collaterals (log books and title deeds) are in the custody of the fund administrators, joint registration of cars between the beneficiaries and county governments have not been undertaken. More so, land/houses purchased through the mortgage scheme have not had their charge registered.

b) MCAs were enjoying both car loans and mortgage schemes totalling Ksh 5 million; however, there was no collateral in some cases. Instead, payslips were used as collateral for the loan.

c) Some MCAs had loan payment arrears as part payment was outside check-off or direct payment to the banks to circumvent the third rule in salary deductions.

d) In some counties, repayment was outside check-off system, making it difficult to ascertain if the loan shall be recovered before the end of contract.

e) There were no safeguards to ensure car loans and mortgage payments for contract staff were cleared before the end of their contract period.

f) In some counties, loan approvals did not observe the third rule in salary deductions, leading to under payments or zero monthly repayment. Most applicants depended on the sitting allowances to fund the repayments.

iii) Mileage Allowance

The first batch of MCAs was entitled to a standard monthly car maintenance and fuel allowance at a standard AA rate of Kshs.109.80 per kilometre for up to a maximum of 45-kilometre return journey (90km) to their respective areas of representation. Elected members whose areas of representation were beyond the 90km return journey made weekly reimbursable claims for the extra mileage travelled to their area of representation at applicable AA rates based on the cubic capacity of the vehicle for every extra kilometre, subject to a maximum of 52 weeks in a year. However:

a) Some MCAs claimed mileage allowance after every committee meeting or plenary session, rather than once per week.

b) Some counties had not documented the distance between the wards and the county headquarters.

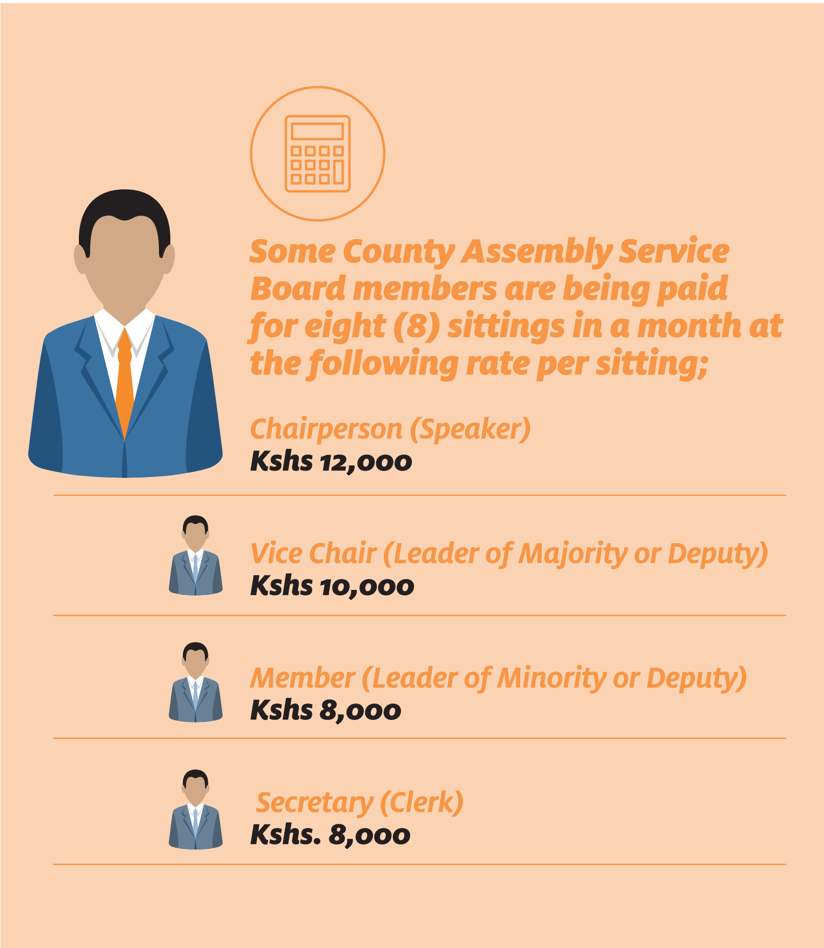
c) Some MCAs claimed mileage allowance for 20 days per month, rather than weekly reimbursable claim.

iv) Remuneration and Benefit Payments

a) Some MCAs were paid responsibility allowance, yet they were not entitled.

b) Some staff in the County Assembly, including the County Assembly Clerk, was paid extraneous duty allowance.

c) In some counties, the Leader of Majority, the Deputy Speaker, the Leader of Minority, the Clerk, and the County Assembly had



official vehicles assigned to them contrary to SRC's advice.

v) Bipartisan Wards Staff

Some MCAs had up to six employees contrary to the Commission of Revenue Allocation's (CRA) capping of three paid through vouchers.

vi) County Assembly Service Board

a) Some members of County Assembly Service Board (CASB) drew Ksh 10,000 accommodation allowance per sitting instead of DSA for the town where the county assembly was located.

b) Some members were paid for eight sittings in a month at the following rate per sitting: Chairperson (Speaker) - Ksh 12,000; Vice Chair (Leader of Majority or Deputy) - Ksh 10,000; Member (Leader of Minority or Deputy) - Ksh 8,000; and Secretary (Clerk) - Ksh 8,000.

vii) Payment Outside IPPD System

a) Some positions/designations such as staff attached to MCA ward offices, were not in the IPPD system.

b) In some counties, sitting allowance was paid through vouchers instead of IPPD.

viii) Sitting Allowance

In some counties, MCAs who were chairpersons and vice chairpersons of various committees claimed payment during plenary sessions where the Speaker was the Chair, contrary to the advice of SRC.

10.5 Challenges Experienced

i) Lack of enforcement: The Commission shares its recommendations of compliance checks with the relevant institutions which are expected to carry out further audits and investigations and act in accordance with the law.

ii) Non-submission of information required: Some county assemblies did not provide the information requested by the SRC team. This included sample payslips for County Assembly staff, schedule for payment of sitting allowances and the number of county employees.

iii) Budgetary constraints: Inadequacy of funds for implementation of compliance activities.

10.6 Lessons Learnt from Compliance Checks

To address non-compliance issues, the following have been identified as best practices aimed at improving the compliance levels:

a) **Capacity building:** SRC has been undertaking institutional capacity building/sensitisation/training workshops to apprise the stakeholders on various obligations of compliance, clarifying SRC circulars and advisories, share compliance findings, to understand the difficulties faced by institutions in interpreting and executing SRC circulars and advisories, build partnerships and synergies with stakeholders who implement SRC circulars, and agree on how to improve compliance levels by the Institutions.

b) **Compliance register:** To enhance adherence and satisfy SRC regulatory compliance requirements in an equitable, transparent and consistent way, a compliance register, which is a summary of all SRC advisories, has been developed by the Commission for ease of reference. The register documents all approved salaries, remuneration and other benefits of State and Public Officers.

c) **Compliance checks:** The Commission has been carrying out continuous compliance checks to determine compliance levels of public service institutions and identify challenges faced when implementing SRC advisories.

d) **Memorandum of Understanding (MoU):** The Standing Committee of the Senate on Finance, Commerce and Budgeting proposed that joint committee(s) of oversight institutions be formed to support and build synergies in undertaking their respective mandates.

An MoU was signed between SRC and the PFM institutions, namely the Office of the Auditor General (OAG), the Office of the Controller of Budget (OCOB), the National Treasury and the Ethics and Anti-Corruption Commission (EACC), which aims at developing and expanding the framework of cooperation on matters of mutual benefit and interest. The MoU will facilitate the realisation of the public finance principles in Article 201 of the Constitution as expounded in the PFM Act (2012), which include: promotion of openness and accountability, including public participation in financial matters; adoption of a public finance system that promotes an equitable society; use of public money in a prudent and responsible way; and clarity in fiscal reporting and responsible financial management.

A joint technical committee to implement the MoU was formed to ensure adherence to the principles of public finance by public entities; ensure that Government guidelines, decisions and advice are adhered to; support and build synergy between institutions in undertaking their respective mandates; hold joint meeting from time to time to share information/data related to public finance management; and undertake joint field missions to review expenditures that are of interest to the institutions.

Salaries & Remuneration Commission

Salaries and Remuneration Commission

An interview with Brig. (Rtd) Samuel N. Kirugi, MBS, Salaries and Remuneration Commission

Question: Describe your early days in this commission and how got started.

Answer: The constitution gave us two mandates: to set the salaries of state officers and to give advice on the salaries of other public officers in the national and county governments. In the first days, we found ourselves in the wilderness: no tools and no methodology to determine how we were going discharge that mandate. My personal source of encouragement was the quality of the commissioners. They came with varied experiences. At the same time, the secretariat that we inherited from the former Public Pay Review Board gave us a standpoint from where to start. Our first task was to set salaries for the incoming government which was taking office following the 2013 elections. In order for us to do that we required a scientific method of determining salaries. We required an instrument. Our thinking was that we could not be able to do that until we had evaluated all the jobs that had been listed as state offices. Not only did we do that but we also attached a salary structure to them. That involved a lot of work.

Question: What were the successes and the challengers?

Answer: In discharging those two mandates the constitution also required us to observe four key principles: the first one was to ensure that the total fiscal bill that arose from public service salary and remuneration was sustainable. The second one was to ensure that the public service was able to attract and retain skills. The third one was to recognize performance and productivity through that remuneration. The fourth was to ensure that in that remuneration, there was transparency and fairness.

The first principle became very challenging because while we were being asked to ensure that the bill was fiscally sustainable we were also being told to ensure that we attract and retain skills. Now, a lot of people think that you can only attract and retain skills by paying high salaries. At the same time, you are doing that in an environment that is under the influence of very strong unions who think that these salaries should only be increased. In that backdrop, the issue of sustainability became very key.

Question: Recall for us your battles with Parliament as you sought to tame their salaries

Answer: When the new government came in, the first thing they did was to challenge that salary structure. Members of Parliament were particularly hostile to us. To overcome that, we had to engage the public very seriously. We were able to win the hearts and minds of the people and as a result, every Kenyan is now very concerned about sustainability of the public wage bill. Our strength was the people. The other strength that we had was that the constitution made it clear that you cannot remove a constitutional commission because of the issue of independence unless you did it through a referendum. For the MPs, the first debate was how to remove the SRC. It became a very hot issue. Eventually, they came to understand that they could not remove us. The groundswell of public outrage at them was such that they couldn't dare go the referendum way. We had won the day, thanks to vigorous public support.

Question: Is the Kenyan worker properly remunerated? Is Kenya a good place to work?

Answer: There is an internationally fixed minimum wage below which nobody should be paid. The challenge in any country is to adhere to that minimum wage requirement. In my view, there a lot of other challenges that a country faces in the implementation of that requirement. First of all is to attract and retain foreign investment. A number of companies want to come and invest here because of among other considerations the cost of labour which they would like to be as low as possible. The country is interested in the taxes and the money that will accrue from that investment and is not so concerned about the issue of minimum pay. So that company comes in the country and abuses all those regulations and gets away scot free. The government could be reaping from the investment of that company but the benefits are not trickling down to the people. The overriding issue is one of employment. We have gotten to a point where some companies are now not even employing people. They are hiring them on a casual basis. One contract leads to another and this can go on for 10 or even 15 years. All this is done for the purposes of evading obligations such as benefits and pension. We have been hearing a lot of this especially from flower growing companies. Not that the government or the unions do not know. It is just that the people concerned have been compromised. For the government we try our best and at the SRC we make sure that nobody earns anything less than the minimum wage. The SRC has no mandate regarding the private sector.

***Question:* Because of the political situation in the country, the economy has taken a big hit. Unfortunately, this is not new. It happens every five years. Comment.**

Answer: This is a very big challenge for all of us as country. Apparently, Kenya runs in five-year cycles where you climb for four years and in the fifth year, you plummet back to where you were in the first. I am not sure I have the solution to this but it is quite a challenge even here at the SRC because we determine remuneration from the ability of the economy to afford it. For example, this year we have just done a huge job evaluation for the entire public service. It must be recorded as another of the big feats that we have accomplished. We are talking about 737,000 workers and 56,000 jobs. The sheer size of this undertaking obliged us to break it down into seven sectors. After doing all this, there is this upheaval going on in the country because of elections. The economy becomes no longer predictable. We are required to work under the guidance of the principle of sustainability but we are no longer sure that the new structure is sustainable. We aren't sure that the public service is going to earn what we recommended. It's a dire situation. If the economy underperforms, the element of development will have to be kept aside. There won't even be money for operations and maintenance and services such as security and health would be affected. The little that would be collected would be going only to meet the public wage bill. And if the uncertainty continues, even that will be a problem. So the situation must be sorted out as soon as possible.

> **“ *The commissioners have worked as one. Through all challenges and successes, we stuck together. And not just the commissioners – the secretariat, too.***

***Question:* What do you attribute the successes of the SRC to?**

Answer: The commissioners have worked as one. Through all challenges and successes, we stuck together. And not just the commissioners – the secretariat, too. As is in the public domain, you found that in some other commissions, the CEO and the Chair are at loggerheads. At SRC it was never the case. We have created a machine that works as one. We have been highly productive. We hope the new commission will do as well.

***Question:* You were a career soldier. Do you miss your uniform?**

Answer: I enjoyed my career in the military. It had made many challenges but I rode them without straining myself. Maybe I was born for it because it was one of those careers that I just found myself blending in very well.

***Question:* Do you return there in any capacity?**

Answer: In other countries they have got systems where they encourage those who have such long and wide experiences like mine to go back to the colleges as observers or umpires during exercises. That is standard in countries such as the UK and the USA. But it doesn't happen here. I am a ballistician by training. But save for the few occasions that I may go back by invitation for ceremonial occasions or in my capacity as a commissioner of the SRC, I am completely out of the barracks.

Chapter Eleven

11. LITIGATIONS AND INDUSTRIAL UNRESTS

11.1 Introduction

The Commission has faced considerable resistance from some of its stakeholders, arising from varied interpretation of its mandate. This has, in some cases, culminated in industrial unrests and disputes, which the courts have had to adjudicate on.

11.2 Court Cases

11.1.1 Civil Appeal No. 196 of 2015 Teachers Service Commission (TSC)-vs- Kenya National Union of Teachers (KNUT), Kenya Union of Post Primary Education Teachers (KUPPET), Salaries and Remuneration Commission (SRC) & the Attorney General (AG)

Consolidated with Civil Appeal No. 195 of 2015 SRC -vs- KNUT, KUPPET & the AG, Consolidated with Civil Appeal No. 203 of 2015: The AG -vs- TSC, KNUT, KUPPET & SRC (Being an appeal from the Judgement and Decree of the Employment and Labour Relations Court at Nairobi in Petition No. 3 of 2015)

The Unions called for a nationwide strike in January 2015. The TSC filed petition No. 3 of 2015 against the unions and enjoined the SRC as an interested party. It sought a declaration that the strike was illegal and an order directing the unions to resume negotiations with a view to signing a CBA. In the proceedings conducted in court and attended by TSC, KNUT and KUPPET representatives, it was recorded that the only major contentious issue was the basic salary. At the end of the proceedings, the court recorded consent to the effect that:

i) The parties had agreed to have the economic dispute adjudicated by the court;
ii) KNUT & KUPPET to file their memorandum and serve;
iii) TSC, SRC & Central Planning and Monitoring Unit (CPMU) to file their memorandum and serve; and
iv) TSC was ordered not to victimise any teacher who may have participated in the strike including withholding payment of salaries.

The TSC, being dissatisfied with the consent, filed an application to set aside the orders for various reasons, including lack of jurisdiction by the court to determine remuneration for public officers and that the order was not made with the consent of the parties.

After hearing all parties, the Industrial Court made the following findings, which formed the bulk of the appeal:

i) SRC has no role whatsoever in the negotiations and determination of basic pay for teachers;
ii) TSC only needed to budget for the teachers' salaries and seek budget approval from the Treasury once approved by Parliament;
iii) SRC needed to advise the National Treasury as part of the National Government on the remuneration and benefits of teachers being part of the Public Officers and the Treasury would in turn approve the appropriate budget allocation;
iv) TSC could not make an offer for salary increment during negotiations with unions and later purport to withdraw the offer before it had been considered by the unions only on the basis that SRC had advised it to withdraw the offer;
v) TSC as part of the National Government is bound to consult SRC in terms of Article 230(4) as read with Article 259(11) in the process of negotiating the remuneration and benefits with unions, but TSC is not bound by the advice given to it by SRC in the final determination of the remuneration and benefits which ought to be the outcome of collective bargaining process;
vi) TSC was not bound to await the job evaluation exercise as per the advice of SRC, and TSC had the constitutional and statutory mandate to conduct a job evaluation exercise for the teachers;
vii) The court further awarded a basic salary increment of between 50-60 per cent, to be included in a four-year CBA to be effective from 1st July 2014, but backdated the increment to 1st July, 2013; and
viii) The CBA duly signed by the parties to be registered in court within 30 days of the date of judgement, but the judgement to take effect immediately.

After hearing the appeal, the Court of Appeal, held:

a) The Employment and Labour Relations Court had no jurisdiction to award the teachers a basic increment and allowances as it did not derive such jurisdiction from the consent order or from the Employment & Labour Relations Act;

b) The advice by SRC under Article 230(4) (b) of the Constitution is binding and that SRC has a role to play in the CBAs on matters relating to remuneration and benefits of Public Officers including teachers;
c) The consent order did not confer jurisdiction to the trial court;
d) The Employment and Labour Relations Court has no jurisdiction to conduct conciliation under section 15 of the Industrial Court Act as read with Article 159(c) of the Constitution; and; SRC had a role to play in job evaluation of Public Officers, including teachers.

11.1.2 High Court of Kenya Constitutional and Human Rights Petition No. 294 of 2013 Kenya Union of Domestic, Hotels, Education & Allied Workers (KUDHEIHA) –vs– Salaries & Remuneration Commission (SRC) and the Attorney General (AG)

a) Legal issues

The petitioner, a trade union, filed suit to protect its members from alleged unfair job practices and to challenge the SRC on grounds that they violated the Constitution.

KUDHEIHA further alleged that its members are not Public Officers as envisioned by Article 260 of the Constitution and Section 11 of the SRC's Act No. 10 of 2011, and that SRC violated the Constitution in classifying, defining and describing such unionisable employees as public officers and/or State Officers. It stated that some members of KUDHEIHA, such as employees of Moi Teaching and Referral Hospital, Kenyatta National Hospital, public universities, domestic workers, allied workers employees in public educational institutions, hotels, workers in Kenya Power, do not fall within the category of State Officers or Public Officers. Thus, it was unconstitutional for SRC to describe them as such. The petitioner argued that according to the definition of public office, public service and state organ under Article 260, the employees of state corporations and parastatals do not fall within the group of employees whose salaries are set and/or reviewed by SRC. Further, KUDHEIHA was aggrieved by Regulation 18 of the SRC Regulations 2013, and wanted SRC to confirm the fiscal sustainability of the negotiated package.

b) Issues for determination by the Court

i. Whether employees of parastatals and state corporations are Public Officers and/or State Officers;
ii. Whether the SRC acted within its constitutional mandate in advising on the setting and/or reviewing the salaries of employees in parastatals and state corporations;
iii. Whether Regulation 18 of the SRC Regulations, which provides that SRC shall not negotiate with trade unions when determining, reviewing or advising on remuneration and benefits of Public Officers is within SRC's constitutional mandate or is ultra vires.

c) Court's findings and decisions

(i) As to whether the members of KUDHEIHA are public servants, the judge found that they indeed are public servants and subject to all laws governing such persons.
(ii) As to whether SRC acted within its constitutional mandate in setting and/or reviewing the salaries of employees in parastatals and state corporations, the judge found that SRC acted within its constitutional mandate in describing the employees of the state organisations represented by KUDHEIHA as public servants and that they are subject to the mandate of SRC in relation to setting and reviewing of their salaries.
(iii) As to whether Regulation 18 of the SRC regulations is constitutional or ultra vires, the constitutional mandate donated to the SRC, the judge found that SRC's role is limited to advising the National Government (including parastatals and state corporations) on remuneration and benefits of their officers, hence the provision in Regulation 18(2) "that the management of a public service organisation shall seek the advice of" the SRC before any CBA negotiations are commenced. The judge noted that he saw nothing ultra vires or constitutional about regulation 18 aforesaid, and on the contrary, it is beneficial to KUDHEIHA and its members.
(iv) The judge stressed the need for SRC to understand that it is obligated to ensure that while exercising its role as advisor to

the Government, it does not unduly ignore CBAs painfully crafted by trade unions and employers. SRC should not be seen to be siding with employers because they are part of the Government that it advises. It must strike a fine balance, invoke fairness and ensure employees get the best pay for work done.

11.1.3 Nyeri High Court Petition No. 18 of 2014, Hon. Daisy Kirigo Maitho & Seven (7) Others –Vs– County Government of Laikipia, Salaries and Remuneration Commission (SRC) and the Speaker, County Government of Laikipia

In 2013, the Commission set and communicated to all the clerks of county assemblies the remuneration benefits for MCAs. One of those benefits was related to mileage claim, where all MCAs were entitled to be paid a monthly mileage allowance of Ksh. 39,528. For the elected MCAs, they were further to be reimbursed extra mileage cost, to be claimed when they travelled to their areas of representation. This was based on AA rates and was payable up to a maximum of 52 weeks per year.

The petition sought the following:

i. A permanent injunction to stop and/or postpone the intended mileage allowance pay out to elected MCAs in as far as it is drawn from development account or appropriation of funds from other accounts that are not meant to pay up for mileage.

ii. An order to compel the 1st respondent to pay the nominated MCAs extra mileage allowances like all other MCAs.

iii. A declaration that the directive by the Commission is null and void to the extent that the same is discriminatory against the petitioners and unconstitutional.

a) Legal issue

The issue before court was the legality of the Commission's decision in setting different mileage benefits for the elected and nominated MCAs, in particular, whether the Commission discriminated against the nominated MCAs.

b) Court's finding

The court vindicated the Commission and held that the nominated MCAs do not have any ward representation to justify being entitled to mileage reimbursement for weekly travel to and from the wards.

11.1.4 High Court of Kenya Constitutional and Human Rights Petition No. 227, consolidated with Petition No. 281 and Petition No. 282 of 2013 by Okiya Omtatah Okoiti, Law Society of Kenya (LSK), Cosmus Ngeno Koech, Daniel Chege Kamau, Uzalendo Institute for Leadership and Democracy as Petitioners –vs– The Attorney General (AG), Parliamentary Service Commission, National Assembly of the Republic of Kenya, the Speaker of the National Assembly, Clerk of the National Assembly, Clerk to the Senate, Salaries & Remuneration Commission (SRC) and the Controller of Budget (CoB) as respondents

a) Legal issues

The Petition, initially filed as three different petitions raising the same substantive issues but later consolidated, challenged the constitutionality of the decision of the National Assembly to nullify certain Gazette Notices issued by SRC in respect of salaries for State Officers. The petitioners also questioned the constitutionality of several Acts of Parliament relating to the terms of service of MCAs. Other issues raised were:

i) Whether the MPs have the power and/or legal capacity to determine their salaries, allowances and other benefits;

ii) Whether under the Constitution of Kenya, SRC violated any law or any principles when setting the salaries and remuneration of the MPs;

iii) Whether the salaries, allowances and other benefits of the MPs as published by SRC in the Kenya Gazette are constitutional and valid;

iv) Whether the Government can legitimately make grants of whatever nature to MPs;

v) Whether by issuing threats to SRC, the MPs are interfering with the autonomy of the independent commission;

vi) Whether by dint of Article 40(6) of the Constitution, the MPs have a right to keep any unlawful payments they received or may receive as a result of manipulating and blackmailing SRC;

vii) Whether the National Assembly Remuneration Act and the Parliamentary Pensions Act were repealed at the expiry of the 10th Parliament or they are still in force under the new Constitution;

viii) Whether the promulgation of the Constitution of Kenya effectively annulled both the reports of Cockar and Akiwumi tribunals appointed under the former Constitution by the Parliamentary Service Commission to review the terms and conditions of service for MPs;

ix) Whether Parliament can revoke legal notices published in the Kenya Gazette; and

x) Whether Parliament can legislate to directly set and determine any public official's salary, allowances and benefits amongst other orders and declarations

b) Key issues for determination and the court's findings

i) On whether the High Court has the jurisdiction to hear the matter as it touched on proceedings before the National Assembly, the court held that it had the jurisdiction;

ii) As regards the constitutionality of the threat by MPs to remove the SRC Commissioners, the court found that the National Assembly did not resolve to remove the Commissioners of SRC, and further, the court had no reason to venture into the question of their removal since it had not arisen;

iii) On whether SRC violated the Constitution in setting the salaries of MPs, the court found that it was not its duty to inquire into the methods or modalities used by SRC in in setting the remuneration for MPs;

iv) As to whether the actions of the National Assembly amounted to gross misconduct on the part of MPs, the court found that since none of the Members of the National Assembly had been made a party to these proceedings, the court could not, therefore, make any determination with regard to their conduct as doing so would be going against the parliamentary privilege, which covers debates and deliberations within the precincts of Parliament;

v) On the mandate to determine the remuneration and benefits of MPs, the court held that SRC exercised its constitutional mandate in setting the remuneration for State Officers, adding that the National Assembly had stepped into the arena reserved for SRC by the Constitution and the purported annulment of the Gazette Notices was unlawful;

vi) In view of the provisions of Article 230 & 260 of the Constitution, the National Assembly Remuneration Act (Cap 5), which the National Assembly relied on in purporting to annul the Gazette Notices, is unconstitutional; and

vii) Further, the court held that Parliament cannot and must not be allowed to run roughshod over other constitutional organs as allowing the same would lead to a breakdown of law and order.

11.1.5 Petition No. 496 of 2013 Commission for the Implementation of the Constitution versus the National Assembly of the Republic of Kenya, the Senate and the Attorney General (AG)

The petition was filed following the introduction of the Constitution of Kenya (Amendment) Bill No. 2 of 2013 in the National Assembly. The Bill sought to amend Article 260 of the Constitution of Kenya by removing MPs from the list of State Officers. This was meant to preclude SRC from setting remuneration and benefits for MPs.

a) Legal issue

The issue before court was the constitutionality of the proposed amendment to the Constitution without a referendum as envisaged in Article 255.

b) Court's findings

The court held that the proposed amendment sought to change the basic structure and design of the Constitution.

Further, it affirmed Article 255 of the Constitution that amendment of Article 260 the same shall be accordance with Articles 256 and 257 and approved in a referendum.

11.2 Industrial Unrests

11.2.1 Introduction

Industrial unrest is the disruption of industrial peace at a work place and happens when employees withdraw their labour through strikes, picketing, sit-ins or protests. Kenya has experienced industrial unrests from time immemorial.

Key to note are the perennial teachers' strikes the country has experienced. Since the operationalisation of the Commission, several strikes have taken place.

Teachers went on strike in 2015, crippling learning at both public primary and secondary schools. The bone of contention was non-implementation of an agreed 50/60 increment with the TSC. After several court cases, the Court of Appeal ruled in favour of the TSC, forcing the teachers to negotiate a new CBA. The Commission guided that the TSC and the teachers' unions to negotiate and enter into agreements which would guide future engagements. This led to the signing of the first CBA between the teachers' unions and the TSC in 2016 for 2013-2017. Soon thereafter, the teachers unions engaged in negotiations for the 2017-2021 CBAs, which were concluded in 2016 and registered at the Employment and Labour Relations Court. Registration of the CBAs facilitated the management of perennial teachers' strikes as the agreements bind all parties.

Health workers, including nurses, doctors and clinical officers, went on prolonged strikes citing unsigned CBAs containing terms and conditions of service for the cadres. Following court rulings and several interventions by the Government and other stakeholders, the outstanding issues were resolved. The doctors' CBA was signed and registered, while the CBA process for nurses is ongoing. The clinical officers' union is yet to be recognised by the employing agencies.

Lecturers in public universities also had a share of their industrial unrests demanding the conclusion of the 2013-2017 CBA. This was, however, addressed as implementation is ongoing.

11.2.2 Causes of industrial unrest

The main causes of industrial unrest in the Public Service are:

a) **Economic factors:** These include workers' discontent over payment of wages or non-payment as expected, allowances, bonuses, benefits, incentives and other economic components that are part of periodic payments to the workforce.
   Most of the strikes in the Public Service arise from disputes relating to remuneration and benefits, specifically basic pay and allowances. This has been compounded by failure of employers to comply with SRC guidelines on collective bargaining negotiations.

b) **Non-economic factors:** These are socio-economic factors such as: leave, hours of work, management practices, working environment, grievances and disciplinary procedures.

11.2.3 Legal Framework Governing Labour Relations in Kenya

a) International Labour Organisation

Kenya is a signatory to the International Labour Organisation (ILO) and, therefore, bound by the relevant labour conventions. ILO was established to champion collective bargaining as a mode of determining working conditions. Key conventions and recommendations in collective bargaining include:

i. The Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
ii. The Collective Agreements Recommendation, 1951 (No. 91);
iii. The Voluntary Conciliation and Arbitration Recommendation, 1951 (No. 92);
iv. The Labour Administration Convention, 1978 (No. 150);
v. The Labour Administration Recommendation, 1978 (No.158);
vi. The Labour Relations (Public Service) Convention, 1978 (No. 151);
vii. The Labour Relations (Public Service) Recommendation, 1978 (No. 159);
viii. The Collective Bargaining Convention, 1981 (No. 154); and
ix. The Collective Bargaining Recommendation, 1981 (No. 163).

Kenya is, therefore, required to abide by these ILO conventions and use the recommendations to guide labour relations and collective bargaining processes.

b) The Constitution of Kenya

The Constitution provides for extensive rights and privileges of the employees and trade unions, employers and employers' organisations on matters concerning industrial relations. For example, the Bill of Rights under Article 41 on Labour Relations provides for: workers right to fair practices; fair remuneration; reasonable working conditions; and participation in the programmes of trade unions. The Article also provides for trade unions and employers right to: form and join organisations, determine own administration programmes and activities and engage in collective bargaining. Articles 36 and 37 further provide for freedom of association and rights to assembly, demonstration, picketing and petition, while Article 43 provides for the basic standards of health, accessible and adequate housing, and clean and safe water in adequate quantities.

c) The Labour Laws

Employment Act of 2007

The Act has incorporated the provisions of the ILO conventions and recommendations on collective bargaining and rights at work. It defines the fundamental rights of employees, provides basic conditions of employment and regulates terms of employment that are likely to form issues for collective bargaining. Specifically, Part II of the Act provides for the principles governing employment, such as equity in employment, while Part III provides for the terms and conditions of employment service, including the rights of employees at work and those of accessing the related documents such as CBAs.

Labour Relations Act of 2007

This Act provides for registration, regulations, management and democratisation of trade unions and employers' organisations to promote sound labour relations through protection of effective collective bargaining and orderly and expeditious dispute settlement. The Law in Part II guarantees the rights, freedom of association and protection of both employees and employers. It further recognises the rights of trade unions and employers to join and participate in federations of trade unions and employers' organisations including determination of a Constitution, rules and activities. Part III of the Act provides for the establishment and registration of trade unions and employers' organisations including conditions under which the trade unions may be dissolved as a way of ensuring effective collective bargaining process.

Part VII provides for the recognition of trade unions for purposes of collective bargaining and makes CBAs binding to all parties for the period of the agreement, in compliance with the ILO conventions on collective bargaining. The law further provides for the registration of CBAs with the Industrial Court for purposes of enforcement.

Labour Institutions Act of 2007

The Labour Institutions Act of 2007 provides for the establishment of labour institutions, their functions, powers and duties over labour matters in the country. Part II of the Act provides for the formation of the National Labour Board, which is an advisory body to the Minister for Labour on all matters concerning employment, training, manpower development and labour legislations, industrial relations, issues on ILO Conventions and productivity measurements and improvements.

Part III establishes the Industrial Court (since renamed the Employment and Labour Relations Court) with the role to maintain industrial relations and peace in employment situations. The court has jurisdiction to hear, determine and grant any appropriate relief in respect of an application, claim or complaint or infringement of any of the provisions in the Act. It also provides for an appeal by any party dissatisfied with the final judgment of the Industrial Court, to seek redress at the Court of Appeal.

Based on the legal framework, trade unions have been in existence in the country to defend the workers' rights and bargaining for fair wages for their members. There are several trade unions which cover various sectors, most of which are affiliated to the umbrella unions like the Central Organisation of Trade Unions (COTU-K), Public Service Trade Unions (PUSETU) and Trades Union Congress (TUC).

11.2.5 Pre-SRC Bargaining Process

The industrial relations charter spells out the tripartite relationship that has been in existence since 1962 governing the engagement between the employers and the unions.

A tripartite relationship is essentially between an employee, employer and the State with the primary focus on the interactions between the employer and employee, and the state playing a supportive or secondary role. Establishment of the tripartite machinery was geared towards promoting the implementation of international labour standards.

Tripartite cooperation plays an important role in promoting harmonious labour relations. Through tripartite cooperation, representatives of employers (FKE), employees (COTU) and the Government have been working in collaboration and through consultation and discussion, to resolve employment-related issues of common concern.

Before the establishment of SRC, the employer, the unions and the Government had engagements on matters of collective bargaining. The unions and employers would conclude negotiations and register the CBAs. In some cases, industrial unrests arose owing to, among others:

(i) The CBAs having been agreed upon and registered without much considerations to availability of funds and sustainability, leading to non-implementation; and
(ii) Management formed part of the negotiating team, thus negotiating while protecting their own interests in the CBAs as they also benefited from them.

11.2.6 SRC Guidelines on Collective Bargaining Process

In 2012, the Commission issued guidelines and a framework on determination and review of remuneration in the Public Service:

i. The adoption of the four-year review cycle of the CBAs from the traditional two-year cycle. This was guided by the Government's Medium-Term Expenditure Framework (MTEF) budgeting process, which usually runs for three years with an additional year for planning and implementation of the CBAs; and
ii. A closure of the two-year CBA cycle by 30th June, 2013 to give room for the four-year cycle to begin starting 1st July, 2013.

Further, the Commission in 2014 issued additional guidelines on the determination and review of remuneration in the Public Service, which indicate the information and data to be submitted to the Commission for provision of advisory on the CBAs:

i. Copy of the demands from the unions;
ii. The institution's counter offer and justification for each recommendation on the financial items in the proposed CBA based on affordability, fairness and parity of treatment;
iii. Copies of the latest CBAs being implemented for the union employees to show the existing remuneration status;
iv. The existing salaries structure for non-unionised staff and numbers in post in every grade, indicating the date of the last review;
v. Staff in post tabulated against job grades for every CBA;
vi. The institution's audited financial statements for the last three financial years if the institution depends on internally generated funds, and approved printed estimates;
vii. Confirmation of budgetary allocations by the National Treasury if the institution depends on Government funds; and
viii. Prior to counter offer being given to the union, public institutions were required to obtain SRC's advice.

While advising on the parameters for collective bargaining, the Commission takes into consideration, among others, the following factors:

i. Fixed and variable components of the remuneration;
ii. Legal, social, economic and environmental issues;
iii. Results of job evaluation, performance and productivity;
iv. Results of market studies;
v. Key elements and factors;
vi. Market rates from the results of comparative market surveys;
vii. Overall and specific cost of employment, relating to the resource capacity of the organisation;
viii. Affordability and sustainability of compensation or award to Government and within the job market;
ix. Linkage to national objectives, priorities and the human resource management strategy;
x. Level of performance or productivity of the officer, or level of performance and achievements of the national objectives by the organisation;
xi. Salary structures in the public service; and
xii. Equity and competiveness.

11.2.7 Achievements in the Collective Bargaining Negotiations

Following the issuing of collective bargaining negotiation guidelines, the Commission has achieved the following:

i. Harmonised review cycle across the public sector for planning and implementation purposes;
ii. Internal equities in organisations. SRC considers the salary structures in organisations and advises institutions to ensure equity across the various grades within the institutions;
iii. Only sustainable CBAs have been approved for

registration. This has in effect reduced industrial unrest arising out of non-implementation of registered CBAs;

iv. Several CBAs have been negotiated in line with the SRC guidelines including the teachers' CBA for 2017-2021, doctors' CBA for 2017-2021, the Civil Servants' CBA for 2017-2021, the national CBA for public universities unions for 2013-2017, several internal CBAs for the university councils for 2013-2017, state parastatals including Kenya Power, KenGen, Bomas of Kenya, National Cereals and Produce Board and the Kenya Literature Bureau; and

v. Inclusion of the Commission in the Employment and Labour Relations Court Act.

11.2.8 Challenges in Collective Bargaining Negotiations

Despite the various interventions undertaken by the Commission to streamline the collective bargaining process, the following challenges have been experienced:

i. Lack of, delay or inadequate information to enable SRC to provide advice;

ii. Non-compliance with SRC advice where the union and the employer agree outside the advisory provided by the Commission;

iii. Political interference where the Executive makes pronouncements on remunerative issues before the Commission has advised;

iv. Pressure from unions and lobby groups to review remuneration and benefits;

v. Industrial unrests pushing the Commission to make decisions within unrealistic timelines, even when the employers are bargaining from a weaker position;

vi. Lack of capacity from the employers to effectively negotiate with the unions; and

vii. In some instances, collusion between the unions and the institutions' management staff in the process of negotiations.

Salaries & Remuneration Commission

Salaries and Remuneration Commission

An interview with Mrs. Sellestine A.M. Kiuluku, MBS, Salaries and Remuneration Commission

Question: Yet another ending and another beginning in the chapters of your life is about to come as this commission's six-year mandate closes. But first, how did you come here?

Answer: The Judicial Service Commission nominated me to join SRC and I considered that to be a special honour and privilege to serve the people of Kenya. I have therefore been with this Commission from the start following the appointment through a gazette notice of 15th December 2011. We started work in January 2012 after being sworn in office.

Question: How did you find the going?

Answer: It is quite challenging and exciting. As you know, this was the first Commission of its kind, a creation of the Constitution of Kenya 2010. Before SRC, there was a diversity of institutions dealing with remuneration for public officers. The creation of SRC as a one stop institution to handle public sector remuneration and benefits came with its challenges. Some institutions did not understand the SRC mandate resulting into several court cases which sought an interpretation of our mandate. This delayed our work in some instances. The courts in most cases have ruled in support of SRC mandate as provided in the Constitution.

Question: What do you consider your key achievements to be?

Answer: There are several. First, as a Commission, we have worked together as a team. It is impossible to achieve anything without unity of purpose. Many people call us the Sarah Serem Commission. Our Chair has been a unifying figure. Her ability to hold the Commission together without divisions has been a big achievement in the performance of our work. Secondly, we have harmonized state officers' salaries. We found a lot of disparities when we took office. We managed to come up with a favorably compression ratio. Kenya's wage compression ratio was relatively high compared to other countries in the region. Compression ratio measures the pay of the highest paid state officer or worker as compared to the pay of the lowest paid. Before SRC, the compression ratio was 1:58 for state officers. That means the highest paid state officer was being paid 58 times more than the lowest paid state officer. We brought that down to 1:10 to improve fairness and equity.

Question: Remuneration is, or should be tied to productivity, should it not? Address the issue of productivity in Kenya.

Answer: The labour productivity in Kenya has not been commensurate to public sector salary increases since independence and we hope with time; the incoming Commission will address the issue of how Kenya can improve her labour productivity. We did a study on salary differentials between the public sector and the private sector and found that increasingly, the public sector is becoming a better employer than the private sector. Incentives and allowances play a significant role in ensuring employee retention within the public service, yet labour productivity remains a concern. Public sector pay should increasingly be based on performance, qualifications/skills, and responsibility.

Question: Some of your stakeholders like teachers have been perennially on a war path agitating for better pay.

Answer: That is true but we have now solved that. For the first time since independence, the Kenya National Union of Teachers and the Teachers Service Commission signed a Collective Bargaining Agreement(CBA) and registered it at the Labour Relations Court. The era of perennial strikes by teachers just before elections and when examinations are due, we hope it's over. CBAs in most cases stabilize work relations between an employer and its employees, as the Agreement binds each party. Further SRC has harmonized the CBAs review cycle to four (4) years. This gives time to the economy to grow and avoids a situation where employers and the unions are in perennial negotiations.

Question: What in your view has been the attitude of the public towards the Commission?

Answer: The citizens of Kenya have been the major supporters of the Commission. They were quick to grasp the Commission's role when we engaged with them in various stakeholder's meetings. It seemed to be, the first time Kenyans got to understand the salaries paid to their leaders and other public officers. The Commission brought in transparency in salaries and benefits of public officers. The public saw in us custodians of their interests. We went out of our way to engage with them and they have responded positively to the work of the Commission. The issue of wage bill became an issue of interest to public. The public wants more money channeled to development as opposed to salaries.

Question: What is your personal background?
Answer: I am a Human Resource practitioner and a Certified Secretary(CS). I was the Director of Human Resources and Administration at the Independent Electoral and Boundaries Commission of Kenya before leaving voluntarily. I have also worked in other public institutions at management level, and of course, I am family person. I am a wife and mother. My husband is a diplomat working in Tanzania. We have three adult children. My family is my biggest strength and a source of support in the performance of my work as a state officer. Above everything I serve humanity under God's guidance and have continuously realized my public and private life is important in the performance of my duty.

> **"*For the first time since independence, the Kenya National Union of Teachers and the Teachers Service Commission signed a Collective Bargaining Agreement(CBA) and registered it at the Labour Relations Court.*"**

Question: What do you do for recreation?
Answer: I am a member of the Muthaiga Golf Club, Royal Nairobi Golf club and Parklands Sports Club. I also travel a lot within and out of the country. And as a Christian I take refuge in my faith. I have enjoyed a pilgrimage to Italy for prayers at St Peters Basilica at the Vatican. I enjoy farming and visiting my rural home.

Chapter Twelve

12. MANAGEMENT OF REMUNERATION AND BENEFITS IN OTHER JURISDICTIONS

12.1 Introduction

The Commission has, over the years, studied remuneration and benefits management in other jurisdictions. It has, at the same time, hosted institutions charged with remuneration and benefits in other countries seeking to learn from SRC's experience.

12.2 Practices in Other Jurisdictions

12.2.1 Productivity and performance

Productivity is a measurement of how efficiently resources are used to generate more income. Thus, by incorporating strategies to measure and enhance productivity, Malaysia has positively impacted efficiency in public sector service delivery. The Malaysian Government has developed a mechanism to link productivity and performance to remuneration and promotion using key performance indicators (KPIs) for senior staff, and performance appraisal system for staff in the lower cadre. Similarly, Ireland designed wage increases to reflect improvements in productivity and greater flexibility.

In Philippines, the government established a performance linked pay system in 2012 to enhance public service delivery and accountability. This was to ensure that departments and agencies fulfil performance targets, while encouraging good performance at unit and individual levels. However, the system faced several challenges reflecting difficulties in measuring performance in the public sector.

12.2.2 Annual salary increments

In South Africa, annual salary adjustments factor in cost of living adjustment, annual pay and grade progression. The annual cost of living adjustment preserves the purchasing power of the employees to ensure that their salaries are not eroded by inflation. Additional increases are also linked to performance and service delivery to attract and retain skills in the public service.

Annual increments in Australia must be offset by genuine, quantifiable productivity gains and be affordable within an agency's budget. Key remuneration components are: base salary, total remuneration package (base salary plus benefits), and total reward (total remuneration package plus bonuses).

In Rwanda, pay is not fixed but subject to increase every three years by 15 per cent, depending on good individual performance.

Annual pay increment and bonuses in Singapore are linked to work and economic performance for the year. In the United Kingdom, there is a hybrid progression scheme where departments operate a dual progression arrangement system with an element of automatic incremental progression for employees on the lowest pay bands, and individual performance based progression for those on higher pay bands.

12.2.3 Single Spine

Ghana's public salaries are governed by the Single Spine Pay Policy (SSPP), which aims to ensure that the public sector remuneration structure is rational, equitable, transparent and sustainable. Under SSPP, all the public servants are placed on one unified salary structure that is the Single Spine Salary Structure (SSSS). The public services under the SSSS include employees in the civil service, the judicial service, audit service, education service, health service, parliamentary service, national fire service, customs, excise and preventive service, internal revenue service, local government service, police service and prisons service. Workers in public corporations other than those set up as commercial ventures, public services established by the Constitution, and all other public services such as Parliament legislates, are also included in the SSSS. Annual increments on the salary structure under the SSPP are earned on the basis of performance as assessed through annual appraisal process.

12.2.4 State Officers' Remuneration

Remuneration of State Officers varies from country to country. In Australia, State Officers receive additional salary to their base salary. The additional salary is a percentage of the base salary and is rounded up to the nearest ten dollars. An electorate allowance is payable to Senators and Representatives to reimburse costs incurred in providing services to their constituents.

12.2.5 Wage Bill Management

Different measures have been adopted to manage the growth of the wage bill in various countries. They include wage freeze, workforce reduction, pension review and reduction of allowances.

Wage freeze is typically a temporary measure to reduce the wage bill. It can have a long-term effect on the wage bill, if wages do not grow much faster after the freeze is lifted. Wage freeze was undertaken in The Netherlands to achieve a substantial and sustained reduction in the wage bill, primarily through negotiated and renewed wage freezes.

Also, freezing employment mitigates pressures on rising compensation. Temporary hiring freezes, except for health and security, freeze of new recruitment and replacement of retirees are some of the measures undertaken by the Tunisian government. El Salvador limited new hiring in the public service, while the government of France froze the public sector wage scale for all levels, though wage increases were granted at the lower levels for equity reasons.

Besides wage freeze, the government of Honduras conducted a census of public employees to identify irregular workers. Due to corruption scandals, a sizeable reduction in the workforce was implemented in the social security administration. This was accompanied by a determination to downsize the public sector in a targeted way.

The United Kingdom undertook control of the public sector wage bill through various public sector pay reforms such as pension reviews. In The Netherlands, review of allowances was done, including those related to work complexity, managerial responsibility and meeting attendance, leading to removal of special salaries for doctors, police officers and the prison administration, discontinuing payments for overtime and work on weekends and holidays, phasing out social coupons, the 13th month salary and holiday bonuses.

The government of El Salvador adopted a revised pay scale strategy from eight to two per cent to limit pay so as to realise savings on the wage bill. Other measures which have been undertaken to contain the wage bill include postponing planned wage increases, freeing the budgetary sector and cutting permanently vacant staff position as seen in Moldova.

In a study done by the International Monetary Fund (IMF), countries use a mix of wage and employment measures, and institutional reforms. Application of wage and employment measures are summarised as follows:

a) Wage measures

An effective way of curbing wage pressures in a case where government wage levels are higher than those in the private sector is through freezing nominal or real wages or limiting wage increases below real economic growth. Such measures are implemented in the entire public service, but with drawbacks. Prolonged use of these measures may affect morale and attractiveness and distort rule-based wage adjustment strategies where wage freezes are offset through raising bonuses and allowances.

Rationalising allowances, and improving transparency and fairness in employee compensation is another means of managing the wage bill. Consolidating or phasing out can periodically review allowances, as was done in Estonia, Germany, Hungary, Lithuania, The Netherlands, Portugal, Romania and Spain. This lowers costs without affecting service delivery.

Some countries such as Ghana, Portugal, Romania and Zambia merged allowances and bonuses, and developed a single pay spine by mapping various professional categories and sectors. This approach may strengthen transparency, fairness and simplify wage bargaining, which may affect wage flexibility and competitiveness of pay. Additionally, effective implementation of performance related pay (PRP) could improve public service delivery and reward specific skills as seen in Organisation for Economic Co-operation and Development (OECD) countries.

b) Employment measures

Wage pressure management through employment measures includes: adopting attrition-based employment reductions such as retirement, voluntary exits and reducing employment in specific sectors. Ireland succeeded in reducing employment and supporting redeployment by re-skilling. An alternative approach is providing financial incentives for early retirement, which might be beneficial for both redundant workers and the government, and can reduce the wage bill permanently with little impact on service delivery.

Strengthening human resource management can reduce the wage bill by eliminating ghost workers, while improving wage bill control. In addition, public sector restructuring can reduce government employment permanently, while improving service delivery, but significant savings only materialise over the medium-term.

12.3 Lessons Learnt

i) Ineffective management of the wage bill has adverse effects on fiscal planning, competitive compensation and service delivery.

ii) Adjusting employment levels and composition in response to demographic and technological change can reduce inefficiencies in service delivery.

iii) In their efforts to contain wage pressures, governments need to undertake functional reviews to inform structural and institutional reforms as opposed to short-term measures such as wage and employment freezes. Such short-term measures lower employee morale, which in turn has adverse effects on service delivery.

iv) Having strong institutions to centrally manage the wage bill is necessary to control fiscal pressure. Progressively, line ministries and state agencies can be equipped to manage the wage bill through adapting their services to changing demands of citizens and new technologies guided by centrally set standards.

v) A combination of various government arrangements can be set put to help achieve fiscal objectives. They include: medium-term forecasting of the wage bill, wage negotiations on pre-determined interval basis, regular comparisons between public and private sector wages differentials for retention and attraction of high skills in the public service, and position-based employment systems for employee flexibility.

vi) Capping of the wage bill and employment levels should be done after undertaking reviews on government expenditures and activities to avoid creating inefficiencies.

vii) Structural reforms should be instituted to address the problem of overstaffing and high wage levels. It is important to adopt a competitive, equitable and transparent salary structure. Equally important is the need to implement a strong human resource management system to address inefficiencies, redundancies and other challenges.

As the precedent setting, the Commission in its first years had to study how other commissions work- with most either charged with the mandate to set remuneration for State Officers as in the case of USA, Canada, or Public Service Officers Fair Wages and Salaries Commission of Ghana and South Africa.

12.3 Benchmarking Visits

Over the years, the Commission has hosted and shared its experiences and lessons on public service remuneration management with institutions tasked with remuneration management from various countries. The Commission has hosted delegations from Sierra Leone, South Africa, South Sudan, Tanzania and Zambia on a learning mission on how the SRC has managed to execute its weighty and sprawling mandate. These missions were particularly keen on the experience SRC went through in setting salaries for State officers, as well as the Commission's handling of job evaluation for public service and other major assignments.

Salaries and Remuneration Commission

An interview with Mrs. Serah Kinyua, HSC, Salaries and Remuneration Commission

Question: ***Give us the highlights of your tenure here at SRC that is coming to an end***

Answer: I would say that the highlight was the time that we did the salaries for the 11th Parliament. That was the very first time something called a job evaluation was done in this country. And because there was an election coming in early March, we thought we needed to have salaries in place so that those who were coming in knew exactly what they find.

It was the first time that it was done. We got quite a bit of name calling after that but we did not budge. Eventually the hostility died down and the new order was accepted. Before that Parliament was setting its own salaries and so were other public bodies. Now here was a commission mandated by the constitution to set salaries for state officers and other public servants. The other highlight is what we are doing now. We are looking at the second part of our mandate which is to advice on salaries for public servants who are not state officers. We are dealing with roughly 700,000 people spread all over the country whom we have divided into seven sectors for purposes of being able to manage them. Salaries should be as close as possible. In the past, there were big disparities that were born out of the way salaries were determined. If you were lucky and got into a state corporation your chances of getting a higher salary were much better than somebody landing a similar job in a ministry.

The success we achieved was made possible by the engagement we had with the public. We went to the counties and got a very good feel of what the public wanted. As the source of the funds that we pay public servants their salaries, the public is our primary stakeholder. We exist to safeguard their money.

Question: ***Some public servants like PS's had massive differences in the salaries they earned. They were doing the same job but it is if they were not working for the same employer.***

Answer: Yes, that was the case and in fact that is what we set out to remove because part of our job as set out by the constitution was that we should be able to work on the principle of equity. Equity may not mean that you pay the same salary but what is fair to everybody. One of the things we decided when dealing with state officers, if I could give you one example, is this: a governor is a governor and therefore you are not going to argue that I am the Governor of Nairobi and more important than the Governor of Lamu. That would bring a lot of problems and could even become a political issue.

That is the equity principle that we applied right through. When we were looking at the civil service, for instance, we found that some jobs had been set very high without any good reason. As we did the job evaluation, we made sure that we placed a job at the right point. But we did not come and tell you 'tomorrow you are going to earn Kshs 10,000/-.' The law in this country does not allow you to lower salaries.

Question: ***How have your relations with stakeholders such as employers and unions been?***

Answer: We dealt with that issue in 2012. We established the parameters of discussions and decided that we could only deal with employers and not with unions. A union member is an employee. Once we dealt with the employer, the employee was covered. However, if a union wanted to come, we would listen to them and indeed, we sat with a number of them. But we made it clear that the system of always negotiating was not healthy. That is why we set it at four years rather than two years which is a very short period of time. At the same time, SRC gave employers the framework within which they could negotiate with unions, the guiding beacons as it were, so that no collective bargaining agreement could go outside what the country can afford to pay.

Question: ***What is your opinion about the Ndegwa Commission of 1971 which allowed civil servants to engage in private business?***

Answer: When you are in public service, you are not supposed to be holding any other job other than the one you have been given. This is because people are likely to register companies in other peoples' names and then influence the awarding of business to those companies. The reason why a civil service anywhere exists is to make sure there is service delivery to the public of that country. And I would imagine to a large extent they do that here. Bad you never miss a bad apple anywhere. And because of not being looked after, it got to a point where the salaries became very low and very tempting to do things on the side. But I would say having worked in it, your ordinary public servant is delivering service.

Question: Discuss the competitiveness of Kenya's public service vis-à-vis the private sector

Answer: We did do a report that was prepared by KIPPRA, in 2012. We wanted to compare the salary structures of the public and private sectors. What we realized was that to a very large extent when it came to the lower cadre jobs, the public sector was paying better. Where the private sector won was in the higher category jobs. They were paying much better than the public service. The other advantage that people find in the public service have is that the government spends money to train them which translates into a personal advantage.

There is also the aspect of the way you are managed as an employee. With the government you have job security. Finally, the pension may be low, but you are assured of something after retirement. Most of the jobs in the public service also have power. Let's say, for example, if you're working in the Teachers Service Commission, you can make a decision that will affect millions of people.

> ***"SRC gave employers the framework within which they could negotiate with unions, the guiding beacons as it were, so that no collective bargaining agreement could go outside what the country can afford to pay.***

Question: How do you keep yourself together and remain of good cheer with such a heavy load of work?

Answer: You have to organize yourself very well. What I have found as an individual is that the programme we run is disruptive. It imposes events that were not planned and prioritizes them. Yet you cannot say I was doing this or the other; you just have to rise to the occasion. My hope is that everybody has a supportive family because you need just that. I myself have and I am very grateful for it. We have meetings that sometimes go on way after normal working hours and if you are the kind of person who must answer questions, you cannot work here. You must be an adult.

Question: What will you do after your term is up?

Answer: I will give myself more time. I will carry out the projects that I am working on. I read a lot whenever I have a few moments and I look forward to having more time for it.

Chapter Thirteen

13. THE WAY FORWARD

13.1 Introduction

The Commission has made tremendous progress over the last six years in addressing emerging issues on remuneration and benefits for the Public Service. Much has been achieved despite some challenges faced since those heady days in 2012 when the Commission took office. Suffice to say, the Commission has, through a consultative process, developed various policies and standards, and has instituted measures towards achieving prudent management of the public wage bill. Institutionalisation of these initiatives, by the Commission and its stakeholders, is, however, key to providing a sustainable momentum towards safeguarding the gains made.

While recognising that steering the management of public remuneration and benefits faces various challenges, it is envisaged that the gains realised can be sustained by addressing the following policy areas:

(i) Productivity and performance

Measurement and improvement of productivity and performance in the Public Service is a key step towards a progressive economy. It is incumbent upon the Commission to reward employees in the Public Service based on performance and productivity. Although productivity and performance are not easily measured, it is important to identify realistic approaches, which can be achieved over time. It is desirable that the Public Service is geared towards improved service delivery focused on better customer service and results.

The Commission, in collaboration with other stakeholders in public service management, needs to design and implement an objective framework through which productivity and performance in the Public Service can be recognised and rewarded. Similarly, it is important to promote and facilitate pioneering initiatives in productivity and performance related to pay in select public sector organisations. Of equal importance is mainstreaming productivity and performance in public sector remuneration and benefits determination.

(ii) Attraction and retention

The Public Service has continued to attract qualified and competent staff. It is, therefore, critical that the Government enhances retention of skilled staff serving in crucial operations. High employee turnover is not only costly, but also affects productivity and service delivery in government institutions.

Both intrinsic and extrinsic motivational factors influence attraction and retention of employees. The Commission should undertake a baseline study on attraction and retention on areas such as hiring practices; managerial style and recognition; competitive compensation system; workplace environments; and promotion, training and development opportunities which will influence retention and attraction of requisite skills in government.

(iii) Fiscal sustainability

A huge public sector wage bill undermines the country's ability to meet its current expenditure and long term commitments. Currently, the public sector wage bill accounts for more than half of the revenue. In cognisance of this, the Commission developed the remuneration and benefits policy to guide the Government in establishing an effective remuneration and benefits system. The Commission is, however, required to strengthen the policy framework for fiscal sustainability by developing a remuneration and benefits management legislative framework and approval of the Sessional Paper on Public Sector Management.

In addition, there is need to develop and institutionalise a system and capacity for realistic forecasting, planning and budgeting wage bill adjustments. It is also important to maintain public wage bill as a percentage of revenue and the GDP in line with the PFM Act and collaboration with relevant institutions.

(iv) Fairness

There are disparities in salaries, allowances and other benefits enjoyed by employees with comparable competencies and workloads (work of equal value) in the Public Service. Therefore, transparency, equity and fairness in the remuneration and benefits system should be promoted. One of the key strategies of achieving this is by reviewing prevailing remuneration and benefits structures and implementing the Job Evaluation for Public Service results.

(v) Legal framework

In the course of discharging its mandate, the

Commission has identified some weaknesses in the existing legal framework. These weaknesses hamper the effective implementation of SRC's mandate as envisaged in the Constitution. It is, therefore, necessary to strengthen the framework by finalising the Public Sector Remuneration and Benefits Bill and subsequently lobbying for its enactment. Thereafter, regulations to provide the procedures for management of remuneration and benefits in the public sector need to be developed. Further, the Commission should issue guidelines as required by Section 15 of the Employment and Labour Relations Act. This will guide the court in timely determination of economic disputes involving the Public Service.

(vi) Stakeholder relationships

The Commission has made notable strides in fostering healthy relationships with its key stakeholders, which is important in executing its mandate. The Commission should, therefore, strive to maintain and continue engaging institutions affected by its decisions, and those who influence the implementation of its mandate.

(vii) Framework for Enforcement of the Public Finance Management (PFM) Act of 2012

The Commission has signed an MoU with institutions charged with the implementation of the PFM Act, which aims at developing and expanding the framework of cooperation on matters of mutual benefit and interest to the party institutions. It is important that this MoU is implemented to facilitate the realisation of the public finance principles in Article 201 of the Constitution as expounded in the PFM Act, 2012. The principles include: promotion of openness and accountability, including public participation in financial matters; adoption of a public finance system that promotes an equitable society; use of public resources in a prudent and responsible way; and clarity in fiscal reporting and responsible financial management.

Thus, there is need for the Commission to mainstream partnerships with enforcement agencies such as COB, CRA, EACC and OAG towards ensuring adherence to its advice as envisaged in the PFM Act.

(viii) Allowances in the Public Service

While the Commission has implemented some of the recommendations of the *Study on Allowances*, there is need to initiate further consultations with stakeholders before full implementation of the recommendations. The job-related allowances factored in the compensable factors used in the Job Evaluation for the Public Service should be identified for abolition as further payment of the same leads to double compensation. There is need, therefore, to develop a comprehensive policy guideline on payment of allowances to ensure uniformity and transparency in remuneration and benefits management.

(ix) Change management

Change often is an emotive process that needs to be handled carefully. Change management, therefore, is important to establish systems and processes that will address individual and institutional fears and expectations. To this end, the Commission has built networks over the past six years, which should be used to disseminate information in the Public Service and public in general, to enhance their understanding of the Commission's mandate and embrace the new dispensation in remuneration and benefits.

(x) Research and development

In order to have a deeper understanding of remuneration and benefits in the Public Service and be able to set and advise objectively, research and development is key. The Commission has over the past six years conducted extensive research on remuneration and related issues within the county and in some select countries in Africa and the rest of the world. This has helped in deepening the understanding of remuneration matters, establishment of a robust system of salary determination and development of a relatively competitive salary and remuneration structures. However, there is need to strengthen the research and development function to enable the Commission to continuously make informed decisions.

(xi) Pension

Pension forms a large portion of the wage bill, as such it is one of the key functions of Commission. However, pension is yet to be comprehensively addressed and, therefore, there is need for deliberate measures to address issues relating to, among others, pension laws, equity and pension liability as a function of public wage bill.

(xii) Information communication and technology

Technology is a key driver in any institution's productivity, efficiency and effectiveness in service delivery. The Commission should, therefore, strengthen its technological infrastructure to be able to link with its stakeholders for data mining, sharing and compliance.

(xiii) Industrial relations

Industrial relations in the Public Service have various players with different roles and responsibilities that complement each other. However, some stakeholders enter into negotiations on remuneration and benefits and sign CBAs without obtaining SRC's advice. Such CBAs commit the Government without the requisite approval and budgetary allocation for their implementation. To achieve a common objective, salary bodies, employing bodies and trade unions should work together. It is, therefore, important that the SRC sensitises stakeholders on its role and mandate on industrial relations. In addition, the Commission should initiate stakeholder engagement with other players, such as Ministry of Labour, the Industrial Court and the Public Service Commission to ensure that the roles and responsibilities of each player are clearly understood.

(xiv) Education and awareness

Since its establishment, the Commission has forged and strengthened partnership with the media in Kenya. It also initiated public discussion and participation on several issues revolving around the public wage bill and job evaluation for State and Public Officers. The national debate on the public wage bill not only created awareness about the issue that was hardly understood by majority of taxpayers, but also rallied the nation on finding solutions to the ballooning wage bill. In addition, the Commission carried out media campaigns to educate and encourage dialogue with the public on matters concerning the wage bill, equity and fairness in pay.

The Commission should enhance public education campaigns to educate stakeholders and the public on key policy decisions touching on remuneration and benefits for public officers, deepen stakeholder understanding and appreciation of the Commission's mandate and decisions. This can be achieved by proactively managing stakeholders' expectations and improving Commission's brand visibility.

(xv) Creation of new institutions

The number of employees and the pay levels influence the wage bill. While the Commission has dealt with the pay levels, creation of positions and duplication of functions, especially in the county governments, has continued to increase the wage bill. To effectively manage the wage bill, there is need for both the National and County governments, and the employing agencies to work closely and rationalise creation of new institutions and hiring of staff.

(xvi) Job evaluation implementation

The Commission successfully completed the job evaluation for the Public Service and communicated the results for implementation. It is, therefore, imperative for the Commission to continue monitoring the implementation process. However, a few institutions are yet to participate in the exercise, and appropriate interventions need to be taken to evaluate the jobs in the institutions.

Salaries & Remuneration Commission

Salaries and Remuneration Commission

An interview with Mrs. Anne R. Gitau, Commission Secretary/ CEO, Salaries and Remuneration Commission

Question: What have been the highs and lows of this commission since it assumed office?

Answer: There have been several of each and all started as soon as the Commissioners took office In January 2012, following their Gazettement in mid-December, 2011. From the beginning, it was crucial for the Commission to align itself with the requirements of the new Constitution of Kenya, 2010. One priority area was to develop a Remuneration and benefits structure for all State Officer potions as outlined in Article 260 of the Constitution and any other position mentioned in the Constitution.

Amidst establishing operational structures of the new institution, and within very short timelines, the Commission undertook a job evaluation exercise of all the above positions and consequently developed a rationalized and justifiable job grading and salary and benefits structure for all the above positions, in time for the General Elections that were held in early, 2013. The new structure released and Gazetted in March 2013, not only brought down the compression ratio of the salaries of these positions but also eliminated previously existing disparities within similar positions.

Building on that success, the Commission recognized the need to work within a broad Remuneration and policy framework upon which all decisions could be anchored.

Consequently, the Commission embarked on this exercise which was not only challenging, as it was the first of its kind in the Country, but also dynamic, given the constitutional need for Stakeholder engagement whenever an exercise of such magnitude and implication is carried out. Getting the concurrent of stakeholders on crucial issues in the development if this policy document, leading to its completion and launch by His Excellency the President on 5th June, 2015, in the presence of all stakeholders, was a gratifying moment for the Commission.

This Policy document continue to be the anchor upon which the Commission makes all its decisions. It is in the implementation of this policy document that the Commission, from July 2015, undertook the job evaluation exercise for all non-State-officer jobs in the Public service.

Having said that, it is imperative that I mention that the Commission has faced several challenges in the implementation of its mandate, a key one being the acceptability of its mandate. Recall the creation of the Commission meant that for the first time in more than 50 years, our country had an apex body anchored in the Constitution that would determine (either by way of setting or advising) every salary and benefit that would be paid to all Public servants in Kenya.

Many Public servants (especially those organized around Unions) have found this difficult to fathom and have either gone to Court or on strike. The latter, has often led to untold suffering from the very Kenyans who expect provision of service to the Mwananchi. Whereas all strikes have sadly, denied Kenyans the service provision that they deserve, the worst experience for the Commission and what I would consider the lowest moment, remains to be the Health workers strike booth by Doctors and Nurses in public health facilities.

Kenyans suffered untold and unwarranted suffering. To counter this, the Commission has continued to work towards bringing on board all stakeholders, to ensure that its mandate it understood, more so, on the need to have a sustainable and affordable wage bill that takes cognizance of the need to have resources set aside for development expenditure for the entire Country.

Question: The nurses' strike was a five month nightmare for Kenyans. It resulted in needless deaths and suffering.

Answer: It was both painful and unfortunate. Kenyans should never see a repeat of this again. I would say that the interface between SRC and the Kenyan worker is the employer. The Commission does not in any way interfere with the collective bargaining process.

Collective bargaining remains the mandate of the respective employer and employee. The Commission avails Guidelines and parameters for negotiation, all anchored on principles of salary setting and review that enable the employer to offer employees beacons for negotiations. This is a new area that requires a lot of capacity building to employers and employees to ensure that it is more understood and acceptable in future; with a view to bringing more industrial harmony in the Country. Remember, the Country cannot consume by way of wage bill, that which it cannot afford. Doing so, is suicidal.

Question: What was the main success driver of this Commission?

Answer: The Commission is solid in experience and leadership. Most of the Members have had very successful and enviable careers spanning across public and private sectors, both nationally and internationally. This played a key role in building a cohesive and technically sound team that was solely dedicate to serving Kenyans through the Commission.

Question: Give an example

Answer: You remember when the Commission came under siege from Parliament in 2013, following the release of Members of Parliament (MP's) new pay? The Commission stood their ground in the face of so many threats, including threats to send them home and I recall the Commission telling the MP's "If you want us to go home, we'll go home, after all, we came from somewhere." It was a tough moment.

Again as I mentioned earlier, the coming of the Commission is part of change management and transformation for the Country. We have continued to see positive results arising from continuous engagement with all our stakeholders, once they understand where SRC is coming from. More often than not, once they understand us, the next thing they say is that they don't envy our work, it's very complex.

Question: This commission is known as the Serem Commission. It has only one face. Explain.

Answer: It was deliberate and it has worked. Successful Commissions in the past, have had a face. Recall the Kipkulei Commission of 1999? This ensures that all energies and efforts are focused towards a focal point without losing the faces of other Commissioners. This is especially important where the position of the Commission has to be heard from time to time.

> ***I hope that the next commission will have the same objective; no selfishness, no personal interest. The present commissioners came to make a change and they did.***

Question: Grade the commission

Answer: Given the circumstances under which we have worked, I would give it 80-85%. We have done well. We have touched virtually all aspects of what the Constitution expects of the Commission thought the set out Constitutional principles (Article 230).

Today, many Kenyans can easily define the word "wage bill" and are privy to the fact that an unsuitable wage bill is detrimental to the development of a Country.

This boils down to the expected need by the Constitution for the Commission to ensure the fiscal suitability of the public sector wage bill. It is both an exciting and challenging journey that I am proud to be a part of.

Question: Who is Anne Gitau, the professional person?

Answer: I am a HR expert. I joined the Commission as Deputy CEO in May, 2012 and served in that capacity for two years, was appointed as Acting CEO, in March 2014 and thereafter appointed CEO in 2015. I started off my career in the private sector, both in the Banking and HR Consulting Industry, from where I got a solid foundation in a positive work ethic. I later joined the public service for close to ten years working in the directorates of Human capital management.

However, in between I exposed, myself to environments related to Organizational Development, which is heavily related to the mandate of the Commission and remuneration / wage setting. My experience at the Commission for the last six years have stretched me to levels I never imagined I was capable of.

The support of the team from both the Commission and the Secretariat, and the fact that today I can related service delivery to Kenyans through the decisions made by the Commission, has made every sacrifice, worth it.

Question: And Anne Gitau, the person?

Answer: I tend to think human beings have the capacity to take in whatever comes our way, as I believe nothing happens by chance; there is a reason for everything. This has made is easier for me to balance my personal, family and professional needs.

It is never that easy although it was more challenging when the family was much younger; with time we have all come to accept that what must be done must be done but within acceptable limits so that no one feels left out. Having said that, I am strong believer in building, myself both physically and emotionally. My typical day starts with a light jog and workouts. I treasure this, getting in touch with myself and nature and energizing me for the day. When am free especially on weekends, I love travelling, long drives to new places outside the city.

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Appendix

Appendix 1: SRC Circulars

	Date Issued	Ref. No.	Title
1.	8-March-13	SRC_TS_HRCOH_3_25	Implementation of Gazette Notice No. 2887 on the Constitution of Kenya: Remuneration and Benefits for State Officers in the Constitutional Commissions and Independent Offices
2.	17-May-13	SRC_TS_CGOVNT_3_61	Review of Remuneration and Benefits of the State Officers in the County Assembly
3.	11-June-13	SRC_TS-HRCOH-3-25	Remuneration and Benefits for State Officers in Parliament
4.	13-June-13	SRC_TS_CGOVT_3_61	Remuneration Structure for the County Public Service Board
5.	21-June-13	SRC_TS_CGOVT_3_61	Review of Remuneration and Benefits of the State Officers in the County Assembly
6.	10-July-13	SRC_TS_CGOVT_3_61_52	Additional Remuneration Package for County Public service Board
7.	29-July-13	SRC_TS_CGOVT_3_16	Remuneration and Benefits for Staff Serving in the County Government
8.	29-July-13	SRC_TS_CGOVT_3_16	Remuneration and Benefits for Staff Serving in the County Assembly
9.	12-August-13	SRC_TS_NPSC_3_35_5 (21)	Proposed Increase in Salary and Remuneration for Inspector General-National Police Service
10.	20-August-13	SRC_TS_CGOVT_3_61	Provision of Transport for County Executive Members
11.	14-October-13	SRC_TS_CGOVT_3_61	Clarification on Provision of Transport in the County Governments
12.	14-November-13	SRC_TS_CGOVT_3_16	Guidelines for Purchase of Vehicles Exemption Request
13.	15-November-13	SRC_TS_PASC_2_35_3	Remuneration of State Officers in Parliament
14.	27-November-13	Ref No SRC_TS_CGOVT_3_16	Reviewed Remuneration and Benefits for Members of County Assembly
15.	18-December-13	SRC_TS_CGOVT_3_61	Housing Benefits for Designated State Officers at the County
16.	19-December-13	SRC_TS-PASC_2_35_4	Remuneration of State Officers Serving in Parliamentary Service Commission
17.	13-January-14	SRC_TS_HRCOH_3_25	Revision of Salary Entry Point for State Officers
18.	20-January-14	SRC_TS_CGOVT_3_61_108	Gratuity of Ward Staff and Review of Airtime Allowance for County Assembly Clerks
19.	28-January-14	SRC_TS_CGOVT_3_6	Clarification on Mileage Allowance and Special Assembly Duty Allowance
20.	21-March-14	SRC_ADM_CIR_1_13_118	Determination and Review of Remuneration in the Public Service
21.	16-April-14	SRC_ADM_CIR_1_13_122	Payment of Taskforce Allowance and Remuneration of Commission of Inquiry, Tribunals, Boards and Committees Appointed by Government
22.	30-April-14	SRC_TS_JSC_3_35_8	Remuneration and Benefits for State Officers in the Judiciary
23.	14-July-14	SRC_TS_CGOVT_3_61	Operationalisation of the Car and Mortgage Scheme for Members of County Assembly
24.	31-July-14	SRC_TS_CGOVT_3_61_85	Remuneration and Benefits for Position of Clerk, County Assembly
25.	31-July-14	SRC_TS_CGOVT_3_61_84	Reviewed Remuneration for Selected Positions in the Executive ARM of the County Government
26.	31-July-14	SRC_TS_CGOVT_3_61_84	Remuneration and Benefits for the Position of the Clerk, County Assembly
27.	2-September-14	SRC_TS_RCM&E_3_68	Compliance to Set Guidelines and Advices by SRC
28.	30-September-14	SRC_CGOVT_3_61	Remuneration and Benefits for County Executive Committee Members Cars and Mortgage Loan Scheme
29.	19-November-14	SRC_TS_TA_3_10_86	Annual Leave Allowance for County State Officers and Public Officers Serving at the County Government
30.	10-December-14	SRC_ADM_CIR_1_13_Vol. III (126)	Review of Allowances in the Public Service

31.	10-December-14	SRC_TS_AG_3_37	Provision of Housing to Cabinet Secretaries and Principal Secretaries
32.	17-December-14	SRC_ADM_CIR_1_13_Vol. III_128	Car Loan and Mortgage Schemes for State Officers &Other Public Officers of GOK
33.	17-December-14	SRC_TS_DRRPS_3_26_Vol. V_88	Remuneration for Personal Guide for Persons with Disability
34.	18-December-14	SRC_ADM_CIR_1_13_Vol. III_127	Corrigendum on the Circular for Review of allowances in the Public Service
35.	19-December-14	SRC_TS_CGOVT_3_61	Medical Scheme for Public Officers Serving in the County Governments
36.	19-December-14	SRC_TS_NPSC_3_35_5	Determination of Salary and Remuneration of the Director-Directorate of Criminal Investigation (DCI) Mr. Ndegwa Muhoro
37.	27-January-15	SRC_TS_CGOVT_3_16	Mileage Allowance for Members of County Assemblies
38.	29-January-15	SRC_ADM_CIR_I_13_Vol. 111(130)	Car & Mortgage Loan Schemes for State and other Public Officers of the GOK
39.	9-February-15	SRC_ADM_CIR_1_13_Vol. III(125)	Remuneration and Benefits of the Part Time Member of the CASB
40.	12-February-15	SRC_TS_CGOVT_3_61 Vol. III (150)	Corrigendum on the Circular for Health Workers Allowances
41.	3-March-15	SRC_TS_RCM&E_3_68	Clarification on Commuter Allowance for the County Public Service Board
42.	19-March-15	SRC_TS_CGOVT_6_61	Entitlements to the Member of the County Assembly Service Board
43.	21-May-15	SRC_TS_CGOVT_3_61 Vol. III (127)	Clarification on Provision of Housing Benefit to the Speaker of the County Assembly
44.	19-June-15	SRC_TS_JE_3_33_1 Vol. I	Formation of Job Analysis and Evaluation Teams into Taskforces and Payment of Allowances
45.	7-August-15	SRC_ADM_CIR_1_13 Vol (137)	Request for Provision of Housing Benefit for Office of County Deputy Governor
46.	10-August-15	SRC_ADM_CIR_1_3 Vol. (138)	Airtime
47.	11-August-15	SRC_TS_MDP_3_1_2(2)	Implementation of the Revised House Allowance in the Public Service
48.	14-September-15	SRC_TS_CGOVT_3_61_Vol. III (136)	Health Workers Allowance
49.	16-December-15	SRC-TS-AG-3-37	Payment of Allowances to Members of Committees Taskforce Tribunals and Commissions of Inquiry in the Public Service
50.	25-August-16	SRC_ADM_CIR_113_Vol. III(142))	Clarification on Car Loan and Mortgage Schemes for State Officers and Other Public Officers of Government
51.	23-September-16	SRC_TS_CG_KW_3_61_19 (22)	Remuneration for Chief Officers Job Group S
52.	11-October-16	SRC_TS_AG_3_37 Vol. IV (77)	Request for Advice on the Proposed Allowance Payable to a Member of Audit Committee in Public Entity
53.	24-October-16	SRC_TS_CGOVT_3_61	Housing Benefit for Governors
54.	24-October-16	SRC_TS_CGOVT_3_61	Housing Benefit for Speakers
55.	9-March-17	SRC_TS_HWI_3_23 Vol. I (61)	Emergency Call Allowance and Health Workers Service Allowance for Clinical Officers and Other Health Workers
56.	15-March-17	SRC_TS_HWI_3_23 Vol. I (65)	Payment of Emergency Call Allowance to Clinical Officers
57.	13-April-17	SRC_TS_COG_3_61_48 (82)	Advisory on Allowances for the Health Workers
58.	28-April-17	SRC_TS_HWI_3_23 Vol. II (28)	Approval of Risk Allowance and Additional Emergency Call Allowance for Medical Officers, Dentists and Pharmacists
59.	7-July-17	Gazette Notice No. 6516	Remuneration and Benefits for State Officers in the Executive of the National Government
60.	7-July-17	Gazette Notice No. 6517	Remuneration and Benefits for State Officers in the Senate and the National Assembly
61	7-July-17	Gazette Notice No. 6518	Remuneration and Benefits for State Officers in the County Government
62	7-July-17	Gazette Notice No. 6519	Remuneration and Benefits for State Officers in the Full Time Constitutional Commissions and Independent Offices

Salaries & Remuneration Commission

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