



Salaries & Remuneration
Commission
Rewarding productivity

ALLOWANCES AND BENEFITS POLICY AND IMPLEMENTATION GUIDELINES FOR THE PUBLIC SECTOR

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ALLOWANCES AND BENEFITS POLICY IN THE PUBLIC SECTOR

1.0 Preamble

The Salaries and Remuneration Commission is established by Article 230 of the Constitution of Kenya and is mandated to set and regularly review the remuneration and benefits of State Officers, and to advise on the remuneration and benefits of all other Public Officers. The advice of the Commission is a mandatory prerequisite in the determination of remuneration and benefits for all public officers as provided through the legal interpretation of Article 259 (11) of the Constitution.

In discharging its mandate, the SRC is guided by the constitutional principles set out in Article 230 (5) of the Constitution and Section 12 of the SRC Act 2011.

- (a) The Constitutional principles are:
 - (i) The need to ensure that the total public compensation bill is fiscally sustainable;
 - (ii) The need to ensure that the public services are able to attract and retain the skills required to execute their functions;
 - (iii) The need to recognize productivity and performance; and
 - (iv) Transparency and fairness.
- (b) Statutory requirement: Equal remuneration to persons for work of equal value as required by Section 12 of the SRC Act 2011.

1.1 Background

Absence of a policy to guide management and administration of allowances and benefits in the public sector has led to proliferation of allowances, distortions in remuneration, unfairness in pay, lack of transparency, accountability and inequity.

Pursuant to the provisions of Articles 230 (5) and 41 (2) (a) of the Constitution, SRC in 2019 undertook a *Study on Allowances Payable in the Public Service*. The study identified 247 allowances paid to public officers and which account for 48 per cent of the total wage bill. The report of the study was presented to the National Wage Bill Conference which resulted in Resolutions that required among others, that *a policy framework be developed for streamlining the management of allowances to improve transparency, accountability, equity and fairness in payment of allowances and to ensure affordability and fiscal sustainability of the wage bill.*

The SRC has identified the following strategic areas that need policy guidance:

- (i) High and increasing public sector wage bill within an environment of fiscal and revenue constraints;

- (ii) Disparity in economic value or rates of allowances paid;
- (iii) Reasonability of proportion of allowances in relation to basic pay;
- (iv) Payment of allowances for factors that are already catered for through the basic salary thus amounting to double compensation;
- (v) Proliferation of allowances leading to distortions in remuneration regime resulting in unfair gross pay, lack of transparency and inequity;
- (vi) Institutions paying similar allowances for similar and related purposes but have different titles (nomenclature);
- (vii) Facilitative allowances have taken a remunerative facet whilst they were intended to be facilitative;
- (viii) Sector and institutional specific allowances resulting in disparities in pay;
- (ix) Unclear and varied justification and eligibility criteria for some allowances and benefits across the public sector institutions leading to inequality in payment;
- (x) Obsolete and or redundant allowances whose purpose or rationale are no longer justifiable; and
- (xi) Inclusion of allowances in computing pension.

1.2 Policy Statements

To achieve transparency, accountability, equity and fairness in payment of allowances and benefits and to ensure affordability and fiscal sustainability of wage bill in the public sector, the following policy statements shall apply:

1.2.1 Affordability and Fiscal Sustainability

Public sector wage bill in Kenya has been increasing in absolute terms over time, rising from Kshs. 526 Billion in 2013/14 to Kshs. 827 Billion in 2019/20 within an environment of revenue and financing constraints. The wage bill to GDP ratio stood at 8.3 percent in 2019/20 against an average of 7.5 per cent for developing countries. High public sector wage bill crowds out spending on economic development and service delivery.

Article 230(5) of the Constitution mandates the SRC to ensure that public sector compensation bill is affordable and fiscally sustainable. In this regard:

1. Allowances and benefits in the public sector shall be set and regularly reviewed and advised by the SRC while taking into account the principles of affordability and fiscal sustainability.

1.2.2 Ratio of Basic Salary to Gross Salary

The proportion of allowances to the gross salary ranges from 43 percent to 259 percent across subsectors in the public sector. A high percentage of allowances to the gross salary and the wide

range in percentage to gross salary leads to distortions in remuneration, inequity and unfairness in pay. Some of the allowances are paid as a percentage of basic salary while others are paid in absolute amounts, resulting in further distortions in remuneration. In this regard:

2. There shall be consolidation of allowances to achieve a proportion of basic salary to gross salary that is no less than 60 percent, while taking into account the impact on pension; and
3. Allowances and benefits shall be paid in absolute amounts and not as a percentage of the basic or gross salary.

1.2.3 Hedging against Double Compensation

Payment of allowances for purposes that are already compensated for in the relative worth of a job and or whose purpose overlaps with that of the basic salary, results in double compensation. Article 230 (5) of the Constitution sets transparency and fairness as one of the principles in determining remuneration and benefits for State Officers and Other Public Officers, while Section 12(1) of the Salaries and Remuneration Commission Act (2011) establishes equal remuneration to persons for work of equal value. In this regard:

4. Total Remuneration package should not exceed the relative worth of a job thus, allowances and benefits shall not be paid for purposes that are already compensated for in the basic salary.

1.2.4 Promotion of Transparency, Fairness and Equity

To ensure that management of allowances and benefits is consistent across the public sector, to guard against pay distortions and create predictability in the pay package the following shall apply:

5. The ability to pay higher allowances and benefits by any public sector institution shall not be regarded as a sufficient condition for the increase in allowances and benefits. In particular if it means that one group of public sector employees will earn a gross remuneration package which is out of step with those of comparable groups of public officers; and
6. Disparities in remuneration and benefits, will be minimized taking into account the relative worth of jobs, the need to facilitate attraction and retention of requisite skills in different sectors in the public service, as well as affordability and fiscal sustainability.

1.2.5 Categorization of Allowances

Standardization and categorization of allowances payable in the public sector provides flexibility and clarity in purpose for paying allowances for varying circumstances. It also removes inconsistency and enhances standardized payment of allowances across the public sector. In this regard:

7. Allowances shall be categorized into five (5) clusters, namely:

- (a) **House Allowance:** This is an allowance provided to Public Officers to cater for accommodation or rent expenses in addition to the wages or salary of the employee pursuant to the Employment Act 2007 Section 31 (1). However, as per Section 31 (2), this does not apply to an employee whose contract of service:
 - (i) contains a provision that consolidates as part of the basic wage or salary of the employee, an element intended to be used by the employee as rent or which is otherwise intended to enable the employee to provide himself with housing accommodation; or
 - (ii) is the subject matter of or is otherwise covered by a collective bargaining agreement which provides consolidation of wages as provided in (a).
- (b) **Commuter Allowance:** This is an allowance paid to Public Officers not provided with official transport, to cater for their transportation expenses to and from their place of work;
- (c) **Job Related Allowances:** Job related allowances and benefits are also known as 'salary enhancement'. They account for the greatest proportion of allowances in the Kenyan public service and are paid because of a perception that a job is not rewarded appropriately by the salary system. This category of allowances may fall off once a job is correctly evaluated and graded;
- (d) **Task Related Allowances:** These allowances are paid for a temporary period to public officers and shall therefore be paid only to employees appointed to carry out assignments outside the scope of their responsibilities and is over and above what is expected of the officers in their work plan; and
- (e) **Labour Market Adjustment Allowances:** These allowances provide correction to certain labour market trends and conditions so as to attract and retain scarce, distinct and specialized requisite skills in specific public sector institutions.

1.2.6 Facilitative Allowances

Facilitative allowances are paid to employees to enable them meet expenses related to the execution of their duties. The allowances have taken a remunerative dimension whilst they were intended to be facilitative in nature. This has resulted in motivation for arbitrage opportunities by public officers by increasing the frequency for payment and application, against the principles of prudent management of public resources in line with Article 201 of the Constitution and PFM Act, 2012.

In this regard:

- 8.** Officers who are working out of their duty station will be entitled to a facilitative allowance at rates as set and advised by SRC. The rates shall be standardized across the public sector.

1.2.7 Streamlining of Allowances and Benefits

The justification and eligibility criteria for some allowances and benefits vary across the public sector institutions leading to inequality. Further, the purpose for which some allowances and benefits are paid are similar and or redundant.:

9. To avoid duplication, redundancy, disparities and varied eligibility criteria, allowances payable in the Public Service shall be harmonized and streamlined as follows:
 - (i) Allowances and benefits that are paid for similar purposes but have different names shall be **merged and renamed**;
 - (ii) Allowances and benefits whose rates are not commensurate with the intended purpose shall be **restructured**;
 - (iii) Allowances and benefits whose current form does not change shall be **retained**; and
 - (iv) Allowances and benefits whose rationale for payment is redundant and or overlaps with that of the basic salary shall be **abolished**.

1.2.8 Pensionable Pay

The definition of pensionable salary differs from one public sector institution to another. As a result, the salary used to calculate pension has been a major cause of the disparate scheme funding levels since a number of schemes are factoring in some allowances.

10. In this regard allowances and benefits payable to public officers shall not be used for purposes of computing pension and gratuity. Pensionable pay is defined as follows:
 - (i) *State Officers*: Pensionable salary/emoluments shall be defined as sixty (60) percent of the monthly gross remuneration package, as set by SRC; and
 - (ii) *Other Public Officers*: Pensionable salary/emoluments shall be defined as basic salary excluding any allowance or benefit.

Allowances and benefits in the public sector shall be reviewed periodically by the SRC taking into account the constitutional principles, policy statements, and being cognizant of existing legal provisions, existing Collective Bargaining Agreements and contractual obligations.

IMPLEMENTATION GUIDELINES ON ALLOWANCES AND BENEFITS POLICY IN THE PUBLIC SECTOR

2.1 Introduction

Allowances and Benefits Guidelines for the public sector shall operationalize the Allowances and Benefits Policy. The guidelines shall provide a framework for streamlining the management and administration of allowances and benefits provided in the public sector. These guidelines operationalize the policy statements in the previous section.

2.2 Objective of the Guidelines

The main objective of the guidelines is to guide public sector institutions on operationalization of the Allowances and Benefits Policy while ensuring that allowances and benefits are managed within the framework of the Constitutional principles for remuneration and benefits determination.

2.3 Scope of Application

The Allowances and Benefits guidelines shall be applicable to State Officers and Other Public Officers in all Public Sector institutions both at the National and County Governments. These include the Executive of the National Government, the Judiciary, the National Assembly and the Senate, Commercial, Service and Regulatory State Corporations, Public Universities, Commissions and Independent Offices, the Executive of the County Governments and County Assemblies.

All public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to the legal interpretation of Article 259 (11) of the Constitution.

2.4 Allowances and Benefits Guidelines

These guidelines will be implemented and operationalized within the context of the specific policy statements as outlined below:

2.4.1 Affordability and Fiscal Sustainability

Allowances and benefits in the public sector shall be set and regularly reviewed and advised by the SRC while taking into account the principles of affordability and sustainability.

To operationalize this:

- (a) Public sector institutions shall be required to furnish the Commission with all allowances and benefits payable in their institutions for review, setting and advice to ensure fiscal substantiality and affordability;
- (b) The Commission shall set, regularly review and advise on allowances and benefits payable in

the public sector pursuant to Article 230 (4) of the Constitution;

- (c) The Commission will undertake regular compliance checks to ensure maintenance of a desired fiscal stance and overall management of the public sector wage bill; and
- (d) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

2.4.2 Ratio of Basic Salary to Gross Salary

Allowances and benefits shall be paid in absolute amounts and not as a percentage of the basic or gross salary. Further, there shall be streamlining of allowances to achieve a proportion of basic salary to gross salary that is no less than 60 percent, while taking into account the impact on pension.

To operationalize this:

- (a) Public sector institutions shall be required to furnish the Commission with all allowances and benefits payable in their institutions for review, setting and advice to ensure that the proportion of basic salary to gross salary is no less than sixty (60) percent and that no allowance is set as a percent of the basic or gross salary;
- (b) The Commission shall issue an advisory on streamlining of allowances to attain the desired proportion of basic salary to gross salary to be no less than 60 percent;
- (c) The Commission shall issue an advisory on conversion of the allowances and benefits that are currently paid as a percentage of the basic salary into absolute amounts, while ensuring consistency across the public sector;
- (d) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant Article 259 (11) of the Constitution.

2.4.3 Hedging against Double Compensation

Allowances and benefits shall not be paid for purposes that are already compensated for in the basic salary thus resulting in a remuneration package that exceeds the relative worth of a job.

To operationalize this:

- (a) Public sector institutions shall furnish the Commission with all allowances and benefits payable in their institutions for review, setting and advice to ensure that the remuneration package does not exceed the relative worth of the job;
- (b) The Commission shall undertake job evaluation to determine the relative worth of jobs in the public sector;

- (c) The Commission shall identify allowances and benefits that are already taken into account in the determination of the relative worth of jobs and rationalize them as appropriate;
- (d) The Commission shall issue an advisory on allowances and benefits identified in (c); and
- (e) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant Article 259 (11) of the Constitution.

2.4.4 Promotion of Transparency, Fairness and Equity

The ability to pay higher allowances and benefits by any public sector institution shall not be regarded as a sufficient condition for the increase in allowances and benefits, if it means that one group of public sector employees will earn a gross remuneration package which is out of step with those of comparable groups of other public officers.

To operationalize this:

- (a) The Commission shall ensure that no public sector institution shall be advised on a gross remuneration package which is out of step with those of comparable groups of public officers; and
- (b) Huge disparities in remuneration and benefits, will be minimized progressively taking into account the relative worth of jobs, the need to facilitate attraction and retention of requisite skills in different sectors in the public service, equity and fairness in pay, affordability and fiscal sustainability.

2.4.5 Categorization of Allowances and Benefits

Allowances and benefits payable across and within public sector shall be categorized into five (5) clusters as follows:

(a) House Allowance

House Allowance is an allowance provided to public officers to cater for housing in addition to the wages or salary of the employee especially where an institution does not provide a housing benefit as per the Employment Act, 2007 Section 31 (1) and (2).

To operationalize this:

- (i) The Commission shall consolidate the remuneration of a State Officer, which shall have an element of housing;
- (ii) The Commission shall issue from time to time an advisory on house allowance rates applicable to other public officers; and
- (iii) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

(b) Commuter and Related Allowances

Commuter allowance is paid to public officers, who are not provided with official transport, to cater for their transportation expenses to and from their place of work.

To operationalize this:

- (i) Public sector institutions are required to map allowances that are similar and related to Commuter allowance and submit the list to the Commission for review;
- (ii) The Commission shall issue an advisory on allowances that shall be categorized as Commuter Allowance;
- (iii) The Commission shall issue an advisory on Commuter related allowances outlining the eligibility, rate, scope and purpose; and
- (iv) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

(c) Job Related Allowances

Job related allowances and benefits are also known as 'salary enhancement'. They account for the greatest proportion of allowances in the Kenyan public service and are paid because of a perception that a job is not rewarded appropriately by the salary system. This category of allowances may fall off once a job is correctly evaluated and graded.

To operationalize this:

- (i) Public sector institutions are required to map all allowances and benefits in their institution that fit into the category of Job Related Allowances and submit the list to the Commission for review and advise;
- (ii) The Commission shall issue an advisory on allowances that fall off once the job is evaluated and properly graded.
- (iii) The Commission shall issue an advisory on allowances and benefits that shall be categorized as Job Related Allowances;
- (iv) The Commission shall issue an advisory on Job Related Allowances and Benefits clearly outlining the eligibility criteria, rate, scope and purpose; and
- (v) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

(d) Task Related Allowances

Task related allowances are paid for a temporary period to employees appointed to carry out short term assignments outside the scope of their responsibilities and are additional to what is expected of the officers in their work plan. The allowance should drop off once the assignment is accomplished.

To operationalize this:

- (i) Public sector institutions are required to map all allowances and benefits in their institution that fit into the category of Task Related Allowance and submit the list to the Commission for review and advise;
- (ii) The Commission shall issue an advisory on allowances and benefits that shall be categorized as Task Related Allowances;
- (iii) The Commission shall issue an advisory on Task Related Allowances and Benefits clearly outlining the eligibility criteria, rate, scope and purpose; and
- (iv) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

(e) Labour Market Adjustment Allowances

Labour Market Adjustment Allowances provide a realignment to labour market trends and conditions so as to attract and retain scarce, distinct and specialized requisite skills in specific public sector institutions.

To operationalize this:

- (i) Public sector institutions are required to map all allowances and benefits in their institution that fit into the category of Labor Market Adjustment Allowances and submit the list to the Commission for review and advise;
- (ii) The Commission shall issue an advisory on allowances and benefits that shall be categorized as Labor Market Adjustment Allowances;
- (iii) The Commission shall issue an advisory on Labor Market Adjustment Allowances and Benefits clearly outlining the eligibility criteria, rate, scope and purpose; and
- (iv) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

Based on the *Study Report on Allowances*, sample allowances mapped under the five clusters are shown in **Appended Table 1**.

2.4.6 Facilitative Allowances

Officers who are working out of their duty station will be entitled to a facilitative allowance at rates set and advised by SRC. The rates shall be standardized across the public sector.

To operationalize this:

- (i) Public sector institutions shall put in place control mechanisms to curb abuse and misuse of facilitative allowances as per the Constitution and PFM Act 2012;
- (ii) The Commission shall issue an advisory clearly outlining the eligibility criteria, rate, scope and purpose of the facilitative allowances; and
- (iii) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

2.4.7 Streamlining of Allowances and Benefits

To avoid duplication, redundancy, disparities and varied eligibility criteria, allowances payable in the Public Service shall be streamlined by:

- (a) **Merging and renaming** allowances and benefits that are paid for similar purposes but have different names;
- (b) **Restructuring** allowances and benefits whose rates are not commensurate with the intended purpose;
- (c) **Retaining** allowances and benefits whose current form does not change; and
- (d) **Abolishing** allowances and benefits whose rationale for payment is redundant and or overlaps with that of the basic salary.

To operationalize this:

(a) Merging and renaming

Under this category allowances and benefits that are paid for similar purposes but have different names will be renamed and merged. The renaming and merging will be operationalized as follows:

- (i) The Commission shall issue an advisory with respect to allowances and benefits eligible for merging and renaming. A sample of these allowances is listed in the **appended Table 2**;
- (ii) Public sector institutions shall furnish the Commission with all allowances and benefits payable in their institutions identifying those that are eligible for merging and renaming;
- (iii) The Commission shall map all allowances and benefits not covered in Table 2 and are eligible for merging and renaming; and

- (iv) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to of Article 259 (11) of the Constitution.

(b) Restructuring

Under this category, allowances and benefits whose rates are not commensurate with the intended purpose will be restructured. The restructuring will be operationalized as follows:

- (i) The Commission shall issue an advisory with respect to allowances and benefits eligible for **restructuring**. A sample of these allowances is listed in **appended Table 3**;
- (ii) Public sector institutions shall furnish the Commission with all allowances and benefits payable in their institutions identifying those that are eligible for restructuring;
- (iii) The Commission shall map all allowances and benefits not covered in Table 3 and are eligible for restructuring; and
- (iv) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

(c) Abolishing

Under this category allowances and benefits whose rationale for payment is redundant and or overlaps with that of the basic salary will be abolished. The abolishing will be operationalized as follows:

- (i) The Commission shall issue an advisory with respect to allowances and benefits eligible for **abolition**. A sample of these allowances is listed in **appended Table 4**;
- (ii) Public sector institutions shall furnish the Commission with all allowances and benefits payable in their institutions identifying those that are eligible for abolition;
- (iii) The Commission shall map all allowances and benefits not covered in Table 4 and are eligible for abolition; and
- (iv) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

(d) Retaining

Under this category allowances and benefits whose current form does not change, shall be retained. The retaining will be operationalized as follows:

- (i) The Commission shall issue an advisory with respect to allowances and benefits to be retained. A sample of the allowances to be retained are listed in the **appended Table 5**;

- (ii) Public sector institutions shall furnish the Commission with all allowances and benefits payable in their institutions.
- (iii) The Commission shall review and advise on the allowances and benefits to be retained. Any allowance not advised by the SRC shall therefore cease to be payable.
- (iv) Public sector institutions shall be expected to comply with the advisory issued by the SRC pursuant to Article 259 (11) of the Constitution.

2.4.8 Pensionable Pay

Allowances and benefits payable to public officers shall not be used for purposes of computing pension and gratuity. Pensionable pay shall be defined as follows:

- (i) *For State Officers:* Pensionable salary/emoluments shall be defined as sixty (60) percent of the monthly gross remuneration package, as set by SRC; and
- (ii) *For Other Public Officers:* Pensionable salary/emoluments shall be defined as basic salary excluding any allowance or benefit.

To operationalize this:

The Commission shall develop a Pension Policy that will provide guidance on pensionable pay in the Public Sector.

2.5 Transitional Clause on Operationalization of the Allowances and Benefits Policy

To operationalize the implementation of this policy, the following transitional clauses shall apply:

- (a) The Commission shall from time to time issue advisories to the Public Sector institutions for implementation;
- (b) Allowances and benefits that are abolished will cease to apply to any new employee in the organization or new to the grade. The employees currently being paid the allowances will continue to enjoy the allowance. This condition shall not apply to facilitative allowances;
- (c) Allowances and benefits that are not abolished shall continue being paid at the existing rates, until an advisory is issued by the SRC;
- (d) The job related allowances and benefits shall be reviewed in the 2021/22 – 2024/25 remuneration review cycle with a view to consolidating them in the basic pay, renaming, restructuring, abolishing or retaining;
- (e) Allowances and benefits that are similar and related in definition shall continue to be paid at the existing rate, until an advisory is issued where allowances and benefits will be merged and renamed;

- (f) Upon the expiry of the existing Collective Bargaining Agreements (CBAs), public sector institutions negotiating for new CBAs shall align the allowances and benefits in new CBAs to the provisions of this Policy;
- (g) Public sector institutions shall furnish the Commission within two months of issuance of this policy, a list of allowances and benefits payable in their institutions, as per request by the Commission for review, setting and advice;
- (h) Public sector institutions shall implement the policy in full within six (6) months of issuance of the policy; and
- (i) On the effective date of the Allowances and Benefits Policy, all advisories, letters and circulars on allowances and benefits payable in the Public Sector shall cease to apply.

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APPENDIX**Table 1: Allowances Categorization Cluster**

| No. | Allowances clusters | Sample Related Allowances |
|------------|-------------------------------------|--|
| 1. | House Allowance | |
| 2. | Commuter Related Allowances | (i) Commuter Allowance (ii) House to Office Allowance (iii) Non-use of Official Car (iv) Transport Allowance (v) Bicycle Allowance (vi) Car Running Allowance (vii) Car Allowance |
| 3. | Job Related Allowances | (i) Aviation Allowance (ii) News Reading Allowance (iii) Animal handler Allowance (iv) Coxswain Allowance (v) Diving Allowance (vi) Coordination Allowance (vii) Academic and Professorial Allowance (viii) Prosecutorial Allowance |
| 4. | Task Related Allowances | (i) Taskforce Allowance (ii) Special Responsibility Allowance (iii) Retreat Allowance (iv) Resource Persons Allowance (v) Trainers Allowance (vi) Instructors Allowance |
| 5. | Labour Market Adjustment Allowances | (i) Pilot Allowance (ii) Marine Allowance (iii) Pilotage allowance |

Table 2: List of Allowances and Benefits to Merge and Rename

| # | Allowance | Definition | Rationale for Merging and Renaming | Policy Direction |
|----|--|--|---|--|
| | Extraneous Allowance: <i>Extraneous Allowance</i> is paid to staff who work long hours on a continuous basis and may include extra responsibilities. The rates payable shall be advised by the SRC from time to time. | | | |
| 1. | Administration Extraneous Allowance | Paid to non-operational and operational management staff for extraneous hours worked during weekdays, weekends and public holidays. | The allowance is related and similar in definition to <i>Extraneous Allowance</i> . | Renamed Extraneous Allowance |
| 2. | Animal Handler Allowance | Paid to officers handling horses and dogs to compensate them for the training, risks and strain involved in the use of animals in their course of duty. | The allowance is related and similar in definition to <i>Extraneous Allowance</i> . | Renamed Extraneous Allowance |
| 3. | Extra Hours Allowance | Paid as compensation for long hours beyond normal working hours (beyond 46.5hrs for Clinical officers and Pharmacy). The allowance is payable at an hourly rate. | The allowance is related and similar in definition to <i>Extraneous Allowance</i> . | Renamed Extraneous Allowance |
| 4. | Late Duty Allowance | Paid to all members of staff except heads of department for the hours worked beyond the hours set out in the Employment Act. | The allowance is related and similar in definition to <i>Extraneous Allowance</i> . | Renamed Extraneous Allowance |
| | Special Responsibility Allowance: <i>Special Responsibility Allowance</i> is an allowance paid to a Public Officer whose duties involve added responsibility over and above the duties stipulated in one's terms of service for which a regular salary is paid. | | | |
| 5. | Bandsman Allowance | Paid to employees who participate in officially sponsored activities outside duty their stations. | The allowance is related and similar in definition to <i>Special Responsibility Allowance</i> . | Renamed Special Responsibility Allowance |
| 6. | Fire-Arm Handling Allowance/Responsibility (Firearm) Allowance | Paid to County Security Officers who have been issued licensed firearms approved by the County Secretary to provide security to senior County Staff. | The allowance is related and similar in definition to move to <i>Special Responsibility Allowance</i> . | Renamed Special Responsibility Allowance |
| 7. | Headship Allowance | Paid to officers who carry out additional responsibilities as Heads of Departments in Public Universities. | The allowance is related and similar in definition to <i>Special Responsibility Allowance</i> . | Renamed Special Responsibility Allowance |
| 8. | Coordination Allowance | Paid in public universities to compensate staff for the role of preparing time tables and examination and attachment coordinators for co-ordination of | The allowance is related and similar in definition to <i>Special Responsibility Allowance</i> . | Renamed Special Responsibility Allowance |

| # | Allowance | Definition | Rationale for Merging and Renaming | Policy Direction |
|-----|---|---|---|--|
| | | tasks over and above their normal duties. Co-ordination staff are the only staff eligible for this Allowance. | | |
| 9. | Management Allowance | Paid to compensate the management staff for responsibilities performed over the normal duties. | The allowance is related and similar in definition to Special <i>Responsibility Allowance</i> . | Renamed Special Responsibility Allowance |
| 10. | Management Support Allowance | Paid to compensate the management staff for responsibilities performed over and above the normal duties. | The allowance is related and similar in definition to Special <i>Responsibility Allowance</i> . | Renamed Special Responsibility Allowance |
| 11. | Management Support Supplement | Paid to compensate the management staff for responsibilities performed over and above the normal duties. | The allowance is related and similar in definition to Special <i>Responsibility Allowance</i> . | Renamed Special Responsibility Allowance |
| 12. | Security Allowance for Officers in Secret Registries | Paid to officers working in secret registries to cater for their security costs. | The allowance is related and similar in definition to Special <i>Responsibility Allowance</i> . | Renamed Special Responsibility Allowance for Pubic Officers in Secret Registries |
| | Daily Subsistence Allowance: It is an allowance payable to cover the cost of full accommodation for an officer when travelling on duty and stays overnight away from the duty station. | | | |
| 13. | Accommodation Allowance | Paid to employees who travel away from their duty stations to carry out official duties or special assignments | The allowance is related and similar in definition to DSA. | Renamed DSA |
| 14. | Night Allowance | Paid to employees who are required to temporarily live away from their normal place of work on company business. | The allowance is related and similar in definition to DSA. | Renamed DSA |
| 15. | Night Out Allowance | Paid when an officer is travelling on duty and stays overnight away from his duty station and makes his own arrangements for accommodation. | The allowance is related and similar in definition to DSA. | Renamed DSA |
| 16. | Out of Station Allowance | Is paid to staff who travel on duty and are required to be away for overnight purpose to cater for meals and other incidentals. | The allowance is related and similar in definition to DSA. | Renamed DSA |
| 17. | Per-Diem (Local Travel) | Is paid when an officer is travelling on duty and stays overnight away from his duty station and makes own arrangements for accommodation. | The allowance is related and similar in definition to DSA. | Renamed DSA |

| # | Allowance | Definition | Rationale for Merging and Renaming | Policy Direction |
|-----|--|--|--|------------------------------------|
| 18. | Maintenance Allowance | Paid to officers as subsistence when out of station while attending courses or conferences | The allowance is related and similar in definition to DSA. | Renamed DSA |
| | Transport claim: It is a reimbursement to officers who in the course of duty are not provided with an official vehicle for use, hence are authorized to use personal or public vehicles while performing official duties. | | | |
| 19. | Mileage Allowance | It is monetary reimbursement to officers who in the course of duty are not provided an official vehicle for use, hence are authorized to use personal vehicles while performing official duties. | The allowances is related and similar in definition to transport claim. | Renamed Transport Claim |
| 20. | Motor Vehicle Allowance | It is an allowance paid to officers to compensate them for use of personal vehicles while undertaking official duties. | The allowances is related and similar in definition to transport claim. | Renamed Transport Claim |
| | Communication facilitation: It is an allowance paid to officers to facilitate for communication expenses | | | |
| 21. | Airtime Allowance | Is paid to officers to cater for mobile phone communication to conduct official work. | The allowances is related and similar in definition to <i>Communication Facilitation</i> | Renamed Communication Facilitation |
| 22. | Mobile Allowance | Is paid to officers to cater or facilitate for their communication expenses using mobile phones. | The allowances is related and similar in definition to <i>Communication Facilitation</i> . | Renamed Communication Facilitation |
| 23. | Telephone Allowance | This is an allowance paid to the Public Officers to cater for communication expenses while conducting official business. | The allowances is related and similar in definition to <i>Communication Facilitation</i> . | Renamed Communication Facilitation |

Table 3: List of Allowances and Benefits to be Restructured

| # | Allowance | Definition | Rationale for Restructuring | Policy Direction |
|---------------------------------|---------------------|--|---|--|
| Task Related Allowances: | | | | |
| 1. | Taskforce Allowance | Is payable to employees appointed to carry out assignments outside the scope of their responsibilities and is additional to what is expected of the officers in their work plan. | <ul style="list-style-type: none"> (a) Some Public Service institutions constitute Taskforces for regular jobs for which staff are paid a monthly salary. (b) The number of Taskforces being constituted has been increasing, thus raising Public sector total wage bill. (c) Some Public Service institutions provide for Taskforces that operate for more than six (6) months in a year, making it to be perceived as a full-time responsibility. (d) There is an abuse of formation of task forces and payment of Taskforce Allowance due to lack of controls on purpose and justifications for the formation of task forces and payment of Taskforce Allowance. | <ul style="list-style-type: none"> (a) Taskforces appointed by the President pursuant to constitutional or statutory mandate to address matters of international or national importance shall be paid taskforce allowance. (b) Multi-agency Taskforces shall be paid Taskforce allowance for assignments that are on emerging issues of national importance that require input from various government agencies. (c) Institutional Taskforces shall be paid taskforce allowance for assignments on emerging issues or a unique responsibility not entrenched in institutional annual work-plan of a Public Service institution. (d) Public Officers in the Job Group T and above or its equivalent shall be ineligible for <i>Taskforce Allowance</i>. Public Officers in Job Group S and below or its equivalent, and who are paid <i>Extraneous Allowance</i>, shall be ineligible for <i>Taskforce Allowance</i>. (e) Accounting and Authorized Officers shall obtain the SRC's approval prior to commencement of work assigned to a Taskforce, for which a <i>Taskforce Allowance</i> will be required. |

| # | Allowance | Definition | Rationale for Restructuring | Policy Direction |
|----|----------------------------|---|--|---|
| | | | | <p>(f) The rates payable shall be advised by the SRC from time to time.</p> <p>(g) The SRC shall develop and issue guidelines outlining criteria for approval of requests for payment of Taskforce Allowance.</p> |
| 2. | Resource Persons Allowance | It is an allowance paid to Public and Private Sector Officers for preparation and presentation of research papers to guide in development of policy | Some Public Service institutions are paying resource person's allowance to staff when making presentations in internal workshops constitute. | <p>(a) The Resource person's allowance shall not be payable to public officers making presentations in own institutions.</p> <p>(b) The allowance shall only be payable to public officers making presentations to external clients.</p> <p>(c) Resource Persons Allowance shall be payable to external resource persons from the private sector.</p> |
| 3. | Sitting Allowance | Sitting Allowance for public officers is an allowance paid to members of various Boards and Councils of State Corporations, Committees, Tribunals who are appointed through the legal instrument of the said body to transact on issues affecting the Agency. | Due to high frequency of meetings in some institutions, the total sitting allowances may exceed the relative worth of the jobs. | <p>(a) Public Officers appointed to Boards of State Corporations, Committees and Tribunals shall be paid <i>Sitting Allowance</i> as shall be advised by the SRC from time to time.</p> <p>(b) The <i>Sitting Allowance payable</i> to Members shall not exceed the relative worth of the job; and</p> <p>(c) It is recommended that Acts of Parliament that establish the Board of Tribunals and Committees to provide for the frequency and number of meetings for the Members.</p> |

| # | Allowance | Definition | Rationale for Restructuring | Policy Direction |
|--------------------------------|-----------------------------------|--|---|--|
| Facilitative Allowances | | | | |
| 4. | Annual Leave Allowance | It is an allowance paid to officers to facilitate travel while on annual leave. The allowance covers the cost of travel when an officer takes at least half of the annual leave entitlement. | <ul style="list-style-type: none"> (a) The wide banding of job group eligible for Annual Leave Allowance is discriminative; (b) There is a disparity in the rates payable in the Public Service. (c) Some public sector institutions pay Annual Leave Allowance as a percentage of the basic salary, other institutions pay Annual Leave Allowance as an absolute figure. (d) Some public institutions allow for commutation of non-utilized leave days for cash. | <ul style="list-style-type: none"> (a) The <i>Annual Leave Allowance</i> shall be paid in absolute figure and not a percentage of basic salary as shall be advised by the SRC from time to time. (b) The SRC shall review the banding structure in the <i>Annual Leave Allowance</i> payments to provide clarity in banding and rates payable by grade in the Public Service. (c) The <i>Annual Leave Allowance</i> shall not be commuted to cash in lieu of non-utilized leave days, except in exceptional circumstances. (d) Leave allowance shall be standardized across the public sector taking into account existing contractual obligations. (e) The <i>Annual Leave Allowance</i> currently provided for in an existing CBA, shall continue to be paid until the end of the CBA cycle. All new CBAs shall adopt the provisions on <i>Annual Leave Allowance</i> herein. |
| 5. | Daily Subsistence Allowance (DSA) | The allowance is payable to cover the cost of full accommodation for an officer when travelling on duty and stays overnight away from the duty station. | <ul style="list-style-type: none"> (a) There is non-compliance by some institutions on the DSA rates advised by SRC. (b) DSA rates are not standardized thus causing disparities and inequity. | <ul style="list-style-type: none"> (i) Officers who are working out of their duty station will be entitled to DSA at rates as set by SRC. (ii) The rates shall reflect the cost and shall be standardized across the public sector taking into account existing contractual obligations. |

| # | Allowance | Definition | Rationale for Restructuring | Policy Direction |
|----|-------------------------|--|---|--|
| | | | | (iii) The rates payable shall be advised by the SRC from time to time. |
| 6. | Quarter Per Diem | Where an officer's travelling and accommodation expenses, outside the country, are covered in full by the Kenya Government, a residual allowance of up to one-quarter (1/4) of the standard rate of foreign <i>DSA</i> will be paid to the officer to cover incidental expenses. | <p>(a) There is no justification for the payment on local travel.</p> <p>(b) The allowance is being paid by some Public Service institutions for local travel although payment of the allowance for local travel ceased.</p> <p>(c) There are cases where the sponsor does not meet the expenses directly, but pays an allowance and such allowance is less than the standard rate of subsistence allowance provided for by the Government.</p> | <p>(a) Quarter Per Diem for local travel is abolished.</p> <p>(b) SRC shall issue guidelines on the Quarter per diem for foreign travel.</p> <p>(c) In cases where the sponsor does not meet the expenses directly but pays an allowance and such allowance is less than the standard rate of subsistence allowance, the officer shall not claim the difference from a Public Service Institution.</p> |
| 7. | Entertainment Allowance | Is paid to officers who due to the nature of their duties may be called upon from time to time to provide hospitality and entertainment to official guests. | <p>(a) In some institutions, the allowance ceased to be facilitative as initially intended and is now considered remunerative.</p> <p>(b) There are no mechanisms of ascertaining if the allowance is utilized for the entertainment of official guests.</p> <p>(c) There is no objective criterion to determine the cadres of staff whose duties require them to provide hospitality/entertainment on behalf of a Public Service institution.</p> <p>(d) It is not clearly stated when a senior officer should/should not entertain on behalf of his/her Public Service institution.</p> <p>(e) The allowance is paid as a percentage of basic salary in some Public Service institutions.</p> | <p>(a) The <i>Entertainment Allowance</i>, paid monthly and non-accounted for, is abolished.</p> <p>(b) Entertainment facilitation shall be provided by the public sector organization to eligible staff as part of Operations and Maintenance budget and shall be accounted for as per the Public Finance Management Act 2012</p> <p>(c) Where the Commission establishes that the allowance is a salary enhancement and contractual it may be considered for consolidation subject to all the remuneration determination parameters.</p> |

| # | Allowance | Definition | Rationale for Restructuring | Policy Direction |
|----|--------------------------|---|--|--|
| 8. | Hardship Allowance | Is paid to officers deployed in designated hardship areas. The allowance is meant to compensate Public Officers working in the Hardship Areas to attract critical skills and retain human resource from other localities into the hardship areas to enable service delivery, to encourage diversity to reflect the face of Kenya, and to compensate public officer working in designated hardship areas for lack of basic social services and amenities, security risk, harsh climatic conditions, isolation and family separation. | <ul style="list-style-type: none"> (a) Designated hardship areas and rates payable differ between public service institutions and sectors. (b) Areas categorized as hardship areas are expansive geographically while others are pockets within a county. (c) Devolution has implied that Counties are no longer necessarily hardship areas since they are receiving equalization funds to promote development in the counties thereby addressing the characteristics of hardship areas. | <ul style="list-style-type: none"> (a) The designated hardship areas shall be reviewed, by the relevant government institution/s to reflect changes in designated hardship areas arising from benefits of devolution and Equalization Fund. (b) The SRC shall advise on rates payable in designated hardship areas. (c) Hardship allowance shall be standardized across the public sector taking into account, contractual obligations. |
| 9. | Non-Practicing Allowance | It is an allowance to attract and retain scarce, rare and critical professional skills in the Public Service and is specific to Doctors and Legal professionals in specific public sector institutions. | <ul style="list-style-type: none"> (a) The purpose, eligibility and the reason for payments are no longer obtaining. While the allowance served the purpose when it was first introduced, for attraction and retention of rare professional skills in the Public Service, the situation has changed. (b) In certain fields, the supply of professional skills is now greater than the demand for the same skills further, when a professional chooses to accept a career in the Public Service, then it implies that the choice presents a better prospect for the | Professionals engaged in the public service will render their services with undivided attention in line with the public service values. |

| # | Allowance | Definition | Rationale for Restructuring | Policy Direction |
|-----|---|--|---|---|
| | | | <p>affected officer than elsewhere in the economy.</p> <p>(c) There has been requests for an increase in the amount currently being paid for some skills on the basis that the rates are too low to attract and retain the skills in the Public Service.</p> <p>(d) The reason for payment of the allowance is not clearly understood, leading to demand from other professions in the Public Service not currently enjoying the allowance.</p> <p>(e) Medical doctors are currently receiving the Non-Practicing Allowance, but they are still practicing in private clinics thus defeating the purpose for the payment.</p> | |
| 10. | Transport Claim (includes the renamed Taxi, Local Transport, Mileage and Motor vehicle allowance | It is a reimbursement to officers who in the course of duty are not provided with an official vehicle for use, hence are authorized to use personal or public vehicles while performing official duties. | <p>(a) The need to harmonize the various titles that seem to refer to the same allowance.</p> <p>(b) The need to streamline the use of mileage claims across the public sector.</p> <p>(c) The practice of allowing officers to use personal vehicles for official duties encourages abuse and fraud.</p> <p>(d) Rates payable vary across public sector institutions.</p> | <p>(a) Public sector institutions shall make transport arrangements for officers to attend to official duties. Where such transport is not available public officers may use public transport and claim reimbursement.</p> <p>(b) The rates payable and the vehicle capacity shall be advised by the SRC.</p> <p>(c) Rates payable across the public sector shall be standardized and aligned with the prevailing Public Service Government's Transport Policy.</p> |

Table 4: List of Allowances and Benefits to be abolished (The current allowances will continue to be paid until SRC advises on modalities and the effective date of abolishing the allowance)

| # | Allowance | Definition | Rationale for Abolition | Policy Direction |
|----|---|---|---|--|
| 1. | Retreat Allowance and related allowances Related allowance: Participation Allowance which has a similar definition | It is an allowance paid to public officers participating in special assignments meant to review, develop and produce policy documents away from their work station. | <ul style="list-style-type: none"> (a) Public officers are paid a salary to discharge their full responsibilities and payment of a Retreat allowance amounts to double compensation. (b) Policy review and development is a factor in job evaluation and is already compensated as part of the job. (c) Government work is increasingly being delivered through retreats defeating the purpose for which the allowance was set up. (d) Retreat Allowance was meant to compensate highly skilled Public Officers for developing policy documents by providing an environment for brainstorming. However, some Public Service institutions pay the allowance for any assignment undertaken in a retreat even when no policy document is being prepared. | Retreat Allowance and Participation Allowance are abolished. |
| 2. | Responsibility Allowance | It is an allowance paid to an officer whose duties involve added responsibility significantly over and above the duties stipulated in one's job description as evaluated by SRC for which a regular salary is assigned. | <ul style="list-style-type: none"> (a) The purpose for which the allowance is paid has been factored in the relative worth of the job through the job undertaken by the SRC. (b) The definition, eligibility criteria, scope and purpose are not well defined. (c) The allowance is sometimes paid for <i>Extraneous circumstances</i> by some Public Service institutions. (d) The nomenclature differs from one public sector institution to another. | <ul style="list-style-type: none"> (a) <i>Responsibility Allowance</i> is abolished. (b) The <i>Responsibility Allowance</i> being paid shall continue to be paid, at the existing rates, until the next job evaluation cycle. (c) The <i>Responsibility Allowance</i> currently paid to Public Officers shall be converted to <i>Extraneous Allowance</i> or <i>Special Responsibility Allowance</i> subject to meeting the eligibility criteria |

| # | Allowance | Definition | Rationale for Abolition | Policy Direction |
|----|---|---|---|---|
| | | | (e) The rates payable vary from one public sector institution to another causing inequity and abuse in its application. | for <i>Extraneous Allowance</i> or <i>Special Responsibility Allowance</i> . (d) The <i>Responsibility Allowance</i> currently paid to drivers and support staff shall be converted to <i>Extraneous Allowance</i> . |
| 3. | Utility Allowance and related allowances | It is an allowance paid to the Accounting/Authorized Officers and senior management of State Corporations and Public Universities to cater for water, electricity and security bills. | (a) Utilities are personal expenses that ought to be catered for from one's salary. (b) Utilities are paid for in personal residences. (c) Some Public Service institutions pay Utility Allowance while others pay for the utilities as part of Operations and Maintenance budget. (d) State Corporations are paying the allowance yet it is not provided for in the State Corporations Advisory Committee (SCAC) 2004 guidelines. (e) There are disparities in the definition of what constitutes as utilities and what is paid for across the Public Service. | (a) Utility Allowance is abolished. (b) Utilities in official residences shall be paid through O&M. (c) Utilities in private residences are abolished. (d) All allowances that are related and are similar in definition to Utility Allowance are abolished. These are: (i) Gardener Allowance; (ii) Electricity and Water Allowance; (iii) Services Allowance; (iv) Amenities Allowance; (v) Electricity Allowance; (vi) Staff Water Allowance; (vii) Electricity Concession Allowance; (viii) Furniture Allowance; and (ix) Domestic Servant Allowance. |
| 4. | Medical Allowance and related Allowances Related Allowances: | The allowances are paid alongside monthly salary based on the job group to cater for outpatient medical treatment. | (a) It is cost-effective to procure medical insurance rather than pay Medical Allowance. (b) There exists inconsistent nomenclature across the Public Service. | (a) <i>Medical Allowance</i> is abolished. (b) Public Service institutions shall procure comprehensive medical insurance cover for Public Officers in the respective institution or provide an in-house medical facility for its staff subject to affordability. |

| # | Allowance | Definition | Rationale for Abolition | Policy Direction |
|----|---|--|--|---|
| | (i) Outpatient Allowance; (ii) Outpatient Medical Allowance; (iii) Dental Allowance; (iv) Optical Allowance (v) Inpatient Allowance | | (c) The rates payable per month are not commensurate with the current average medical expenses. (d) Staff may be vulnerable in cases where the institutions are not able to pay the money promptly. | (c) The medical cover limits shall be advised by the SRC from time to time. (d) All allowances that are related and are similar in definition to <i>Medical Allowance</i> are abolished. These are: (i) <i>Outpatient allowance</i> ; (ii) <i>Outpatient Medical Allowance</i> ; (iii) <i>Optical Allowance</i> ; (iv) <i>Dental Allowance</i> ; and (v) <i>Inpatient Allowance</i> . |
| 5. | Security Allowance paid in lieu of the provision of security as a benefit | Is paid to specified senior management employees to facilitate provision of security at the areas of residence of a senior public officer to meet the cost of security when official security is not provided. | (a) Whereas the function of assessing the need for official security rests with the Inspector General as per Article 238 and the National police service Act 2014, State Corporations provide security outside this arrangement. (b) Whereas the Inspector General is expected to provide official security, based on NPS assessment, State Corporations are providing an allowance to some senior managers to procure security services. (c) Emerging clamor for security allowance by both State and Other Public Officers, demanding equitable treatment with the state corporations. Such demands if acceded to will lead to increase in the wage bill. (d) Whereas the secrecy and the confidentiality of job requirements forms the rationale to compensate the officers attached to the Secret Registries, not all registries handle | (a) The <i>Personal Security Allowance</i> is abolished. (b) Security shall be provided as a benefit and not an allowance. (c) The provision of Security for Public Officers shall be assessed and advised by the Inspector General of Police. Where the Inspector General of Police advises for procurement of security services, Public Sector Institutions shall procure security services for eligible Public Officers subject to affordability. (d) Provision of security shall not be paid as an allowance nor commuted to cash in lieu of security. |

| # | Allowance | Definition | Rationale for Abolition | Policy Direction |
|----|--------------------------------|---|---|----------------------------|
| | | | <p>secret and the confidential government documents on a regular basis.</p> <p>(e) This allowance may in some circumstances be provided as a benefit based on the job market. In such instances it is used as attraction and retention measure;</p> <p>(f) Public Officers have requested for Security Allowance in lieu of the provision of security as a service.</p> <p>(g) Some Public Service Institutions are compensating for security in cash rather than providing security service.</p> | |
| 6. | Owner Occupier House Allowance | It is an allowance paid to officers who lived in their own houses to cater for house allowance. | The provision was replaced by market rate based house allowance in 2000 through Circular No. OP.18/2/1A dated 21 st June 2000. Following the revision and harmonization of house allowance, owner occupier allowance ceased to be payable and the abolition was communicated vide the letter Ref. No. DPM 2/1A Vol. XXXIV/(95) dated 17 th July, 2008. | The Allowance is abolished |

Table 5: Sample List of Allowances and Benefits to be Retained

| No. | Allowance |
|------------|----------------------------------|
| 1. | Commuter Allowance |
| 2. | House Allowance |
| 3. | Extraneous Allowance |
| 4. | Special Responsibility Allowance |
| 5. | Overtime Allowance |
| 6. | Disability Guide Allowance |
| 7. | Honoraria |
| 8. | Risk Allowance |
| 9. | Transfer Allowance |
| 10. | Foreign Services Allowance |

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