Salaries & Remuneration Commission
Rewarding productivity

FREQUENTLY ASKED QUESTIONS

Allowances Policy Guideline for the Public Service

The following are the questions likely to be asked frequently regarding the 'Allowances Policy Guideline for the Public Service', as issued by the Salaries and Remuneration Commission (SRC) on 7 October 2021.

1. What principles guide SRC in the management of allowances in the public service?

In advising on allowances and benefits payable to public officers, the Commission is guided by the principles set out in Article 230(5) of the Constitution of Kenya, 2010, and Section 12 of SRC Act, 2011.

(a) The 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 recognise productivity and performance;

(iv) Transparency and fairness.

(b) Statutory requirement:

Equal remuneration to persons for work of equal value as stipulated in Section 12 of SRC Act, 2011.

2. What initiatives has SRC put in place to manage allowances?

(a) In 2014, SRC undertook a study on allowances, which led to the harmonisation of three major allowances in the public sector, that is, House Allowance, Daily Subsistence Allowance and Hardship Allowance;

(b) SRC has been providing advisories to public service institutions from time to time;

(c) SRC harmonised payment of allowances and benefits for State officers through the issuance of Gazette Notices of 2013 and 2017;

(d) In 2015, SRC developed a *Public Sector Remuneration and Benefits Policy*; and

(e) In 2019, SRC undertook a study on allowances payable in the public service, which identified 247 allowances.

(f) In 2021, the Commission developed the 'Allowances Policy Guideline for the Public Service' to streamline and guide the management of allowances.

3. What are the main categories of allowances currently payable in the public service?

There are two main categories of allowances, namely: Remunerative and Facilitative.

(a) *Remunerative allowance:* These are additional payments to staff to compensate for aspects of their work, which are not normally expected of their role and which have not been taken into account in the determination of the relative worth and subsequent remuneration of the role. These allowances are mainly paid to public officers monthly as part of the total pay package. There are some that based on a daily rate i.e. Sitting Allowance.

(b) *Facilitative allowances:* These are paid to employees to enable them to meet the expenses related to the execution of their duties. Facilitative allowances may be reimbursable and paid daily, monthly, annually or as need arises.

4. How many allowances currently exist in the public service and what percentage of the total wage bill do they account for?

As per a study undertaken by SRC in 2019, there exist 247 allowances paid to public officers, accounting for 48 per cent of the total wage bill.

5. What are the effects of the lack of a policy guideline on allowances for the public service?

The lack of a policy guideline has led to:

(a) Distortions in remuneration, resulting in unfair pay, lack of transparency, inequity and unfairness in coverage, multiplicity and high proportions of allowances to basic salaries being paid within and across the public service;

(b) Different institutions compensating their employees with allowances using different justification, eligibility criteria, rates and modes of payment; and

(c) Fiscally unsustainable public service wage bill.

6. What is the main objective of the 'Allowances Policy Guideline for the Public Service'?

The main objective of the 'Allowances Policy Guideline for the Public Service' is to provide a structured approach to streamlining the management and administration of allowances, so as to improve transparency, accountability, equity and fairness, and thereby ensuring that the total public service compensation bill is affordable and fiscally sustainable.

7. **What is the scope of the 'Allowances Policy Guideline for the Public Service'?**
   The Policy Guideline is applicable to all public service institutions, both at the national and county government levels. Public service institutions shall be expected to comply with the policy guideline, pursuant to Article 259(11) of the constitution.

8. **What key strategic areas does the 'Allowances Policy Guideline for the Public Service' seek to address?**

   The Policy Guideline seeks to address:

   (a) Increase in public service wage bill within an environment of fiscal and revenue constraints;

   (b) Disparity in rates of allowances paid;

   (c) Proportion of allowances in relation to basic pay;

   (d) Allowances paid for factors that are already compensated for through the basic salary;

   (e) Proliferation of allowances in number and amounts;

   (f) Varying nomenclature of allowances;

   (g) Facilitative allowances that have taken a remunerative dimension;

   (h) Unclear and varied justification for payment of some allowances;

   (i) Redundant allowances; and

   (j) Disparity in definition of pensionable salary.

9. **Has SRC followed the principle of stakeholder and public participation in the development of the 'Allowances Policy Guideline for the Public Service'?**

   The Policy Guideline was developed through a consultative and participatory process with stakeholder and public participation undertaken as stipulated under Articles 10 and 232 of the constitution. The Commission received and considered feedback from various stakeholders covering both the national and county governments, and the public.

10. **How shall SRC operationalise the 'Allowances Policy Guideline for the Public Service'?**

    The Policy Guideline will be shared with all public service institutions. Further, SRC will sensitise the institutions on how to operationalise the Policy Guideline.

11. **What shall be the effective date of implementation of the 'Allowances Policy Guideline for the Public Service'?**

    The implementation of the policy guideline will be progressive and is expected to be effective from April 2022.