



Salaries & Remuneration
Commission
Rewarding productivity

PRESS RELEASE

SRC Launches the Third Public Sector Remuneration Cycle

Friday, 4 September 2020, Nairobi: The Salaries and Remuneration Commission (SRC) has today launched the third public sector remuneration cycle for the financial year 2021/22 – 2024/25. Section 11(e) of the SRC Act, 2011, sets a four-year review cycle for remuneration and benefits in the public sector. The first cycle ran for the financial year 2013/14 – 2017/18, the second was for the financial year 2017/18 – 2021/22, while the third, and current cycle, will run for the financial year 2021/22 – 2024/25.

The remuneration cycle shall be anchored on the principles of pay determination as set out in Article 230(4) of the Constitution of Kenya, 2010, and the SRC Act, 2011. These constitutional principles are; the need to ensure that total public sector compensation is fiscally sustainable, the need to ensure that the public service is able to attract and retain the skills required to execute their respective functions, the need to recognize performance and productivity, the need to ensure transparency and fairness, and equal pay to persons performing work of equal value.

To address these principles, the remuneration cycle shall be informed by job evaluation, salary survey, streamlining the management of allowances and the public sector wage bill in general.

Job Evaluation

The SRC Act, 2011, mandates the Commission to establish mechanisms to ensure equal pay for work of equal value. The Commission uses job evaluation as the basis for determining remuneration of public servants in an objective, transparent and equitable manner.

Job evaluation seeks to achieve internal equity when it compares jobs within the same organization, and external equity when jobs are compared with those of other public sector organizations. The results of job evaluation, therefore, shall determine the relative worth of jobs in the public sector, and inform assignment of rationalised and equitable job grading and pay structures.

Salary Survey

Section 11(d) of the SRC Act, 2011, mandates the Commission to conduct comparative surveys on labour market trends in remuneration to determine the monetary worth of the jobs in the public sector. The Commission will conduct three distinct salary surveys namely; salary survey of all public sector institutions; salary survey to benchmark jobs in selected private sector institutions; and international survey of anchor State Offices' jobs.

The salary surveys will provide information on current compensation levels and trends, including policies and practices to inform salary structures that enable the public sector to attract and retain requisite skills for delivery of its mandates. Further, the private sector salary survey will inform how salaries for public sector workers compare with those of the private sector employees, with a view to maintaining desired public-private compensation ratios across different occupations, and competitiveness of the total remuneration across different skills in the public sector.

Streamlining Management of Allowances

Allowances are a major component of the total compensation package in the public sector, yet there lacks a common policy on its management. In the absence of a common policy framework to guide

determination and payment of allowances in the public sector, different institutions pay allowances using different justifications, eligibility criteria, rates and modes of payment. The Commission will, in due course, issue a policy that will streamline the management of allowances to improve transparency, accountability, equity and fairness of pay.

Wage Bill

Article 230(4) of the constitution mandates SRC to ensure that the total public sector compensation is fiscally sustainable. While the current public sector wage bill has shown a positive trend as a percentage of ordinary revenue and as a ratio to Gross Domestic Product (GDP), there is room for improvement.

Wage bill, as a percentage of revenue, dropped from 57.33 per cent in 2013/2014 to 48.1 per cent in 2018/19, while the percentage of the wage bill to GDP dropped from 10.43 per cent in 2013/2014 to 7.9 per cent in financial year 2018/2019. The positive trend is largely as a result of both revenue growth and initiatives by SRC, in collaboration with key stakeholders and players in government. However, the current wage bill does not match the national economic and revenue growth patterns, thus putting pressure on development and investment share of the budget.

Further, the wage bill, at 48.1 per cent of revenue, is above the Public Finance Management Act target of not more than 35 per cent of revenue, thus crowding out resources that could be used for development priorities and enhanced social services. The Commission takes into account these concerns in any pay considerations and will continue to do so in the third remuneration cycle.

In carrying out the forthcoming job evaluation and salary surveys, the Commission shall uphold the confidentiality of data from the public sector and participating private sector institutions. Cognisant of the fact that the remuneration cycle will impact remuneration in public sector institutions and the desired public-private sector ratios, the Commission calls upon all public sector institutions to actively participate in the job evaluation and salary survey process and for private sector institutions to participate in the private sector survey.

Together, SRC and stakeholders shall achieve a productive public service that is fairly remunerated in a fiscally sustainable manner.

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Guidelines on conducting the job evaluation exercise

To ensure a structured remuneration review cycle, SRC has developed *Guidelines on Conducting Job Evaluation for the 2021/22-2024/25 Remuneration Review Cycle for the Public Sector* (available at <https://src.go.ke/resource-centre/job-evaluation/>). The guidelines have leveraged on the experiences and lessons learnt from the previous job evaluation exercises, and also provides clear direction on the preparation of job descriptions for public sector institutions. In this regard, and in order to ensure smooth implementation of this exercise, the Commission is in partnership with the Kenya School of Government to build the capacity of public sector institutions in job evaluation processes.

About the Salaries and Remuneration Commission

The Salaries and Remuneration Commission (SRC) was established under Chapter 12, Article 230 of the Constitution of Kenya. Its mandate is: a) To set and regularly review the remuneration and benefits of all State Officers; and, b) To advise the national and county governments on the remuneration and benefits of all other public officers.

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