



Salaries & Remuneration  
Commission

Rewarding productivity

**End of Term Report**  
**Financial Years 2018/2019 – 2023/2024**





Salaries & Remuneration  
Commission


Rewarding productivity

# END OF TERM REPORT

FINANCIAL YEARS 2018/2019 – 2023/2024

[www.src.go.ke](http://www.src.go.ke)

# Table of Contents

 <b>THE NATIONAL ASSEMBLY</b> <b>PAPERS LAID</b>			
<b>DATE:</b> 06 NOV 2024 <table border="1" style="float: right;"> <tr> <td style="width: 50px;">DAY.</td> </tr> <tr> <td> </td> </tr> </table>		DAY.	
DAY.			
<b>TABLED BY:</b>			
<b>CLERK-AT THE-TABLE:</b>			

ABBREVIATIONS AND ACRONYMS	4
LIST OF TABLES	5
LIST OF FIGURES AND CHARTS	5
FOREWORD	6
ACKNOWLEDGEMENT	8
EXECUTIVE SUMMARY	9
CHAPTER 1: INTRODUCTION	13
CHAPTER 2: AFFORDABILITY AND FISCAL SUSTAINABILITY OF THE PUBLIC WAGE BILL	25
CHAPTER 3: RECOGNISING AND REWARDING PRODUCTIVITY AND PERFORMANCE	37
CHAPTER 4: EQUAL REMUNERATION TO PERSONS FOR WORK OF EQUAL VALUE, FAIRNESS AND TRANSPARENCY	41
CHAPTER 5: ATTRACTION AND RETENTION OF REQUISITE SKILLS IN THE PUBLIC SERVICE	49
CHAPTER 6: OTHER KEY ACHIEVEMENTS	53
CHAPTER 7: POLICY AND LEGAL FRAMEWORK	59
CHAPTER 8: LEADERSHIP AND CORPORATE GOVERNANCE	67
CHAPTER 9: INSTITUTIONAL CAPACITY	71
CHAPTER 10: ENVIRONMENT AND SUSTAINABILITY	77
CHAPTER 11: COMPLIANCE TO LEGAL AND STATUTORY OBLIGATIONS	81
CHAPTER 12: FUNDING TO SRC	83
CHAPTER 13: FUTURE PRIORITY AREAS	89

## ABBREVIATIONS & ACRONYMS

<b>A&amp;B</b>	Allowances and Benefits Committee
<b>AERC</b>	African Economic Research Consortium
<b>APNAC</b>	Africa Parliamentarians' Network Against Corruption
<b>APSEA</b>	Association of Professional Societies in East Africa
<b>ARC</b>	Audit, Risk, and Compliance Committee
<b>BCP</b>	Business Continuity Plan
<b>CARPS</b>	Capacity Assessment and Rationalisation of the Public Service
<b>CBAs</b>	Collective Bargaining Agreements
<b>CBNS</b>	Collective Bargaining Negotiations
<b>CBS</b>	Chief of the Burning Spear
<b>CECM</b>	County Executive Committee Members
<b>CEO</b>	Chief Executive Officer
<b>CFS</b>	Consolidated Fund Services
<b>CHRP</b>	Certified Human Resource Practitioner
<b>CISM</b>	Corporate Image and Stakeholder Management Committee
<b>CoG</b>	Council of Governors
<b>CoK</b>	Constitution of Kenya
<b>CPA</b>	Commonwealth Parliamentary Association
<b>CS</b>	Commission Secretary
<b>CSR</b>	Corporate Social Responsibility
<b>CSSC</b>	Corporate Support Services Committee
<b>DRP</b>	Disaster Recovery Plan
<b>ELRC</b>	Employment and Labour Relations Court
<b>FCPA</b>	Fellow of the Institute of Certified Public Accountants of Kenya
<b>FIHRM</b>	Fellow of the Institute of Human Resource Management
<b>FiRe</b>	Financial Reporting
<b>FY</b>	Fiscal Year
<b>HELB</b>	Higher Education Loans Board
<b>HRM</b>	Human Resource Management
<b>HSC</b>	Head of State Commendation
<b>ICRC</b>	International Committee of the Red Cross
<b>ICS</b>	Institute of Certified Secretaries
<b>IEC</b>	Information Education and Communication
<b>IGRTC</b>	Intergovernmental Relations Technical Committee
<b>ILO</b>	International Labour Organization
<b>IUCN</b>	International Union for the Conservation of Nature
<b>JDs</b>	Job Descriptions
<b>JESS</b>	Job Evaluation and Salary Structures Committee
<b>KCA</b>	Kenya College of Accountancy
<b>KRAs</b>	Key Result Areas
<b>KSG</b>	Kenya School of Government
<b>LPC</b>	Legal and Policy Framework Committee
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MCAs</b>	Members of County Assemblies
<b>MDAs</b>	Ministries, Department and Agencies
<b>MDG</b>	Millennium Development Goals
<b>MP</b>	Member of Parliament
<b>N/A</b>	Not Applicable
<b>NPCC</b>	National Productivity and Competitiveness Centre
<b>NSSF</b>	National Social Security Fund
<b>NWBC</b>	National Wage Bill Conference
<b>OAG</b>	Office of the Auditor General
<b>OCOB</b>	Office of the Controller of Budget
<b>PFM</b>	Public Finance Management
<b>PFMA</b>	Public Finance Management Act, 2012
<b>PPRA</b>	Public Procurement Regulatory Authority
<b>PSRB</b>	Public Service Remuneration and Benefits
<b>QMS</b>	Quality Management System
<b>SCAC</b>	State Corp Advisory Committee
<b>SRC</b>	Salaries and Remuneration Commission
<b>TMS</b>	Talent Management Strategy
<b>UoN</b>	The University of Nairobi
<b>WBC</b>	Wage Bill Management Committee

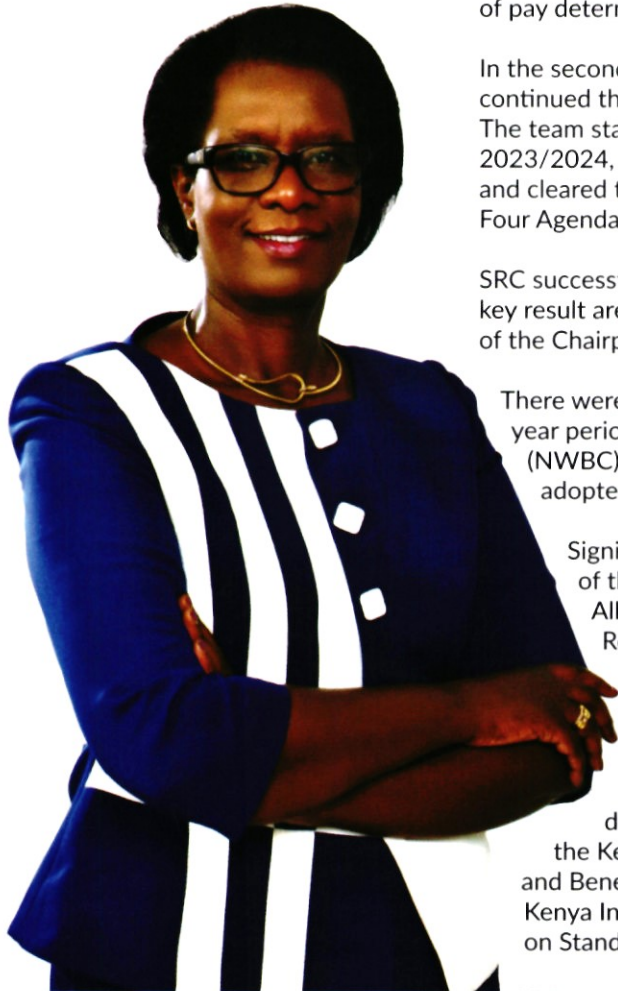
## LIST OF TABLES

Table 2.1: Trends of Public Wage Bill, Ordinary Revenue and Employment	26
Table 2.2: Public Wage Bill Data (Ksh “Billions”) per Sector	28
Table 2.3: Benefits of a Fiscally Sustainable Public Wage Bill	29
Table 2.4: Rationalised Expenditure on Public Wage Bill through SRC Advice	30
Table 2.5: Estimated annual savings realised as a result of the implementing Allowances Policy Framework for the Public Service	30
Table 2.6: Number of Public Institutions visited for M&E	31
Table 3.1: Productivity Ranking	37
Table 3.2: Performance Incentives Advised by SRC	38
Table 3.3: Framework for Productivity and Performance-Based Bonus	38
Table 4.1: Participation in JE Sensitisation Forum per Sector in the Third Remuneration & Benefits Review Cycle	42
Table 4.2: Number of jobs Evaluated in the 3rd Remuneration Review Cycle.	44
Table 4.3: Share of Public Service Wage Bill	45
Table 4.4: Share of Remunerative and Facilitative Allowances	45
Table 5.1: Public Service Employee Retention Rate	49
Table 6.1: CBNs Advised by SRC	56
Table 6.2: Training on CBNs	56
Table 7.1: Finding of the External Customer Perception Survey	60
Table 7.2: Sample of the key Court Victories, 2018 – 2024	61
Table 9.1: Finding of the External Customer Perception Survey	75
Table 9.2: SRC Innovative Technological Solutions	77
Table 12.1: Analysis of budget outlay for the period 2017/2018 to 2024/2025	85
Table 12.2: Summary of SRC budget in FY 2018/2019 and 2023/2024	86

## LIST OF FIGURES AND CHARTS

Figure 2.1: Trend and Ratios of Public Service Wage Bill	26
Figure 2.2: Public Wage Bill Data per Service in FY 2023/2024	28
Figure 2.3: Strategies to Achieve the 35% of Wage Bill to Revenue Ratio	31
Figure 4.1: SRC Adopted Public Service Compensable Factors	42
Figure 4.2: Job Evaluation Process	42
Figure 4.3: Number of Allowances as Contained in Various Reports	45

## FOREWORD



**Mrs. Lyn C. Mengich**  
Chairperson

In 2010, the Constitution of Kenya was promulgated, marking the beginning of the Salaries and Remuneration Commission (SRC). In the first period of six years from 2012/2013 to 2018/2019, SRC set out to deliver its mandate as stipulated under Article 230 of the Constitution and SRC Act, 2011, focusing on a fiscally sustainable wage bill and all the other principles of pay determination stipulated in Article 230(4).

In the second period of six years, from 2018/2019 to 2024/2025, SRC continued the journey, picking from the achievements already realised. The team started by developing the Second Strategic Plan 2019/2020 – 2023/2024, under the mantra “rewarding productivity” in the public service, and cleared the pending issues. This was aligned with the government’s Big Four Agenda and the Third Medium Term Plan of Vision 2030.

SRC successfully implemented the strategic plan, as specified under the five key result areas, thanks to the concerted effort, commitment and dedication of the Chairperson, Commission Members, and Secretariat staff.

There were several key achievements realized during the illustrious six-year period. Most notable was the Second National Wage Bill Conference (NWBC), held in 2019, culminating in 15 Resolutions, which were adopted by the 8th Summit.

Significant progress was realised following the implementation of these resolutions, notably, the Framework for Streamlining Allowance in the Public Service, and the Framework for Recognising Productivity and Performance in the Public Service.

Other key successes include, the Framework on Productivity Measurement, subsequent embedding of productivity in the 20th performance contracting cycle, and piloting of productivity measurement in 20 State corporations; the development and rollout of productivity training curriculum at the Kenya School of Government; the Public Service Remuneration and Benefits Policy; the Public Service Superannuation Scheme; the Kenya Integrated Performance Management Policy; and the Framework on Standing Sectoral Collective Bargaining Negotiation Committees.

SRC is proud of the remarkable achievements made over the six-year period, leading to a progressive drop in the total public wage bill to total ordinary revenue ratio from 51.54 per cent in FY 2017/2018 to 47.06 per cent in FY 2021/2022, and projected to decline further to 39.22 per cent in FY 2023/2024.

In the final year, SRC convened the Third NWBC, jointly with the Council of Governors, the Intergovernmental Relations Technical Committee, the Public Service Commission, the Ministry of Public Service, Performance, and Delivery Management and the State Corporations Advisory Committee.

The conference adopted 10 Resolutions for implementation, with the expected outcome of realising a wage-bill-to-revenue ratio that will not exceed 35 per cent by 2028. The implementation of these Resolutions will ensure that the public wage bill is affordable and fiscally sustainable, thus, freeing up resources for development and other government priority areas.

SRC is convinced that public service productivity is a transformative agenda that will enable the government to drive and align the entire public service towards competitiveness, high and sustained revenue growth, improved service delivery, increased profitability, and improved remuneration.

The term of service at SRC has not been without challenges ranging from legal suits, mandate attacks, and budget cuts. These notwithstanding, SRC mapped its way successfully and defended its mandate as stipulated in the Constitution, and proceeded to implement the strategic plan.

Among the key milestones, SRC is pleased to have delivered on salary structures that are fiscally sustainable, allowing the government to allocate more resources to development and other government priorities.

Other key milestones include; evaluating jobs in the public service to determine their relative worth that informed job grading and the resultant salary structures that are more equitable; advising on salaries that enable the public service to attract and retain requisite skills resulting in a retention rate of over 99 per cent.

Without SRC's advice, the country would have spent an additional Ksh 150.89 billion during FY 2020/2021 and 2023/2024. However, the requests approved through SRC's advice reduced the requests to Ksh 45.1 billion, hence, releasing an additional amount of Ksh 105.7 billion to other key government priorities.

Further, the estimated annual savings of Ksh 11.2 billion were realised as a result of implementing the Allowances Policy Framework for the Public Service. SRC is also credited for fostered industrial harmony in public service institutions following the implementation of the Guidelines on Collective Bargaining in the Public Service.

As SRC focuses on the future, more effort is required to address the challenges related to the size and trajectory of the wage bill, which could be realised by implementing the Resolutions of the Third NWBC.

Other targeted initiatives include, but not limited to, streamlining allowances in the public service; progressive harmonisation of remuneration and benefits structures; review and harmonisation of pensions benefits; and investment in a central analytical tool able to access the payroll to check, enhance accountability, instil prudent utilisation of public resources, curb excessive and unauthorised payments and ultimately reduce the wage bill.

Lastly, as we end our six-year tour of duty at SRC, we are delighted with the achievements made, and look forward to serving the country in other areas of public service. We wish the best to the incoming Chairperson and Members of the Commission as they take the baton and build on the foundation laid to discharge SRC's mandate and uphold the objects of the Constitutional Commissions and Independent Offices, as stipulated in Article 249 of the Constitution.

The Commissioners are forever grateful and indebted to SRC staff and all stakeholders for supporting the various facets of SRC's mandate. The contribution can be attributed to the successful delivery of SRC's strategic plan, which shaped the wage bill management agenda for Kenya.

God bless SRC. God bless Kenya.



**Mrs. Lyn C. Mengich, FIHRM, EBS**  
Chairperson

# ACKNOWLEDGEMENT

The development of SRC's End of Term Report for the period 2018/2019 – 2024/2025 has been made possible through the invaluable contribution from Members and the Secretariat. The report is a summary of a successful tour of duty, fulfilled through dedication and commitment from a remarkable team.

We acknowledge the vital time invested and overall leadership by the Commission, led by the Chairperson Mrs. Lyn C. Mengich, FIHRM, EBS, and her team, comprising: Vice Chairperson, Dr. Amani Yuda Komora, PhD, MBS, CHRP; Dr. Leah Mumbua Munyao, PhD, MBS, IMI Certified; Mr. John Kennedy Monyoncho, MBS, MCI Arb; Margaret Sawe; Nelly Peris Ashubwe, MBS; FCPA. Sophie Moturi, MBS; Hon. Sen. Isaac Kipkemboi Melly, MBS; Elizabeth Wangui Muchiri, HSC; Mr. Abdiwahab Abdullahi Abdi, MBS; Mr. Emmanuel O. Bitta, MBS; Mr. Francis Anyona, MBS; and Dr. Jacob Mbijiwe, OGW.

Special thanks go to SRC technical staff led by Dr. Hilary Patroba, Director, Remuneration Services, the Research Monitoring and Evaluation team that included Mr. Cleopus Wangombe, Ms. Naomi Cheboi and Mr. Duncan Otieno, and the Corporate Communications Department led by Mr. Anthony Mwangi, for their dedication and teamwork that developed this Report on time.

The Report would not have been finalised without the support and input of all departments and directorates. For this, SRC is heavily indebted to all the staff.

The Commission wishes to appreciate all the key stakeholders and employing institutions, both at national and county levels, for their cooperation and collaboration in the implementation of SRC's mandate.

Special appreciation goes to the Executive arm of government led by H.E the President, the Deputy President in whose docket Constitutional Commissions and Independent Offices fall, the Parliamentary leadership led by the two Speakers of the National Assembly and Senate, the Judiciary led by the Chief Justice, the Ministries, Counties, Departments and Agencies, trade Unions, the media fraternity, civil society, and religious organisations.

SRC also wishes to express special gratitude to the World Bank and other development partners for providing technical and financial support in the execution of the strategic plan, through the Public Finance Management Reforms and the Kenya Devolution Support Programme II.

The acknowledgement cannot be complete without sounding off immense appreciation to Secretariat staff for their continued collaboration and cooperation in the implementation of SRC's mandate.

As the curtain draws down on the Commission, it will be remembered that it is for the deep commitment, dedication, and selfless devotion from the Chairperson, Commissioners, and stakeholders within SRC and without, that made Kenya a much better place today than it was six years ago. It has been a journey well completed.

God bless Kenya



**Mrs. Anne Rwamba Gitau, CHRP, MBS, EBS**  
COMMISSION SECRETARY/CEO



# EXECUTIVE SUMMARY

The Salaries and Remuneration Commission (SRC) is established under Chapter 15 of the Constitution of Kenya, 2010. Article 230 of the Constitution mandates SRC to set and regularly review the remuneration and benefits of all State officers, and advise the national and county governments on the remuneration and benefits of all other public officers. The exiting Commissioners were appointed by the President and sworn into office in September 2018 and have now served and completed their six-year term.

This End of Term Report outlines activities undertaken by SRC and achievements realised between 2018 and 2024. The report also highlights the challenges experienced in the discharge of its mandate, and concludes by making recommendations on some of the priority areas for the incoming Commissioners. The report has thirteen chapters summarised herein.

**Chapter One** provides the overall introduction of the report by outlining the background laying the foundation for the report; SRC's constitutional mandate, functions and powers; key mechanisms in place for execution of SRC functions; the vision, mission and core values; the membership and profile of SRC Chairperson and Members; the governance structure; Commission meetings; and the Commission Secretariat.

**Chapter Two** looks at the constitutional principle of affordability and fiscal sustainability of the public wage bill. Accordingly, the report observes that this principle ensures that the total public compensation bill is affordable and fiscally sustainable.

The chapter provides the obtaining public wage bill ratios and trends whereby through SRC's interventions, the wage bill to revenue ratio reduced from 51.1 per cent in FY 2018/2019 to 46.6 per cent in FY 2022/2023. It further identifies key drivers of public wage bill; benefits of a fiscally sustainable public wage; and SRC's contribution to the reduction of the wage bill to revenue ratio; and; strategies on wage bill management in achieving the 35 per cent PFM ratio.

The chapter notes that this principle underscores the nexus of wage bill and resource availability for development and other government priorities.

**Chapter Three** highlights SRC's achievements under the principle of recognising and rewarding productivity and performance in the public service, as provided for in Article 230(5). The chapter identifies the development and launch of a Framework for Recognising Productivity and Performance in the Public Service, as the main achievement under this principle.

The framework provides a mechanism for linking financial rewards in the public service to measurable productivity and performance for both State and public officers. As part of the way forward on productivity and performance, the report recognises the existence of the potential of enhancing the productivity in the public service, through enhanced governance, operational

efficiencies, and accountability for results and collaboration for purposes of driving productivity as a key enabler towards achieving the wage bill to revenue ratio of 35 per cent.

**Chapter Four** outlines the achievements under the principle of equal remuneration to persons for work of equal value, and fairness and transparency. This requires that pay differentials are fair, transparent and objectively reflect the relative worth of jobs. SRC established job evaluation (JE) as the methodology to achieve these principles.

This principle ensures that while undertaking determination of remunerations and benefits, SRC conducts job analysis and JE objectively and impartially. This is as critical pre-requisites to job clustering and grading, as well as the development of schemes of service and respective salary and benefits structures. JE ensures fairness and equity by addressing internal and external relativities thus informing a grading and salary structure based on the relative worth of jobs. Stakeholder participation in the process ensures transparency. In addition to JE, equity, fairness and transparency will be achieved through streamlining of allowances

Further, the principle allowed SRC to develop and issue guidelines to conduct JE in the third remuneration and benefits review cycle, (2021/2022 – 2024/2025) based on the lessons learnt from the first and second review cycles. The report also highlights the outcome of the third remuneration and benefits review cycle and the resultant salient features.

On the other hand, the principle of transparency and fairness entails ensuring that information relating to remuneration and benefits is openly communicated to all employees. The report notes that this principle requires that compensation be determined in an objective, justifiable and impartial manner. This is a requirement that has been achieved through the streamlining of allowances, implementation of collective bargaining negotiations guidelines, and pensions and benefits management.

The chapter further notes that SRC developed the Allowances Policy Guideline for the Public Service, 2021 through a consultative and participatory process with stakeholder and public participation being undertaken as required under Articles 10 and 232 of the Constitution.

The overarching objective of the policy guideline is to provide a structured approach for streamlining management and administration of allowances, so as to improve transparency, accountability, equity and fairness, and ensuring that the total public compensation bill is affordable and fiscally sustainable. It is noted that in 2021, SRC commenced a phased approach to streamlining the management and administration of allowances.

**Chapter Five** highlights the achievements made in relation to the principle on attraction and retention of requisite skills in the public service. The principle requires that the advice on remuneration and benefits is able to attract and retain requisite skills while ensuring fiscal sustainability of the wage bill.

To achieve this, SRC undertakes market salary which together with the job evaluation results and taking into account the other pay determination principles, inform review of remuneration and benefits.

The chapter further notes that SRC undertakes studies in the public service to establish and track retention levels. The latest study identified inefficient service delivery; low productivity; and high operational costs as the impact of the inability to attract and retain specific skills in the public service.

The chapter concludes by singling out the following as some of the common challenges encountered in attracting requisite skills into the public service: high remuneration expectations; lack of the required specific skills; and lack of the required experience.

**Chapter Six** highlights other key achievement in addition to the achievements under each principle as discussed in the previously. The report notes that SRC has progressively implemented first, second and third remuneration and benefits review cycles since 2012.

The reviews have been aligned to the constitutional principles including the need to ensure transparency and fairness and the statutory requirement of equal remuneration to persons for work of equal value. The report further notes progress made on the establishment of pension schemes for State officers who wish to convert their benefits from gratuity to pension and to guide in the review of existing pension schemes for State officers.

The chapter captures the achievements under Collective Bargaining Negotiations which include promotion of a predictable and stable labour environment.

**Chapter Seven** captures the Policy and Legal Framework underpinning the operationalisation and discharge of SRC's mandate and functions. The report highlights some of the measures that SRC put in place to strengthen the policy and legal framework for ease of executing the operations. Notably, SRC developed the Public Service Remuneration and Benefits Policy Guideline, 2021, to provide comprehensive guidelines to operationalise the pay principles.

The Chapter also summarises court cases handled by SRC; sampled key court cases won by SRC; legal challenges faced; gaps in the existing legal framework; and suggested ways of addressing the challenges for continued discharge of SRC's mandate and functions.

**Chapter Eight** highlights the issues on Leadership and Corporate Governance relating to SRC operations. Pointedly, the report documents the measures that SRC put in place to ensure continued good governance for

the smooth discharge of SRC's mandate, operations, efficiency and sound financial management.

Some of the measures include but not limited to, the development and operationalisation of SRC's Strategic Plan 2019/2020 – 2023/2024, which identified five Key Results Areas that informed how SRC performed during the six-year period.

In addition, the report identifies the following measures as part of SRC's leadership and governance: development of a Commission Charter that sets the corporate governance policy that defines the respective roles, responsibilities and authority of the Commissioners and the Secretariat; the development of a lean organisation structure comprising two directorates (Directorate of Remuneration Services and Directorate of Corporate Services) and three departments (Legal Services, Corporate Communications and Supply Chain Management).

The chapter also captures the training of Commissioners on corporate governance; and the review and development of various policies and operational manuals. Implementation of these measures saw SRC efforts being recognised for upholding good corporate governance and accountable financial reporting as evidenced by being awarded during the Financial Reporting (FiRe) Awards in 2021, 2022 and 2023 and the Champions of Governance (COG) Awards in 2022.

It is also noted, in recognition of their distinguished and outstanding service rendered to the nation, the Commission Members were conferred awards and honours by the Head of State.

**Chapter Nine** examines the Institutional Capacity of SRC. While acknowledging that SRC decisions and policies impact a wide range of stakeholders and the general economy of the country, the report notes that SRC actively invested in stakeholder engagement, building and sustaining collaborative partnerships amongst enablers for the realisation of institutional objectives.

The report indicates that stakeholders were mapped within several sectors, and divided between primary and secondary stakeholders, as well as internal stakeholders. The mapping, the report observes, is critical in ensuring the continued mutually acceptable and beneficial outcomes.

Besides, the Chapter recognises the importance of SRC's human resource and the need to invest in its acquisition, nurturing and retention of the human capital that SRC attracts.

Accordingly, the report observes that SRC developed and implemented a robust Talent Acquisition Retention and Management strategies that included, talent management strategy; competency framework; training and development; career planning and progression guidelines; succession planning; strengthening of human resources capacity; and institutionalising positive corporate culture.



The Chapter also delves into the need for increased visibility, awareness and advocacy towards building a strong brand identity and leveraging on technology and other digital platforms.

**Chapter Ten** captures the Environment and Sustainability context and circumstances under which SRC discharged its mandate. The Chapter presents the sustainability strategy that ensured SRC deployed resources for business continuity, environmental performance, employee welfare, upholding responsible marketing and advertisement; maintained responsible supply chain and supplier relations; observing responsible competition practice.

In addition, the Chapter highlights various Corporate Social Responsibility (CSR) initiatives that were undertaken to improve the lives of the most vulnerable groups across Kenya. Some of the CSR initiatives undertaken by SRC included, visits to homes for the children and the elderly, donations to Lang'ata Women Prison and to street children and families, support to children at the Kenyatta National Hospital, tree growing initiatives and a blood donation drive.

**Chapter Eleven** highlights SRC's performance with respect to Compliance to Legal and Statutory Obligations. It notes the performance of the Staff Mortgage and Car Loan Scheme Fund, performance of SRC's Audit Committee, and compliance with statutory requirements and other legal obligations.

**Chapter Twelve** focusses on the funding to SRC in which the report notes that SRC received and prudently managed funding for the discharge of various initiatives as per its strategic plan. The prudent spending of the budgeted resources has been critical in ensuring that SRC meets its core objectives while maintaining operational integrity and fostering transparency and accountability in the management of public compensation bill.

The Chapter concludes by observing that the funding enabled SRC to undertake comprehensive remuneration and benefits reviews, policy development, and

implementation of remuneration frameworks that align with national economic goals and public service efficiency.

While appreciating the continued budgetary support from the government and other development partners, SRC, however, singles out funding gaps that impeded the completion of projects, thus, occasioning delayed impact due to phased implementation of projects, research, deployment of appropriate ICT and other technological requirements.

**Chapter Thirteen** captures the future priority areas highlights activities that are at different stages of implementation that the incoming Commission will need to put more efforts in as it delivers service to the public. The chapter notes the area of focus is the challenge related to the size and trajectory of the wage bill, which could be realised by implementing the Resolutions of the Third NWBC.

Other targeted initiatives include, but not limited to, streamlining allowances in the public service; progressive harmonisation of remuneration and benefits structures; review and harmonisation of pensions benefits; and investment in data warehouse and a central analytical tool able to access the payroll to check, enhance accountability.

In addition, other areas of focus to include: operationalisation of Sectoral One Body to Negotiate CBAs on Behalf of Government, Promoting Collaboration and Partnership; enhance Budget Allocation and Resource Mobilisation, and Leveraging on Technology.

The report further indicates that it is critical to address existing gaps in the legal framework to give full effect to Article 230(4) of the Constitution, as envisaged in Article 252(1)(d); consider zero-government fleet policy as appropriate, where the government provides transport facilitation to cater for the cost of purchasing a vehicle, fuel and maintenance; and initiate the fourth remuneration and benefit review cycle to cover the FY 2025/2026 and 2029/2030.

# CHAPTER



## INTRODUCTION

# CHAPTER 1: INTRODUCTION

## 1.1 Background

Prior to the establishment of the Salaries and Remuneration Commission (SRC), remuneration and benefits payable to public officers were set through ad hoc committees. Owing to the limited mandate of the foregoing commissions and committees, they only addressed remuneration and benefits in selected sectors and subsectors of the public service.

The absence of a holistic approach led to substantial differences in salaries, allowances, other benefits and job grading. This resulted in lack of harmonisation in pay structures, demand for higher pay by institutions without due regard to affordability and fiscal sustainability, limited transparency and fairness in remuneration.

It also resulted in lack of a standardised mechanism to ensure equal pay for work of equal value, attraction and retention of requisite skills, and recognition of performance and productivity.

This situation was not helpful to an economy eyeing fast growth, supported by a vibrant public service. Moreover, Kenya was saddled by a ballooning public wage bill that required concerted effort to: first, lay a strong foundation to manage a bloated wage bill, second, harmonise the salaries of all public officers, while ensuring that the public service attracts requisite skills, recognises productivity and performance, and that there is transparency and fairness in remuneration and benefits. This background inspired the establishment of SRC in the Constitution.

## 1.2 The Mandate, Functions and Powers of SRC

The establishment of SRC in Article 230 of the Constitution is a pivotal step in overhauling the nation's approach to public service remuneration.

Article 230 of the Constitution brought SRC into existence and conferred upon it two primary powers and functions: Set and regularly review the remuneration and benefits of all State officers; and advise the national and county governments on the remuneration and benefits of all other public officers

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

These constitutional and statutory principles are:

- a. The need to ensure that the total public compensation bill is fiscally sustainable;
- b. The need to ensure that the public services can attract and retain the skills required to execute their functions;
- c. The need to recognise productivity and performance; and
- d. Transparency and fairness.
- e. Equal remuneration to persons for work of equal value as required by Section 12 of SRC Act, 2011.

The functions of SRC are as set out in Section 11 of SRC Act, 2011, and provides that SRC shall:

- a. Inquire into and advise on the salaries and remuneration to be paid out of public funds.
- b. Keep under review all matters relating to the salaries and remuneration of public officers.
- c. 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.
- d. Conduct comparative surveys on the labour markets and trends in remuneration to determine the monetary worth of the jobs of public officers.
- e. Determine the cycle of salaries and remuneration review upon which parliament may allocate adequate funds for implementation.
- f. Make recommendations on matters relating to the salary and remuneration of a particular State or public officer.
- g. Make recommendations on the review of pensions payable to holders of public offices.
- h. Perform such other functions as may be provided for by the Constitution or any other written law.

Apart from the functions, SRC also has the following powers:

- a. 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.
- b. Interview any individual, group or members of organisations or institutions and, at SRC's discretion, conduct such interviews.
- c. Hold inquiries for the purposes of performing its functions under SRC Act.
- d. Take any measures it considers necessary to ensure that in the harmonisation of salaries and remuneration, equity and fairness is achieved in the public service.

### 1.3 Key Mechanisms in Place for Execution of SRC Functions

Pursuant to this mandate, SRC put in place key mechanisms to enable the execution of its functions as follows:

- a. A four-year remuneration review cycle for remuneration and benefits in the public service. The first cycle ran for the period 2013/2014 – 2016/2017, the second was between the years 2017/2018 – 2020/2021, and the third cycle covers the years 2021/2022 – 2024/2025;
- b. Job evaluation (JE) in the public service to determine the relative worth of jobs, provide criteria for classifying jobs, provide a rationalised, harmonised, and equitable job-grading structure, and establish an equitable and defensible job grading criteria, and thus, ensure equal remuneration to persons for work of equal value.
- c. Surveys on the labour markets and trends in remuneration to determine the monetary worth of jobs in public offices.

This ensures that remuneration and benefits structures in the public service are based on the market structure, which in turn contributes to attraction and retention of the skills required to execute public service functions.

- d. Monitoring and Evaluation (M&E) undertaken to, inter alia, receive feedback from stakeholders on SRC's advice on remuneration and benefits, assess the effectiveness of SRC's advice on remuneration and benefits, identify challenges in implementation and identify remedies for continuous improvement.
- e. Collaborative working relationship with stakeholders in the spirit of interdependence while maintaining independents.

### 1.4 The Vision, Mission, Core Values of SRC

SRC developed a Vision, Mission and Core values to ensure all its activities are aligned and focused on the mandate. These are as follows;



**Vision:** A productive public service that is fairly remunerated



**Mission:** To set, review and advice on equitable, competitive and fiscally sustainable remuneration and benefits in the public sector through research and analysis.



**Core Values:** SRC commits to the following set of core values in discharging its functions;

- a. **Fairness:** We endeavour to be honest, fair and objective in all SRC activities and decision-making.
- b. **Accountability:** We shall be accountable for our decisions or actions.
- c. **Collaboration:** We believe in the power of working together with stakeholders. We shall build, support and encourage collaboration across teams, organisations and sectors in order to achieve our mission.
- d. **Integrity:** We value high standards of ethical behaviour at all times. We shall uphold honesty and strong moral principles in all SRC activities and decision-making.
- e. **Innovation:** We are committed to fostering an enabling environment that encourages continuous learning and relentless pursuit of creative solutions to achieve efficiency and effectiveness in service delivery.
- f. **Transparency:** We are committed to promoting transparency in our work. We shall be open in accordance with the law.

## 1.5 Commission Members

**S**RC comprises the Chairperson, ten Members nominated by various bodies and appointed by the President of the Republic of Kenya, and three ex-officio Members representing government ministries.



**M**rs. Mengich is the Chairperson of the Commission. She is an accomplished governance, human resource and leadership professional with a wealth of experience gained from cross-industry organisations in Kenya, East Africa Region, and Africa. Her experience spans public, public traded and private sector organisations.

Highlights of her experience are; Chairperson, Salaries and Remuneration Commission, CEO Nuevo Consulting, HR Director Barclays Bank, HR Director Kenya Commercial Bank, Talent Manager Shell Oil products Africa, Change Manager Shell Oil Products Africa, Regional HR Manager Shell East Africa, HR Director Smith Kline Beecham and Talent and Development Manager Unilever. She is a Council member at KCA University and has previously held other Board positions at Jamii Bora Bank, NSSF and Sovereign Group. She also previously served as the Vice Chair of Kenya Institute of Bankers.

Mrs. Mengich is a Fellow of the Institute of Human Resource Management (IHRM), A Certified Member of the Chartered Institute of Arbitrators Kenya- and holds a Master of Science in Human Resource Management, Executive Development Programme from Cornell University, Advanced Management Programme from Strathmore Business School and IESE Business School in Spain. She has acquired extensive knowledge in leadership, governance, management and Human Resource management from different development programmes in and outside the country.

**Mrs. Lyn Mengich, FIHRM, EBS**

**D**r. Komora is the Vice Chairperson of the Commission, nominated by the Federation of Kenyan Employers. He chairs SRC's Job Evaluation and Salary Structures Committee. He was previously the General Manager of HR and Administration at the Kenya Ports Authority, having risen from the position of Head of HR.

Dr. Komora has also worked at the Kenya Revenue Authority, where he rose from Graduate Trainee to Assistant Commissioner Human Resources. His notable achievements include, playing a key role in managing the transition from the Anti-Corruption Police Unit to the Kenya Anti-Corruption Commission and midwifed the transition to the now Ethics and Anti-Corruption Commission. He was also a Member of the National General Wages Council of the Minister for Labour, Social Security and Services under the Labour Relations Act, 2007.

He holds a PhD in HRM, Master of Science in HRM, a Bachelor of Arts Degree (Anthropology/Sociology), and a Higher Diploma from the former Institute of Personnel Management. Dr. Komora served in the Governing Council of IHRM and Chairman of the College of Human Resource Management.

**Dr. Amani Yuda Komora, PhD, MBS, CHRP**





**H**on. Otieno was a Member of the Commission, nominated by the Public Service Commission. He was first elected as the Member of Parliament (MP) for Rongo in 1988, and retained the seat until 2017. He served as Minister for Industrialisation from 1988 to 1991, Minister for Manpower, Planning and Employment (1991), Minister for Transport and Communication (1991-1996), and Minister for Public Service from 2008 to 2013.

Hon. Otieno served as Chairman of the African Ministers of Transport and Communications (1994-1996), and Chairman of the Establishment Committee of the Regional African Satellite Communication Organisation (1994). He also served in various boards and parliamentary committees. He is credited with the transformation of the Kenya Institute of Administration into the Kenya School of Government (KSG). He holds a Bachelor of Science Degree (Applied Economics) from Makerere University, Uganda.

He has also undertaken post graduate (PG) courses in economics, insurance and finance at the University of Nairobi. Hon. Otieno has the following professional qualifications: Associate of the Chartered Insurance Institute, London; Fellow of the Chartered Insurance Institute by Examination; and Chartered Insurance Practitioner.

**Hon. Dalmas Otieno, EGH (2018-2022)**

**D**r. Mumbua is a Member of the Commission, nominated by the Teachers Service Commission. Dr. Mumbua is an IMI Qualified Mediator. She is also certified as a mediator by the Chartered Institute of Arbitrators and accredited by the Kenya Judiciary.

She is the immediate former pioneer Director of Academic Affairs at KSG, where she led teams to develop capacity building programmes for the national and county governments, and State corporations. She strengthened the consultancy, research and advisory mandate of KSG by developing policies and procedure manuals for internal faculty capacity.

Dr. Mumbua has more than 30 years of experience in education management and planning, corporate governance, strategic leadership and programme development. As the pioneer Director of the Kenya Institute of Management, she spearheaded the establishment of the Management University of Africa.

Dr. Mumbua holds a Bachelor of Education - Arts (Kenyatta University), Master's Degree in Education Administration and Planning, UoN, Master's Degree in Business Administration (ESAMI Business School) and Doctor of Philosophy - Education Administration and Planning (Catholic University of Eastern Africa), with a focus on quality assurance management. She holds a Certificate in Global Diplomacy (Diplomacy in the Modern World) from University of London.

**Dr. Leah Mumbua Munyao, PhD, MBS, IMI Certified**







**M**r. Monyoncho is a Member of the Commission, nominated by the Defence Council. He chairs SRC's Wage Bill Management Committee. He is a seasoned professional Economist/Statistician with more than 20 years of experience in senior management in both the public and private sector.

He previously worked with SRC as Director of Research, Compliance, Policy and Planning.

He held several key positions in different institutions. These included, Technical Manager at the Kenya National Bureau of Statistics; Logistics and Administration and Research Manager at the Kenya Integrated Household Budget Survey Programme; Administration Officer at the Nairobi Securities Exchange; and Technical Assistant to the Economic Secretary with the Ministry of Finance and Economic Planning.

Mr. Monyoncho holds a Master of Business Administration in Finance, a Bachelor of Philosophy Degree in Economics from UoN, and a Bachelor of Science Degree in Statistics from Poona University, India. He is currently pursuing a PhD at UoN.

**Mr. John Kennedy Monyoncho, MBS, MCI Arb**

**M**s. Sawe is a Member of the Commission, nominated by the Senate on behalf of county governments. She has vast experience in the field of HR, having worked in various organisations.

These organisations include the County Government of Uasin Gishu as County Executive Committee Member (2013–2017), Sian Agriflora Limited as the Group HR Manager (2009–2013), Chevron (K)/Caltex, International Committee of the Red Cross (ICRC), and the Unga Limited.

Her achievements in the organisations she served included, improvement of employee relations, development of organisational structures, HR policies and strategies in line with the organisations' strategic plans, preparing and executing budgets for HR operations and providing advisory services on HR issues.

She holds a Master's Degree in Business Administration, UoN; Post Graduate Diploma, IHRM; and a Bachelor of Education Degree (Home Economics) from Kenyatta University. Ms. Sawe is a licensed HR practitioner.

**Margaret Sawe**



**C**ommissioner Ashubwe is a Member of the Commission, nominated by the Central Organization of Trade Unions. She chairs the Legal and Policy Framework Committee of the Commission.

She is an advocate of the High Court of Kenya, and formerly a Managing Partner at Eshiwani Ashubwe and Company Advocates LLP, where she represented clients in employment and labour related matters.

She trained as a pupil at J.A. Guserwa and Company Advocates, where she later became an Associate. She is passionate about the rights of children and has co-authored a book with the Kenya Literature Bureau titled, 'Child Rights and Child Protection (ECDE Diploma)'.

Through her law firm, she trained lawyers who have undertaken their pupillage under her tutelage and guidance. Commissioner Ashubwe holds a Diploma in Law from the Kenya School of Law, a Law Degree from UoN, and a Bachelor of Education Degree from Kenyatta University.

She is a mother, mentor, educationist and philanthropist, among many things. A gourmet in her own right, her world takes a different trajectory when she engages in culinary explorations.



**Nelly Peris Ashubwe, MBS**

**F**CPA. Moturi is a Member of the Commission, nominated by the Association of Professional Societies in East Africa (APSEA). She chairs SRC's Corporate Services Committee.

She is a Certified Public Accountant and a Fellow of the Institute of Certified Public Accountants of Kenya. FCPA. Moturi is a member of ICPAK's Public Policy and Governance Committee and Chairman of Life in Abundance International which has presence in USA, Europe, Africa and the Caribbean.

She was a board member of the Public Sector Accounting Standards Board, Kenya, a Governing Council Member of the International Leadership University, Trustee of the Kenya Professionals Development Fund of APSEA and Trustee in Micro Enterprises Support Programme Trust.

Her other roles included Chairperson of the Association of Women Accountants of Kenya, Treasurer and Council Member in APSEA representing the Institute of Certified Public Accountants of Kenya (ICPAK), member of the Professional Standards Committee of ICPAK, and Chairperson of the Nyeri County Executive Audit Committee, among others.

She also has worked as Country Director, and Finance and Administration Manager for NGOs, and as Auditor and Accountant with Price Waterhouse. FCPA. Moturi holds a Master's Degree in Banking and Finance (Microfinance), and a Bachelor of Commerce Degree (Accounting Option).



**FCPA. Sophie Moturi, MBS**



**M**r. Abdiwahab Abdullahi Abdi is a Member of the Commission, nominated by the Judicial Service Commission. He holds a Bachelor of Business Management Human Resource Management Option from Moi University. He is currently finalising a MA degree in Sociology, Egerton University. Mr. Abdi has more than 14 years of experience in strategy development, HR management, project management and planning. He worked with County Land Management Board under the tutelage of the National Land Commission. He also consulted for the International Centre for Participatory Health and Environmental Research.

He is a certified Strategic Management Analyst accredited by the Global Academy of Finance and Management, in Colorado, USA. He holds a Certificate in Strategic Leadership and Management from the University of Illinois, Urbana Champaign, USA, as well as a Certificate on Transparency, Accountability and Ethics in Public Institutions issued by the United Nations.

Mr. Abdi also attended a training on negotiations skills for effective collective bargaining and formalisation of informal economy, held at the International Training Centre in Turin, Italy. He merited Board Directorship of Kenya Veterinary Board where he served two Board Sub-Committees, namely; Finance and Administration and Communication, Partnership and Stakeholder Engagement. He is a member of the Society for Human Resource Management (SHRM-USA), IHRM-Kenya, and Kenya Institute Management.

**Mr. Abdiwahab Abdullahi Abdi, MBS**

**W**angui Muchiri is a Member of the Commission, nominated by the National Police Service Commission. She is a public affairs, governance and security communications expert with 25 years of global experience in government, NGOs, media, communications and public relations.

She served in the Office of the President's Cabinet Affairs, the President's Delivery Unit, and the Ministry of Interior and Coordination of National Government. Wangui was instrumental in several campaigns, among them, the Huduma Number rollout, Kenya census, launch of police reforms, security elections communications, Choose Kenya, ONE Africa's MDG, and Pope John Paul II visit.

Wangui chaired communication committees for police reforms and was a member of a committee investigating sexual and gender-based violence in the National Police Service and the Kenya Prisons Service.

She handled the communications strategy for the Global Entrepreneurship Summit and President Obama's first State visit to Kenya. She received meritorious awards of Head of State's Commendation (HSC) and President Obama's Seal of the President awards.

Wangui worked for the US Department of State in Pretoria and awarded a Franklin Award. She helped initiate the 'Free African Media' portal and received a merit award for supporting the then-Secretary Hillary Clinton 7-nation African tour.

**Elizabeth Wangui Muchiri, HSC**





**M**r. Muhoro was a Member of the Commission from 2 October 2013 to 1 October 2019, nominated by the National Police Service Commission. He holds a BA Degree in Literature in English, Political Science, and Philosophy from UoN, Kenya.

He joined the civil service (Provincial Administration) in 1978, rising to the position of District Commissioner.

Mr. Muhoro transferred to the central government in 1991 as Senior Assistant Secretary and rose to the position of Senior Deputy Secretary. In his wide career, he served as Ag. Director Kenya Marine and Fisheries Research Institute, Mombasa, from 1999 to 2000.

He helped in setting up the Interim Independent Boundaries Commission from 2009 to 2010, as the Chief Executive Officer, and also the National Police Service Commission from 2012 to 2013.

He has had extensive training and experience in public administration and management from various public institutions within and outside the country.

**Mr. James Muhoro, OGW (2013-2019)**

**H**on. Melly is a Member of the Commission, nominated by the Parliamentary Service Commission. He served as a Senator, Uasin Gishu County, from 2013–2017, and a Member of the Senate Standing Committee on ICT, Agriculture, Land and Natural Resources.

He contributed to the development of the National Land Policy, and advised the national government on land registration, and other land issues. He has experience in benchmark salary reviews, job evaluation and analysis, training and capacity development, restructuring and organisational design.

Hon. Melly managed university activities as Associate Dean of Students at Mt. Kenya University (Eldoret Campus from 2008–2013). He was the first chairman of the university's student association, and Patron of Uasin Gishu County Academic Outreach Foundation. He also worked at CPF Financial Services.

He holds a Master's Degree in Business Administration in Strategic Management, a Bachelor of Business Management (HRM), Higher National Diploma in HRM, Diploma in Business Management, Advanced Certificate in HR, and Certificate in Business Management.

He is a PhD candidate in Leadership and Governance. Hon. Melly is a member of IHRM, and member of the alumni associations of Mt. Kenya University and Kenya Institute of Management.

**Hon. Sen. Isaac Kipkemboi Melly, MBS**





**H**on. Amina Abdalla was a Member of the Commission from 4 May 2020 to 7 July 2022, nominated by the Parliamentary Service Commission. She holds an MA Degree in International Development from Cornell University, USA. She served for three consecutive terms as a nominated MP for the period 2003-2017.

Hon. Abdalla was a member of the Parliamentary Select Committee on the constitution that midwifed the Constitution of Kenya, 2010, and the inaugural Committee on the Implementation of the Constitution. In the 10th and 11th Parliaments, she served as the chairperson of various committees. She has two Acts of Parliament to her credit, namely, the Statutory Instrument Act, 2013, and the National Authority on the Campaign Against Alcohol and Drug Abuse Act, 2013.

Hon. Abdalla served as a member of presidential tribunals investigating the conduct of a Supreme Court Judge and a High Court Judge. The water sector stakeholders recognised her as a water sector Ambassador for her leadership in the enactment of the Water Act 2016. She was also recognised as the first National Authority for the Campaign Against Alcohol and Drug Abuse heroine for her fight against drug abuse.

**Hon. Amina A. Abdalla, CBS (2020-2022)**

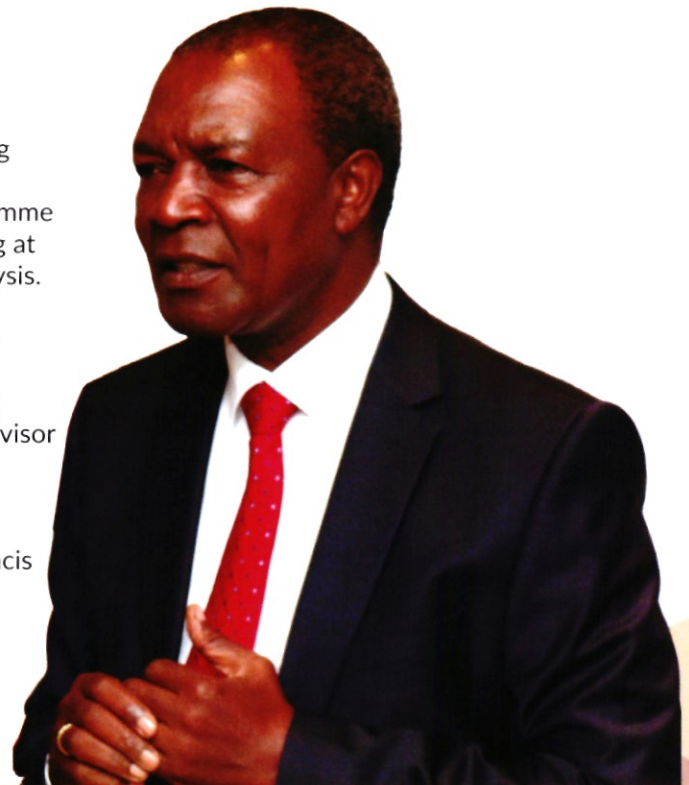
**P**rof. Njuguna Ndung'u is the Cabinet Secretary, National Treasury and Economic Planning, having been appointed by President William Samoei Ruto. Prof. Ndung'u served as the Executive Director of the African Economic Research Consortium (AERC).

He is an Associate Professor of Economics at UoN, and the immediate former Governor of the Central Bank of Kenya. Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum; Visiting Fellow of Practice at Blavatnik School of Government, Oxford University; Director of Training at AERC; Programme Specialist at IDRC; and Team Leader in Macro-modelling at the Kenya Institute for Public Policy Research and Analysis.

He is a member of Brookings Africa Growth Initiative, a member of the Advisory Committee of the Alliance for Financial Inclusive which coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF-based Better Than Cash Alliance.

He holds a PhD in Economics from the University of Gothenburg, Sweden. The alternate member is Mr. Francis Anyona, MBS.

**Prof. Njuguna Ndung'u, CBS**



**H**on. Justin Muturi holds a Post Graduate Diploma in Law. He was admitted as an advocate of the High Court of Kenya in 1982. He served as President of the Africa Parliamentarians' Network Against Corruption in Ghana (APNAC) (2018-2021); Member of the Expert Committee on Commonwealth Parliamentary Association (CPA) Status Representing Africa Region (2017-2022).

He was President of CPA-Africa Region (2014-2016); Member for East Africa to the Conference of the Speakers and Presiding Officers of Commonwealth Parliaments (2014-2016); Chairperson of the East Africa Community Bureau of Speakers (2014-2015); Chairperson of House Business Committee; and Select Committee on Appointments and Committee on Powers and Privileges (2013-2022). He also served as a member of various Kenya parliamentary committees.

Hon. Muturi initiated reforms for the management of political parties and was key to the constitutional review process leading to the adoption of the Constitution of Kenya, 2010. He served in the Judiciary for 15 years before retiring as Principal Magistrate.

He also served as the Chairperson of the Kenya Judges and Magistrates Association and President of the Board of APNAC. The alternate member is Mr. Emmanuel Omondi Bitta, MBS.

**The Attorney General -  
Hon. Justin Bedan Njoka Muturi, EGH**



**H**on. Moses Kuria is the Cabinet Secretary for the Ministry of Public Service, Performance and Delivery Management. In September 2022, he was appointed Cabinet Secretary for the Ministry of Investments, Trade and Industry.

Hon. Kuria is a seasoned public servant with 30 years of experience contributing to the social, political, and economic space in Kenya. He has a long entrepreneurial career in manufacturing, banking and investment both in Kenya and internationally.

In 2014, Hon. Kuria was elected Member of Parliament for Gatundu South and re-elected in 2017. During his tenure, he served as a member of various committees including; Budget and Appropriations; Vice Chair, Transport, Infrastructure, Public Works and Housing; ICT and Energy; and member of the 14-member Bicameral and Bipartisan Committee on Electoral Reforms.

Hon. Kuria has produced opinion articles in the national and international newspapers. In 2017, he published a book - a collection of public interest articles spanning 25 years. He holds a Bachelor of Commerce - Business Administration Degree from the University of Nairobi.

**Hon. Moses K. Kuria, HSC**





**M**rs. Anne Rwamba Gitau is the Commission Secretary/CEO. She was appointed to the position in June 2015. Previously, she was the Deputy Commission Secretary from April 2012 to March 2014 when she was appointed as Ag. Commission Secretary.

Mrs. Gitau previously worked at the Higher Education Loans Board as a Human Resources and Administration Manager and at the Industrial Development Bank and Hawkins Associates before joining the Commission.

She is a respected HR professional and leader with over ten years of comprehensive HR experience ranging from the private sector to the public sector, and with diverse and solid experience ranging from HR consultancy to HR management.

Mrs. Gitau holds a Master's Degree in Business Administration from the University of Nairobi and a Bachelor of Education Degree from Egerton University. She is also a Certified Human Resource Practitioner (CHRP).

**Mrs. Anne Rwamba Gitau, CHRP, MBS, EBS**

## 1.6 Governance Structure

SRC has a Board Charter that provides for a structured system of operating made up of the Commission and Standing Committees that assist in discharging its mandate, responsibilities and obligations. SRC delegates specific functions to selected Committees with defined formal terms of reference, without abdicating its ultimate responsibility.

The terms of reference clearly identify matters reserved for the Commission and Committees. The Committees make recommendations to the Commission for consideration and adoption/resolution. The membership and chairmanship of the Committees is regularly reviewed by the Commission. The Commission is cognizant that members collectively have sufficient qualifications and experience to fulfil the duties of the respective Committees. The Committee Chairpersons apprise the Commission of their activities on a regular basis, through reports.

These Committees are; Wage Bill Management Committee (WBC), Job Evaluation and Salary Structures Committee (JESSC), Legal and Policy Framework Committee (LPC), Corporate Image and Stakeholder Management Committee (CISMC), Corporate Support Services Committee (CSSC), Allowances and Benefits Committee (A&BC), and Audit, Risk, and Compliance Committee (ARCC).

## 1.7 Commission Meetings

The Commission and its Committees meet regularly in accordance with weekly and monthly schedules. Following the miscellaneous amendment to SRC Act, 2011, Members serve on a full-time basis earning a salary from the Consolidated Fund Services (CFS) (for State officers). Three ex-officio Members earn sitting allowance for meetings attended up to a maximum of eight meetings per month.

The Commission meets at least twice a week, and each committee meets at least once a week. The number of meetings may increase depending on the workload. In addition, the Commission holds meetings with stakeholders on a continuous basis.

## 1.8 SRC Secretariat

### 1.8.1. Office of the Commission Secretary/ Chief Executive Officer

SRC has a Secretariat headed by the Commission Secretary (CS) who is also the Chief Executive Officer (CEO). Two directorates and four departments report directly to the CS/CEO. The directorates are; Directorate of Remuneration Services and Directorate of Corporate Services, while the departments are, Corporate Communications Department, Legal Services Department, Supply Chain Management Department and Internal Audit Department.

### 1.8.2. Directorates and Departments

SRC has two directorates that manage several departments, as follows:

- a. **Directorate of Remuneration Services**  
The departments that fall under these directorate are: 1) Research, Monitoring and Evaluation; 2) Job Evaluation and Salary Structure; 3) Allowances and Benefits; 4) Collective Bargaining Negotiations; and, 5) Productivity and Performance.
- b. **Directorate of Corporate Services**  
The departments that fall under these directorate are: 1) Finance and Accounts; 2) Human Resources and Administration; and 3) Information and Communications Technology.

# CHAPTER



## AFFORDABILITY AND FISCAL SUSTAINABILITY OF THE PUBLIC WAGE BILL



## CHAPTER 2: AFFORDABILITY AND FISCAL SUSTAINABILITY OF THE PUBLIC WAGE BILL



### 2.1 Introduction

The principle of affordability and fiscal sustainability of the public wage bill, as set out in Article 230(5) of the Constitution, ensures that aggregate remuneration and benefits are within the planned public service resource envelope, both in short and long-term perspective.

To ensure adherence with this principle, SRC and public service organisations must work towards ensuring that remuneration and benefits across the public service do not exceed the threshold set by the Public Finance Management (PFM) Act, 2012 and Regulations 2015.

The public service wage bill refers to the total cost that a government incurs to compensate for expertise and services rendered, facilitate employees to work and support the well-being of its employees. It comprises salaries, remunerative and facilitative allowances and benefits.

A fiscally sustainable public wage bill is an enabler in the provision of the desired public services and achievement of anticipated economic development since it frees resources for development that promote economic growth.

On the contrary, high levels of the public wage bill is a threat to sustainable public expenditure and leads to crowding out resources that would otherwise be used for development priorities and provision of social services. Further, it leads to, fiscal deficits, macroeconomic instability, and loss of competitiveness.

### 2.2 Legal Provisions on Wage Bill Fiscal Sustainability

The PFM Act, 2012, and PFM Regulations, 2015, set the threshold for the wage-bill-to-revenue ratios for national and county governments at not more than 35 per cent. Specifically:

- a. The PFM (National Government) Regulations, 2015, Regulation 26(1)(a) states that; "National government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 per cent of the national government's equitable share of the revenue raised nationally plus other revenues generated by the national government, pursuant to Article 209(4) of the Constitution". As per 26(b), equitable share of revenue shall not include revenues that accrue from extractive natural resources, including oil and coal.

- b. The PFM (County Government) Regulations, 2015, Regulation 25(1) states that; (a) "The County Executive Committee Member, with the approval of the County Assembly, shall set a limit on the county government's expenditure on wages and benefits for its public officers, pursuant to Section 107(2) of the Act"; and (b) "The limit set under paragraph (a) above, shall not exceed 35 per cent of the county government's total revenue".

To ensure accountability in spending public funds, the PFM Act mandates the national and county treasuries to enforce the principles of fiscal responsibility and ensure adherence to the requirements of the wage bill to revenue ratio to achieve fiscal sustainability of the country's wage bill.

Article 230(5)(a) of the Constitution states that in performing its functions, SRC shall, among other principles, consider "the need to ensure that the total public compensation bill is fiscally sustainable". This principle ensures that aggregate remuneration and benefits is within the planned public service resource envelope, both in short and long-term perspective.

To ensure adherence with this principle, SRC and public service organisations must be put in place measure to ensure that remuneration and benefits across the public service does not exceed the threshold set by PFM Act, 2012, and PFM Regulations, 2015.

## 2.3 Public Wage Bill Management Framework

### 2.3.1 Public Service Wage Bill Ratios and Trends

Public wage bill to revenue ratio is a factor of the remuneration quantum (remuneration rates as set by SRC) and the total number of employees in the public service as the numerator, and the amount of ordinary revenue generated by the country at any given year, as the denominator. While SRC has a direct role in influencing the remuneration quantum, it has little influence on the number of employees, and the revenue generated.

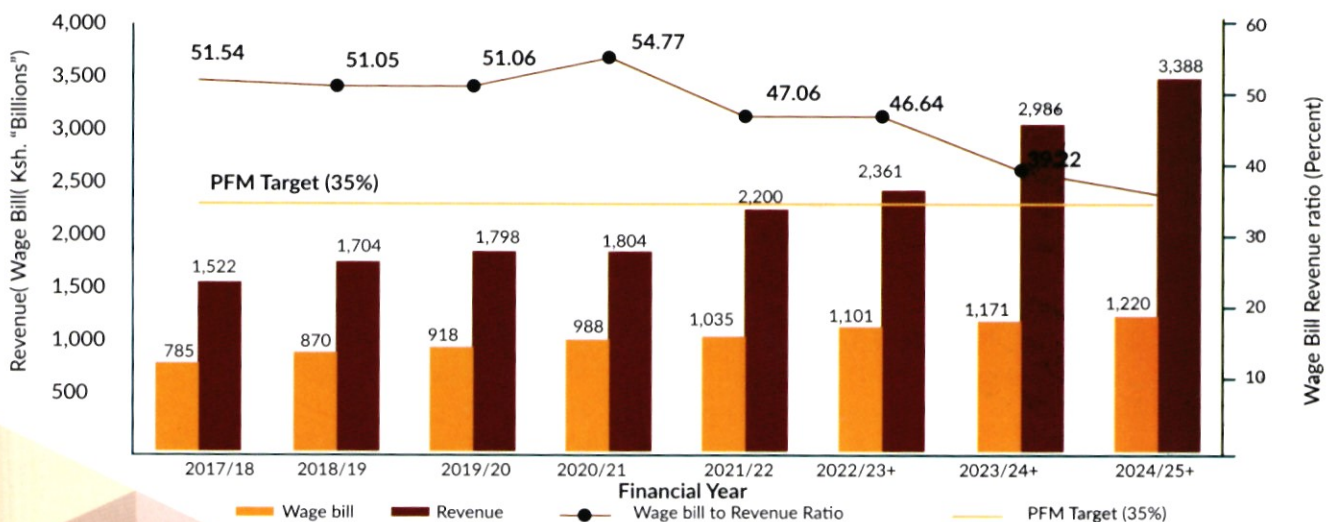
The analysis of the public service wage bill and determination of its fiscal sustainability involves the assessment of the Wage Bill to Revenue (WB:R) ratio. The WB:R ratio is calculated as follows:

$$WB:Ratio = \left( \frac{\text{Total Wage Bill}}{\text{Total Ordinary Revenue}} \right) \cdot 100$$

$$= \left( \frac{\sum (\text{Remuneration Rates} \cdot \text{No of Employees})}{\text{Total Ordinary Revenue}} \right) \cdot 100$$

The whole-government WB:R ratio is an aggregate of the institutional and sectoral ratios. As such, attainment of the 35 percent threshold of WB:R ratio at the whole-government level is dependent on the sectoral WB:R ratios. The trend and ratios of the public service wage bill is as shown in Figure 2.1.

Figure 2.1: Trend and Ratios of Public Service Wage Bill



Sources: KNBS, National Treasury, Economic Survey Reports 2022 and 2023 and Budget Review and Outlook Papers 2022 and 2023 \*Estimates +Projections

The public service wage bill has been on an upward trend in absolute amount rising from Ksh 785 billion in FY 2017/2018 to Ksh 1.035 trillion in FY 2021/2022. It is projected to grow further to Ksh 1.17 trillion in FY 2023/2024. This absolute growth in public wage bill is attributed to the increase in the workforce through employment in education, health and security sectors, which are essential services. It is also as a result of upward reviews of remuneration and benefits in response to Cost-of-Living-Adjustments and the need to attract and retain requisite skills.

Conversely, the ratio of total public wage bill to total ordinary revenue has come down from 51.54 per cent in FY 2017/2018 to 47.06 per cent in FY 2021/2022. This is further projected to decline to 39.22 per cent in FY 2023/2024, against a maximum of 35 per cent as set by the PFM Act, 2012, and PFM Regulations, 2015, as shown in Table 2.1.

**Table 2.1: Trends of Public Wage Bill, Ordinary Revenue and Employment**

Economic Indicators	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023*	2023/2024+
Wage bill (Ksh Millions)	784,526	870,130	917,820	987,780	1,035,160	1,100,972	1,171,086
Revenue (Ksh Millions)	1,522,276	1,704,363	1,797,665	1,803,536	2,199,808	2,360,510	2,985,600
GDP (Nominal/ Current Price)	9,340,307	10,237,727	10,715,070	12,027,662	13,368,340	14,521,600	16,290,300
<b>Public Service Employment</b>							
Public Service Employees (Numbers)	842,900	865,200	884,700	923,000	937,900	953,041	968,425
Av. Monthly Gross Earnings per Employee (Ksh)	62,341	66,307	67,038	68,630	70,229	71,865	73,540
<b>Ratios (Per cent)</b>							
Wage bill to GDP (Benchmark Target: 7.5)	8.4	8.5	8.57	8.21	7.74	7.58	7.19
Wage bill to Revenue (PFM Target: 35)	51.54	51.05	51.06	54.77	47.06	46.64	39.22
<b>Growth (Per cent)</b>							
Wage Bill	16.96	10.91	5.48	7.62	4.8	6.36	6.37
GDP (Nominal/ Current Price)	10.1	9.61	4.66	12.25	11.15	8.63	12.18
Revenue	5.75	11.96	5.47	0.33	21.97	7.31	26.48
Av. Monthly Gross Earnings per Employee	6	6.36	1.1	2.37	2.33	2.33	2.33
Number of Public Service Employees	1.18	2.65	2.25	4.33	1.61	1.61	1.61

Source: KNBS – Economic Survey and Statistical Abstracts (various years) and TNT – Budget Policy Statement, 2024 \* Provisional +Projected

The wage bill contribution by different sectors is shown in Table 2.2.

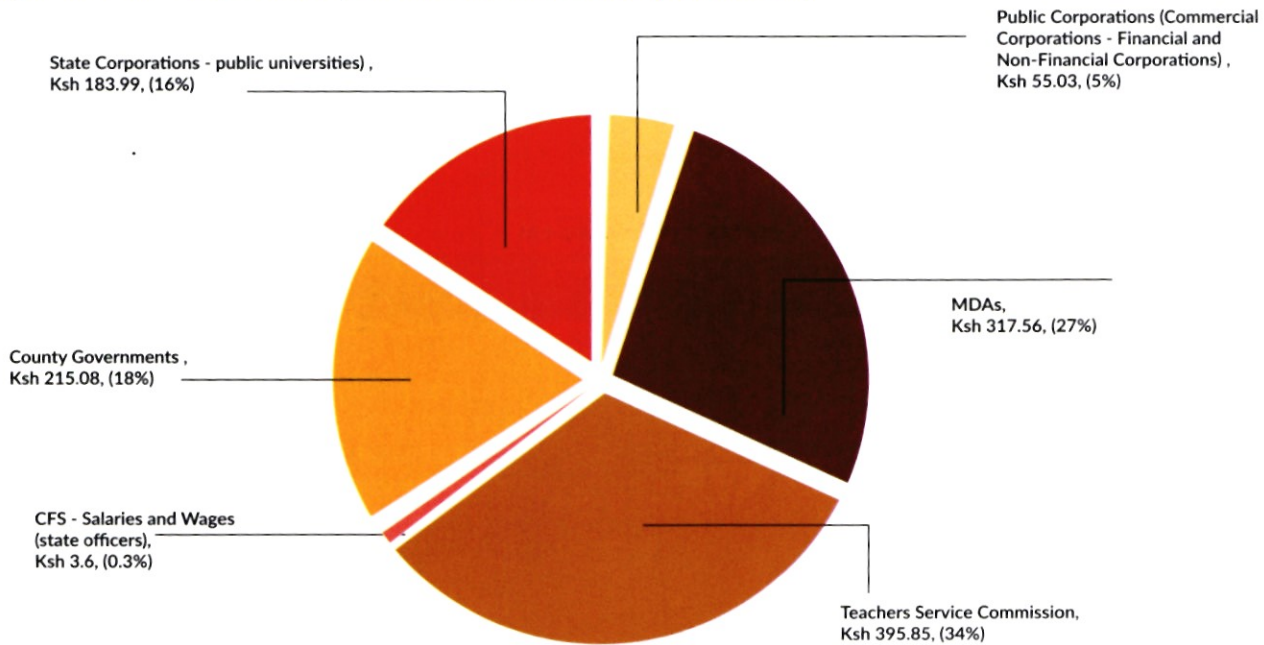
**Table 2.2: Public Wage Bill Data (Ksh “Billions”) per Sector**

Sub-total	505.09	535.35	590.23	633.78	674.07	717.01
Ministries, Departments and Agencies (MDAs)	187.30	208.24	256.53	280.70	298.55	317.56
Teaching Service	313.60	324.50	331.10	349.90	372.15	395.85
CFS - Salaries and Wages (State officers)	4.19	2.62	2.60	3.18	3.38	3.60
County Governments	163.39	171.83	176.03	190.11	202.20	215.08
State Corporations - public universities	159.65	144.29	183.94	162.63	172.97	183.99
Public Corporations (Commercial Corporations - Financial and Non-Financial Corporations)	42.00	66.34	37.58	48.64	51.73	55.03
<b>Total</b>	<b>870.14</b>	<b>917.81</b>	<b>987.78</b>	<b>1,035.15</b>	<b>1,100.97</b>	<b>1,171.09</b>

Sources: KNBS, National Treasury, Economic Survey Reports 2022 and 2023, and Budget Review and Outlook Papers 2022 and 2023 \*Estimates +Projections

In FY 2023/2024, the teaching service is projected to spend Ksh 395 billion, accounting for 34 per cent of the total wage bill. This is followed by MDAs and Counties at 27 per cent and 18 per cent, respectively, as shown in Figure 2.2.

**Figure 2:2 Public Wage Bill Data per Service in FY 2023/2024 (Ksh "Billions")**



Sources: KNBS, National Treasury, Economic Survey Reports 2022 and 2023 and Budget Review and Outlook Papers 2022 and 2023

The wage bill as a percentage of revenue has shown a positive trend as a result of SRC's initiatives and interventions, in collaboration with stakeholders, supported by an increase in revenue.

### 2.3.2 Key Drivers of Public Wage Bill

The key drivers of the public wage bill, both at the national and county governments, are:

#### a) Sub-Optimal Organisational Structures and Staff Establishment

During the JE process, SRC identified organisational structures with many layers and levels, duplication of roles, and over splitting of roles. Such organisational structures add to the wage bill without commensurate benefits in service delivery.

On average, the current in-post staff establishment at the national government stands at 62 per cent of the approved staff establishments (SRC, 2023). Even though the establishments are not fully filled, it is important to note that the public wage bill has been above the threshold of not more than 35 per cent of revenue.

If employment was raised to full staff establishments, that is, at 100 per cent in FY 2023/2024, ceteris paribus, public wage bill would have escalated to unsustainable levels, estimated at Ksh 1.8 trillion, yielding a wage bill to ordinary revenue ratio of 75.23 per cent. As such, this poses the question whether the current approved public service organisational structures and staff establishments are optimal.

#### b) Number of Public Service Employees

The increase in employee numbers is a key contributor to the increase in wage bill in absolute amounts. As a developing nation, the government will continue to employ in key sectors to achieve the ideal ratios for effective service delivery, notably in teaching, healthcare, and security, hence driving the numbers further. However, the increase in employee numbers is not always attributed to service delivery in critical areas.

The disproportionate increase in the number of public service employees, will be addressed by focusing on approved staff establishment vis-à-vis in-post establishment, employees' composition i.e. technical versus non-technical staffing levels; and consequences of non-adherence with authorised staff establishment and in-post staffing levels on the sustainability of the wage bill in the national government.

#### c) Low Labour Productivity

Whereas labour productivity drives economic growth, which results in higher revenue and in turn, improved wage bill to revenue ratio, Kenya's labour productivity remains low compared to other countries. Kenya's productivity has grown from US\$ 4 per hour in 2017/2018 to US\$ 5.1 in 2024/2025, compared to Luxembourg, which boasts of over US\$ 100 per hour.

Despite the growth in the average monthly gross earnings per public service employee and labour productivity, the International Labour Organization (ILO), 2023 statistics on labour productivity, shows low performance in Kenya. To improve on the ranking, the country will focus on institutionalising measurement of productivity, integrating various measurement systems and creating clear linkage to a reward and sanction system, through a reviewed model of performance management.

#### d) Weak Payroll Management and Control

Weak payroll management and weak controls give room for financial errors and leakages, hindrance to audit trails and accountability. SRC Monitoring and Evaluation Report (2023) which corroborated other reports, identified lack of proper payroll controls resulting in payments that are not compliant with the advised and set remuneration, double payments, payment to ghost workers, excessive and unauthorised payments.

According to the Office of the Controller of Budget (OCOB), compensation to employees amounting to Ksh 11.65 billion (2.15%) of the total Ksh 542.46 billion in the national government was paid outside the approved payroll management systems in FY 2022/2023.

To mitigate these and other risks associated with weak payroll management systems, institutions must invest in robust automated payroll management systems in line with the government directive, employ skilled payroll professionals, and prioritise transparency and accuracy.

Further, a central analytical tool able to access the payroll is required to check and enhance accountability. This will ultimately control the wage bill, instil prudent utilisation of public resources, and curb excessive and unauthorised payments.

#### e) Consequence Management for Non-Adherence

Non-adherence to wage bill management policies, regulations and guidelines is a pervasive challenge faced by SRC and other public finance management institutions. The non-adherence is attributed to the failure or refusal by public employees as individuals or as entities to adhere to established wage bill management policies, regulations and guidelines.

The current adherence level stands at 86 per cent. The reasons behind non-adherence are diverse, and stem from factors, such as, lack of resources, resistance to change, and deliberate misconduct. To mitigate against these factors, a consequence management framework should be instituted at the highest level to severely punish non-adherence.

## 2.4 Benefits of a Fiscally Sustainable Public Wage

A fiscally sustainable public wage bill allows the government to allocate more resources to development and other prioritised public services such as healthcare, education, infrastructure, and social welfare. Table 2.3 shows simulated benefits that the government would have reaped from operating at the ideal fiscally sustainable wage bill of a maximum of 35 per cent of the ordinary revenue between FY 2020/2021 and 2022/2023.

In FY 2020/2021, the government incurred Ksh 988 billion in wage bill, which constituted 54.8 per cent of the ordinary revenue, a proportion above the recommended fiscally sustainable level of not more than 35 per cent (PFM Act, 2012, and PFM Regulation, 2015).

It is observed that if government operated at not more than 35 per cent, it would have incurred a wage bill of Ksh 631 billion, thus, having additional resources to the tune of Ksh 356 billion for development and other priorities. Similarly, the government would have had additional financial resource of about Ksh 265 billion and Ksh 274 billion in FY 2021/2022 and 2022/2023, respectively, holding all other factors constant.

**Table 2.3: Benefits of a Fiscally Sustainable Public Wage Bill**

Economic Indicators	2020/2021	2021/2022	2022/2023*
Wage bill (Ksh Billions)	988	1,035	1,101
Wage bill to Revenue (%)	54.8	47.1	46.6
Estimated wage bill (Ksh Billions) at 35% of revenue	631	770	827
Wage bill to Revenue (%)	35	35	35
Simulated funds released for development and government priority areas (Ksh Billions)	356	265	274

Source: SRC Simulation 2024 and 2023

## 2.5 SRC Contribution to Reduction in Wage Bill Sustainability Ratios

The drop in the wage bill sustainability ratios of 51.4 per cent to revenue in FY 2017/2018, to 46.64 per cent in FY 2022/2023, is attributed to interventions by SRC together with other public institutions. The interventions specifically attributed to SRC include:

#### a) Fiscally Sustainable Salary Structures

SRC evaluates jobs to determine the relative worth of jobs. The JE results, together with salary market surveys resulted in freezing of salary structures of over 90 per cent State corporations, and Constitutional Commissions and Independent Offices (CCIOs) in the second and third remuneration review cycles.

This included: salary structure freeze for all public officers in the first two financial years of the third review cycle (2020/2021 – 2021/2022), 2 per cent average growth of the average monthly gross earnings per employee between 2019/2020 – 2023/2024, and, harmonisation of salary structures towards the 50th percentile, and freezing those above, except for commercial State corporations whose target positioning is at the 75th percentile.

Most allowances on the other hand have largely not been reviewed over the last 10 years, except for house allowance that was reviewed in the third remuneration review cycle. Consequently, the growth of the average monthly gross earnings per employee between 2019/2020 – 2023/2024 has been at 2 per cent.

### b) Rationalised Expenditure on Public Wage Bill through SRC Advice

Through SRC advice, expenditures related to requests on Collective Bargaining Negotiations (CBNs), allowances and benefits, recognising productivity and performance, and salary reviews were reduced. This resulted in expenditure lower than what had been requested as shown in Table 2.4.

**Table 2.4: Rationalised Expenditure on Public Wage Bill through SRC Advice**

FY	Requests by Public Service Institutions (Ksh Billions)	Requests Approved by SRC (Ksh Billions)	% of Requests Approved as a share of Requests received from public institutions
2020/2021	70.14	5.93	8.5
2021/2022	20.55	2.69	13.1
2022/2023	8.18	4.27	52.3
2023/2024	52.02	32.21	61.9
<b>Total</b>	<b>150.89</b>	<b>45.1</b>	<b>30</b>

Source: SRC Internal Data 2024

It is noted that without SRC's advice, the country would have spent an additional Ksh 150.89 billion during FY 2020/2021 and 2023/2024. However, the requests approved through SRC's advice reduced the requests to Ksh 45.1 billion, hence, releasing an additional amount of Ksh 105.7 billion to other key government priorities.

### c) Streamlining the Management and Administration of Allowances

SRC developed a framework to streamline allowances to be implemented in four phases. Phase one and two have been implemented with direct cost saving shown in Table 2.5.

**Table 2.5: Estimated annual savings realised from implementing the Allowances Policy Framework for the Public Service**

Category of Allowance	Estimated Annual Savings (Ksh)
Ministerial Allowance for Cabinet Secretaries and Plenary Sitting Allowance for Members of Parliament (MPs) and Members of County Assemblies (MCAs) (Vide SRC Circulars issued in 2019)	1.7 billion
Taxable Car Allowance for Cabinet Secretaries, Principal Secretaries and Judges. (This advice was recently quashed by a Nairobi High Court in the Case No. PET E304 of 2024. SRC appealed the court decision. Should this judgement be implemented, the savings gained would be reversed)	2.4 billion
Remuneration and allowances structure for University Vice Chancellors, Deputy Vice Chancellors and Principals of Constituent Colleges and Campus (Vide SRC Circulars issued in June and Dec 2023)	202 million
Review of Hardship Allowance for Public Service employees in the revised hardship areas to be designated as either 'Moderate' or 'Extreme' (vide SRC Circular issued in April)	6.9 billion
<b>Annual Savings</b>	<b>11.2 billion</b>

### d) Collective Bargaining Negotiation

SRC issued Guidelines on Collective Bargaining in the Public Service in 2019, which has fostered industrial harmony in public service institutions. There has been improvement in adherence to SRC's guidelines on collective bargaining in the public service, attributed to sensitisation by SRC on the guidelines.

SRC advised on negotiation parameters on collective bargaining to 168 public institutions between 2018/2019 and 2023/2024. Further, SRC collaborated with the Ministry of Public Service on the Memorandum on One Body/Entity to negotiate for Government. This culminated in the development of a Framework for Collective Bargaining in the Public Service by the Ministry in 2023. In addition, SRC collaborated with KSG in the development of a Curriculum on Collective Bargaining and Labour Relations, which was launched in June 2021. Upto 669 public officers were capacitated from FY 2021/2022 to 2023/2024.

There have been some challenges in CBN in the public service. These include: the entry point and role of SRC in collective bargaining not being clearly understood; a number of public institutions initiating and concluding negotiations with trade unions before seeking advice on the parameters for negotiations from SRC; and, public institutions delaying in initiating negotiations upon expiry period of the running Collective Bargaining Agreements (CBAs).

Other challenges include: non-adherence to SRC’s guidelines on CBNs; proposed reviews that are inconsistent with government policies and legal provisions; gaps in CBN skills; signing of CBAs with financial implications that are neither affordable nor fiscally sustainable; and inadequate communication between the management and trade unions.

To address the above challenges, SRC continues to hold consultations with public institutions that may require such support to streamline the CBN process. Further, SRC continues to encourage public institutions to undertake capacity building on collective bargaining for their staff at KSG.

**e) Outcomes of the second National Wage Bill Conference**

Significant progress has been made on the implementation of the resolutions of the Second National Wage Bill Conference (NWBC), held in November 2019. Notably, the development of; the Framework for Streamlining Allowance in the Public Service; Framework for Recognising Productivity and Performance in the Public Service; and Framework on Productivity Measurement, subsequent embedding of productivity in the 20th performance contracting cycle, and piloting of productivity measurement in 20 State corporations.

Other successes include; the development and rollout of productivity training curriculum at KSG; Public Service Remuneration and Benefits Policy; Public Service Superannuation Scheme; the Kenya Integrated Performance Management Policy; and Framework and standing sectoral Collective Bargaining Negotiation committees.

**f) Adherence to SRC Advice**

SRC regularly undertakes continuous M&E to, inter alia, receive feedback from stakeholders on SRC’s advice on remuneration and benefits, assess the effectiveness of SRC’s advice on remuneration and benefits, identify challenges in implementation and identify remedies for continuous improvement.

The M&E findings informed SRC on implementation of its advice and guidelines and provided an avenue for SRC to offer interpretation and clarification on its advice and guidelines.

A summary of the number of institutions visited as part of the continuous M&E are as summarised in Table 2.6.

**Table 2.6: Number of Public Institutions visited for M&E**

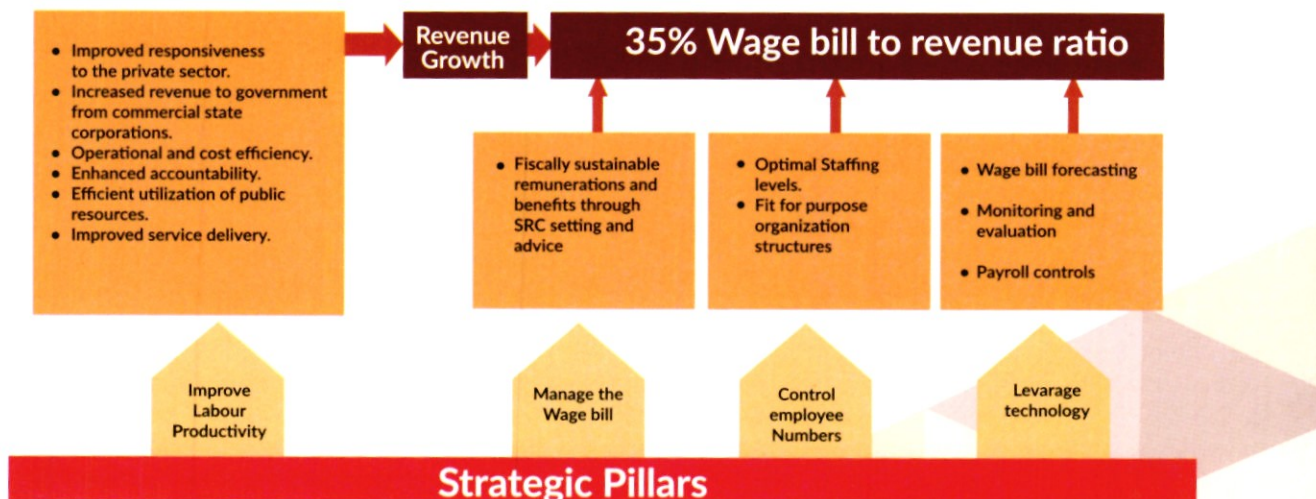
Year	No. of National Government Institutions	No. of County Government Institutions
2018/2019	67	32
2019/2020	-	-
2020/2021	0	20
2021/2022	33	2
2022/2023	16	8
2023/2024	46	0
<b>Total</b>	<b>162</b>	<b>62</b>

Effective implementation of SRC advice and guidelines requires continuous stakeholder engagement and monitoring to enhance the adherence level from the current 86 per cent to 100 percent in the medium term. SRC will endeavour to seek adequate funding to undertake M&E and build capacity of its stakeholders for improved adherence to SRC advice.

**2.6 Strategies on Wage Bill Management towards achieving the 35% PFM Ratio**

Effective management of public wage bill is critical for the country’s fiscal stability, enhanced service delivery, investment in critical sectors, improved productivity, and economic development. The Figure 2.3 summarises broad strategies that need to be implemented to help the country achieve steady and sustainable progress towards the goal of an affordable and fiscally sustainable wage bill.

**Figure 2.3: Strategies to Achieve 35% Wage Bill to Revenue Ratio**





To achieve these strategies, SRC proposed to the 10th Ordinary Session of the National and County Governments Coordinating Summit that a wage bill conference be convened to develop strategies and action plans towards achieving the wage bill to revenue ratio of 35 percent.

SRC jointly with the Intergovernmental Relations Technical Committee (IGRTC) and Council of Governors (COG) successfully convened the Third NWBC from 15 to 17 April 2024, at the Bomas of Kenya, Nairobi, under the theme: Towards 35 per cent.

The objective of the Third NWBC was to consolidate the gains and identify strategies that will facilitate the national and county governments in achieving the ideal wage bill to revenue ratio of 35 per cent by 2028.

The conference brought together high-level representatives from the national and county governments, local and international subject matter experts, academia and researchers, members of civil society organisations, non-governmental organisations and faith-based organisations.

Other invitees included, the private sector, development partners, professional bodies and associations, and the media, to discuss and make appropriate resolutions towards achieving the PFM Act, 2012, threshold of not more than 35 per cent wage bill to revenue ratio.

The conference adopted ten Resolutions to be implemented by all stakeholders at both levels of government. The Resolutions are as follows:

1. All Ministries, Departments and Agencies, State Corporations at the national government level to refine their strategies and action plans to achieve a wage bill to revenue ratio of 35 per cent by 30 June 2028. These strategies and action plans to be submitted to their respective Cabinet Secretary by 30 June 2024 for approval. The National Treasury and the Controller of Budget to progressively monitor the trajectory and ensure that provision of Personnel Emolument do not exceed the 35 per cent threshold, by 30 June 2028.
2. All County Executive Committee Members (CECM) for Public Service to refine the strategies and action plans to achieve a wage bill to revenue ratio of 35 per cent. The strategies and action plans to be submitted to the County Executive Committee (CEC) by 30 June 2024 for approval. The county governments and the Controller of Budget progressively monitor and ensure that provision of Personnel Emolument does not exceed the 35 per cent threshold, by 30 June 2028.
3. The public service institutions to review and rationalise their staff establishments with a view to align to affordability, fiscal sustainability, right composition, skills set and fit for purpose organisation structures that will facilitate the institutions to achieve the 35 per cent by 2028.





4. Review the Kenyan model for performance management by December 2024 to shift from measurement of activities and inputs to outputs and outcomes. Institutionalise measurement of productivity, integrate the various measurement systems and create clear linkage to a reward and sanction system.
  5. All institutions of the national and county governments to adopt and build capacity on performance contracting as an accountability tool in line with Medium Term Plan IV with effect from 1 July 2024. In this regard, public service institutions incorporate productivity measurements, process re-engineering, technology, and skills development as key drivers to implementation.
  6. All institutions at both levels of government to migrate their payrolls to the Human Resource Information System-Kenya by 30 June 2025. Further, manual, multiple and stand-alone payroll systems to cease.
  7. Eliminate duplications and mitigate overlap of mandates, roles and functions across State corporations, national and county governments, Constitutional Commissions and Independent Offices.
  8. Initiate a government-wide cultural transformation to embed the national values and principles, and institute a mechanism for reward and consequence management in pursuit of a transformed public service culture.
  9. Undertake public sector wide audit on academic certificates for officers serving in both national and county government institutions in order to root out employees with fake certificates and enhance integrity, accountability performance and productivity. Further, all public institutions to streamline the verification process and ensure authenticity of academic certificates before engagement.
  10. Submit the 3rd National Wage Bill Conference 2024 resolutions to the Summit for adoption, and thereafter, constitute an inter-governmental multi-agency team to implement the resolutions.
- SRC and IGRTC will play the overall coordinating role in the implementation of the Third NWBC Resolutions, while the Ministry of Public Service, Performance and Delivery Management (MPSP&DM), Council of Governors (COG), Public Service Commission (PSC) and State Corporations Advisory Committee (SCAC) shall coordinate the national government, county governments and State corporations respectively, in implementing the resolutions.
- Therefore, to achieve the goal of wage-bill-to-revenue ratio of 35 per cent, implementation of the Third NWBC Resolutions is paramount.

# Chairperson's Diary

**Mrs. Lyn C. Mengich, FIHRM, EBS**

My overall journey has been one of gratitude for the privilege to serve the public in leading a very able team of Commission Members and the Secretariat to discharge the mandate entrusted to SRC by the great people of Kenya.

The citizens spoke clearly in the Constitution on what is expected of SRC. They entrusted SRC with their aspirations on how the revenue is to be shared to ensure that the spend on wage bill does not crowd out resources for development and other government priorities.

On the other hand, SRC is expected to ensure that the public service can attract and retain the required skills to execute the public service functions and to ensure equity and fairness in pay. To achieve these aspirations requires a balance in what seems like contradicting aspirations.

In balancing these dichotomies, the accomplishments made by SRC over the last six years culminated in the reduction of the wage-bill-to-revenue ratio, and a more equitable remuneration for public officers. Looking back, I see these as high moments. Like many journeys there are high and low moments.

The low moments emanated from resistance by some stakeholders towards SRC's setting and advice that abolished some allowances, and the review of pay at lower rates than expected by State officers and other public officers. The resistance included challenging SRC's decisions in court, negative media campaigns, and in some cases, lack of full adherence to SRC's advice.

A key challenge that stood out for me is the taxable car allowance for judges. Although the allowance was paid without SRC's advice after the establishment of SRC, and whereas other State officers did not challenge the abolishment of the allowance, the abolishment in respect to judges was challenged in court.

This raises a question of conflict of interest. However, the courts heard the case and ruled that the taxable car allowance be paid to the judges. SRC has appealed the decision, and I hope that the public will not have to bear the huge cost associated with the courts' decision.

Despite the various challenges, my motivation to keep going emanates from the desire to serve the public in a way that the greater good far out ways personal comfort. I chose to follow the path of courage to do the right thing.

It was clear to me from the onset that the role of a Chairperson at SRC is not a position where one seeks to be liked, but rather, to do the right thing per the Constitution.

The establishment of SRC and its mandate took away what other institutions were mandated to do before the promulgation of the new Constitution in 2010. For some, SRC constrained their push for more pay to their members or employees. There is always a push for more pay by employees, putting pressure on employers and trade unions.

Whereas these institutions desire for more pay, given the current economic realities and the current wage bill to revenue ratio, SRC's setting and advice on remuneration and benefits has, by and large, been lower than the expectation of these institutions.

In a span of six years, the wage-bill-to-revenue ratio has come down and projected to reduce further. The implementation of the Third National Wage Bill Conference Resolutions will certainly result in the desired wage-bill-to-revenue ratio not exceeding 35 per cent. Hence, affordability and fiscal sustainability of the wage bill is indeed achievable.

My guidance to the Third Commission is that it should strive for excellence and be counted to stand by the Constitution. There will be a lot of pressure to increase remuneration at the expense of the greater good of the country. My message is to keep eyes on the ball; the mandate of SRC. Walk the journey with other stakeholders without compromising on SRC's mandate.

I would like to be remembered for the courage to stand by what is right and for taking a collaborative approach in discharging SRC's mandate. It has been a challenging and rewarding journey.

The achievements made would not have been possible without the support and encouragement of my family and the many people who expressed their appreciation for the work done. Their words of encouragement to soldier on in the face of resistance was a motivation to stay true to the course, and deliver the mandate as expected of us by the people of Kenya.

I have been privileged to be entrusted with this service to the public together with the entire SRC team. We have made a positive impact, but a lot more still needs to be done. I am handing over a steady ship to the next Captain to steer it to its next destination.



# CHAPTER

# 3

## RECOGNISING AND REWARDING PRODUCTIVITY AND PERFORMANCE

## CHAPTER 3: RECOGNISING AND REWARDING PRODUCTIVITY AND PERFORMANCE



### 3.1. Introduction

The principle of recognising and rewarding productivity and performance, as set out in Article 230(5) of the Constitution, accentuates the need to ensure that there are incentives for individual employees or teams of employees and institutions to actively pursue improvement in their productivity and performance at the place of work.

Such incentives will provide rewards for public employees who perform beyond the set productivity and/or performance targets.

Recognising productivity and performance is a strategic intervention to drive and align the public service in pursuit of; lower wage bill to revenue ratio, and thus, more resources available for development; enhanced cost efficiency, accountability, efficient utilisation of public resources; improved revenue and economic growth; improved service delivery; enhanced value for money; and reduced cost of doing business, thereby, increasing the country's competitiveness.

### 3.2. Kenya's Ranking

In Kenya, public service productivity is a transformative agenda that will enable the government to drive and align the entire public service towards competitiveness, high and sustained revenue growth, improved service delivery, increased profitability in commercial state corporations, and improved remuneration. Further, revenue growth will improve the wage bill to revenue ratio.

According to ILO statistics in 2023, Kenya's productivity is ranked at 155th out of 189 countries globally, and 27th out of 53 countries in Africa. Countries like Botswana, South Africa and Djibouti rank higher than Kenya.

Table 3.1: Productivity Ranking

Africa Rank	Africa	Global Rank	Global
1	Libya	1	Luxembourg
2	Gabon	2	Ireland
3	Mauritius	3	Norway
4	Botswana	4	United States Virgin Islands
5	South Africa	5	Netherlands
6	Egypt	6	Denmark
7	Equatorial Guinea	7	Switzerland
8	Djibouti	8	Belgium
9	Algeria	9	Austria
10	Tunisia	10	Singapore
27 out of 53	Kenya	155 out of 189	Kenya

Source: International Labour Organization (ILO), 2023.

Despite the acknowledged importance of productivity and performance in the public service, there was no standardised recognition of both public service productivity and performance in the Kenyan public service

### 3.3. Framework for Recognising Productivity and Performance in the Public Service

SRC developed and launched the Framework for Recognising Productivity and Performance in the Public Service in April 2023. The framework provides a mechanism for linking financial rewards in the public service to measurable productivity and performance for both State and public officers. The framework was developed pursuant to Article 230(4) as read together with Article 230(5) of the constitution and Section 11 of SRC Act, 2011.

Implementation of productivity improvement programs and attendant reward/financial incentive schemes will spur performance, thus lead to enhanced cost efficiency, accountability, efficient utilisation of public resources; improved revenue; improved service delivery; enhanced value for money; and reduced cost of doing business, thereby, increasing the country's competitiveness and a favourable wage bill to revenue ratio. So far, the following achievements have been attained:

- a. **Capacity Building:** In collaboration with KSG, SRC developed a curriculum on productivity to equip public institutions with productivity improvement and measurement. 8,189 public officers from 507 public service institutions were trained.
- b. **Pilot Productivity Measurement:** A total of 24 State corporations and 5 county governments of Kakamega, Kilifi, Tana River, Busia and Makueni, were selected to pilot the measurement of productivity in FY 2022/2023. The pilot exercise was done by SRC together with National Productivity and Competitiveness Centre (NPCC).
- c. **Technical Support:** SRC and NPCC offered technical support to enable targeted institutions to develop productivity measurement frameworks. 250 institutions were supported in the development of organisational productivity metrics.
- d. **Sensitisation:** SRC undertook the sensitisation of a total of 146 public officers comprising, board chairpersons, members and CEOs of selected State corporations and county governments on productivity measurement and improvement in the public service.
- e. **Advice on performance rewards:** Prior to the launch of the Framework for Recognising Productivity and Performance in the Public Service, SRC issued advice to 12 public institutions based on their existing institutional frameworks, thereafter, SRC has issued advice on performance rewards to 24 institutions that had very good and excellent performance to cultivate a productivity and performance culture in service delivery.

Table 3.2: Performance Incentives Advised by SRC

S/No	Year	No. of Advice
1.	2022/2023	7
2.	2023/2024	17
<b>Total</b>		<b>24</b>

- f. **Embedding the framework in the Performance Contract:** The Ministry of Public Service, Performance and Delivery Management, pursuant to the 2nd wage bill conference resolutions has embedded productivity in the Performance Contracting Guidelines for FY 2023/2024 (20th Cycle) and will be implemented within the context of the framework for recognising performance and productivity, taking into account affordability and fiscal sustainability as shown in Table 3.3.

Table 3.3: Framework for Productivity and Performance-Based Bonus

Corporate Ratings	Assessment Scores	Percentage score (%)	Performance bonus (% of Monthly Basic Salary as set or advised by SRC)
Excellent	Achievement exceeding the set target by 30% or more	> 130%	100% multiplied by individual evaluated score
Very Good	Achievement of the set target or exceeding by up to 30%	101%+ ≤ 130%	Up to 100% prorated depending on individual productivity and performance
Other financial rewards	SRC will set, regularly review and advise public institutions on all other types of financial rewards in recognition of their productivity and performance.		

- g. **Productivity metrics:** Pursuant to the resolutions of the Second NWBC, NPCC developed a methodology to measure productivity metrics for public service institutions. The metrics being developed by respective institutions are aligned to the Framework for Recognising Productivity and Performance in the Public Service.

### 3.4. Way Forward on Recognising Productivity and Performance

There exists potential of optimising/enhancing the productivity in the public service, through enhanced governance, operational efficiencies, and accountability for results. Therefore, a collaborative effort is required in public service to drive productivity as a key enabler towards achieving the wage bill to revenue ratio of 35 per cent.

# Vice Chairperson's Diary

**Dr. Amani Yuda Komora, PhD, MBS, CHRP**

It has been a great honour and privilege to serve the country as a Member of SRC. It was also humbling to get endorsement to serve as Vice Chairperson of SRC.

We have had a good team of Commissioners from diverse professional backgrounds and disciplines and ably supported by a solid technical team at the Secretariat.

My experience at SRC has been remarkable, including a mixed bag of opportunities to apply my knowledge and experience of many years at national policy level, career growth and maturity, as well as challenges that had to be conquered, as part of the journey.

My motivation had been summoned from the fact that SRC is a creature of the Constitution vested with a clear mandate, and further knowing that we are on a noble cause, and doing the right thing for the country.

The next Commission should embrace consistency in the application of the guiding principles as set out in law/statute, seasoning with wisdom, and using emotional intelligence.

Besides, it is important to mind about processes as 'the process is as important/good as the outcome'.

I wish to be remembered as the listening, sober/objective leader, bridge-maker, peacemaker and the astute diplomat.

While I am available for any other public service role, beyond SRC, I see huge potential in private practice such as in providing HR solutions to institutions.

This Commission ran a race and kept the pace; public service being a relay race. We pass on the baton to the next on the tracks.



# CHAPTER

# 44

## EQUAL REMUNERATION TO PERSONS FOR WORK OF EQUAL VALUE, FAIRNESS AND TRANSPARENCY



## CHAPTER 4: EQUAL REMUNERATION TO PERSONS FOR WORK OF EQUAL VALUE, FAIRNESS AND TRANSPARENCY



The principle of fairness and transparency as set in Article 230(5) and the principle of equal remuneration to persons for work of equal value, as set out in SRC Act, 2011, requires that pay differentials are fair, transparent and objectively reflect the relative worth of jobs. SRC established JE as the methodology to achieve these principles.

JE ensures objectivity and impartiality is achieved by conducting comprehensive job analysis and JE as critical pre-requisites to job clustering and grading as well as development of salary structures. JE ensures fairness and equity by addressing internal and external relativities thus informing a grading and salary structure based on the relative worth of jobs.

Stakeholder participation in the process ensures transparency. In addition to JE, equity, fairness and transparency will be achieved through streamlining of allowances.

### 4.1. Job Evaluation

JE is a systematic and objective process of determining the relative worth of a job. In JE, a comparison between jobs is undertaken to assess their relative worth for the purpose of establishing a rational grading structure.

The key objectives of undertaking JE exercise in the public service are to: determine the relative worth of jobs; provide criteria for classifying jobs; provide a rationalised, harmonised, and equitable job-grading structure; and establish an equitable and defensible job grading criteria.

The outcome of JE informs SRC in setting, review and advice on remuneration and benefits structures that are aligned to principles set out in Article 230(5) of the Constitution, specifically the need to ensure transparency and fairness and to satisfy the statutory requirement under Section 12 of SRC Act, 2011, which ensures equal remuneration to persons for work of equal value.

SRC undertook the first JE in 2012 by evaluating jobs for State officers as defined in the Constitution and other legislations, and subsequently set and gazetted the remuneration structure for State officers.

Further, SRC undertook JE for the public service during 2015/2016, and which provided the platform upon which SRC advised on the remuneration structures and benefits in the public service under the second four-year remuneration review cycle (2017/2018 – 2020/2021).

SRC also carried out stakeholder engagements, capacity building, job analysis and job grading as part of the JE process.

SRC conducted JE for public service jobs using analytical and point factor-based systems, which evaluated jobs using compensable factors. Compensable factors provide a basis for assessing the relative worth of jobs.

Compensable factors are the characteristics of the job that enable pursuit of the organisation's strategy and achievement of its objectives. They are intrinsic in a job, and in their absence, the job cannot be performed adequately. SRC adopted ten compensable factors used during the second JE review cycle. They were classified into input, process and output factors, as shown in Figure 4.1.

Figure 4.1: SRC Adopted Public Service Compensable Factors



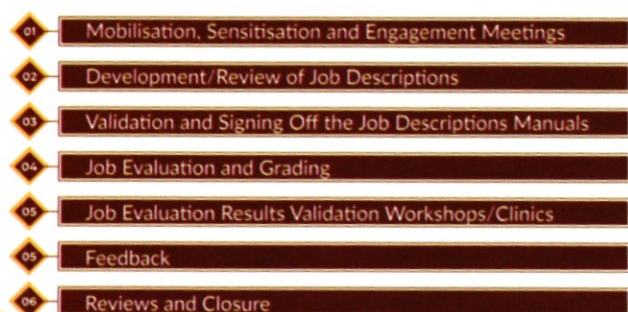
The compensable factors were incorporated in the Job Description template used by public institutions as a tool for collecting information on the jobs and informed the job grading structures based on the relative worth of jobs.

#### 4.1.1 JE in Third Remuneration Review Cycle

SRC developed and issued guidelines to conduct JE in the third remuneration review cycle, based on the lessons learnt from the first and second remuneration and benefits review cycles. The overall objective of the guidelines was to streamline the identification of jobs to be evaluated and subsequent development of JDs.

**JE process:** The JE process in the third cycle is as illustrated in Figure 4.2.

Figure 4.1: SRC Adopted Public Service Compensable Factors



A synopsis of the JE is as follows.

- a. **Guidelines for Conducting JE in the Public Service:** SRC issued guidelines for conducting JE to the entire public service to streamline the identification of jobs to be evaluated and subsequent development of JDs.

- b. **Mobilisation, Sensitisation and Engagement Meetings:** SRC organised virtual mobilisation, sensitisation and engagement meetings with Authorised/Accounting Officers and the Heads of HR within the months of September and October 2020, to ensure effective stakeholder participation in the JE process. A summary of public service institutions that participated in the sensitisation forum is provided in Table 4.1.

Table 4.1: Participation in JE Sensitisation Forum per Sector in Third Remuneration and Benefits Review Cycle

S/ No.	Sector	No. of Institutions Sensitised
1.	Constitutional Commission and Independent Offices	21
2.	Ministries and State Departments.	31
3.	Research and Specialised Institutions	15
4.	Service and Regulatory State Corporations	110
5.	Commercial and Strategic State Corporations	47
6.	Public Universities	40
7.	County Government Executive	31
8.	County Government Legislature	27
9.	Disciplined Services	8
	<b>Total</b>	<b>330</b>

- c. **Training of Job Description Analysis Committee and Job Analysts:** SRC partnered with KSG and developed a curriculum that guided capacity building. The programme was designed for Job Description Analysis Committee (JDAC) members and job analysts in public service institutions. Heads of institutions/Accounting Officers were also provided a high-level training on JE in the public service.



d. **Development and Review of JDs:** SRC developed the format and guidelines for the development and review of JDs, which is contained in the JE guidelines.

e. **Quality Assurance of the JE Process:** To ensure the objectives of JE were met, SRC provided the following measures to ensure quality of the JE process and results:

- i. Establishment of JE Management Structure;
- ii. Approval and validation of JDs and JDAC Report;
- iii. Sign-off of JDs; and
- iv. Undertaking JD Verification Process for compliance with JE guidelines.

f. **Job Evaluation System**

SRC outsourced the JE systems in the 1st and 2nd review cycle using three different JE systems. The systems were Role Value Index, Tuned Assessment of Skills and Knowledge (TASK) and REMeasure.

The three systems are all point factor system and used the compensable factors as adopted by SRC.

In the third remuneration review cycle, SRC having built internal capacity, evaluated the jobs using the first two systems and only outsourced evaluation of State officer roles to a consultant who used REMeasure.

To enhance comparability of jobs and deploy a cost-effective system, SRC acquired a web-based JE system in FY 2023/2024 known as Integrated Job Evaluation System (iJES).

iJES is an analytical point factor system that provides a standardised approach to analyse and evaluate jobs within the public service based on approved job descriptions. SRC has operationalised iJES by migrating all the jobs from the previous three systems to iJES with 99.8 per cent matching of the jobs evaluated in iJES and the previous systems.

SRC contracted PwC consultants to undertake JE for State officer roles and SRC Secretariat roles to enhance objectivity, ensure fairness and eliminate the element of biasness in the JE process. JE for other public service institutions was conducted by SRC. JE grading involves evaluation of jobs in a JE.

- g. **JE Clinics:** Following completion of the JE and grading, SRC conducted virtual JE clinics/workshops to disseminate the JE grading results to public service institutions. The clinics accorded the institutions an opportunity to interrogate and give feedback on pertinent issues and additional information to be incorporated in the final JE results.
- h. **Approval and Release of JE Grading Results:** upon receipt of feedback from public service institutions, SRC considered the feedback, finalised the JE grading and communicated the reports.

#### 4.1.2 Number of jobs evaluated in Third Remuneration Review Cycle

In the Third Remuneration and Benefits Review Cycle (2021/2022 – 2024/2025), JE was conducted in two phases.

**Phase 1:** This covered the period between 2021 and 2022; JE was undertaken for the first batch of public service institutions that had submitted the requisite JE documents as outlined in the JE guidelines between June 2021 and June 2022. A total of 32,978 jobs were evaluated for other public officers and 114 jobs for State officers.

**Phase 2:** This covered the period between July 2022 and June 2023 where a total of 14,269 jobs were evaluated.

The number of non-State officers' jobs evaluated in the Third Remuneration and Benefits Review Cycle is as shown in Table 4.2.

**Table 4.2: Number of jobs Evaluated in the Third Remuneration Review Cycle**

S/ No.	Sector	No. of Institutions	No. of Jobs
1.	Civil service	35	2,807
2.	Commercial and Strategic State Corporations	30	5,311
3.	Commissions and Independent Offices	21	2,426
4.	County Executive	30	11,302
5.	County Corporations/Blocs	7	154
6.	County Legislature	34	3,882
7.	Public University	23	4,473
8.	Research and Specialised	15	2,160
9.	Semi-Autonomous Government Agency	9	586
10.	Service and Regulatory State Corporations	102	13,309
11.	Uniformed (Disciplined) Services	8	837
12.	State officers	24	114
<b>Total</b>		<b>338</b>	<b>47,361</b>

#### 4.1.3 JE Reviews

SRC developed and issued JE review guidelines for the third remuneration review cycle, which provided the procedure to be followed by institutions requesting for a review of the JE results.

Further, the guidelines provided grounds under which an institution could submit a request for review of their JE results. The guidelines promoted fairness and transparency in addressing concerns of public service institutions.

In this regard, SRC received and processed the application for reviews and communicated the outcome to public service institutions in the second and third review cycles.

Public service institutions that requested for the review of the JE results in the third review cycle were 48 out of 338 institutions that participated in the JE, which is approximately 14 per cent.

Public service institutions that requested for the review of the JE results in the second review cycle were 107 out of about 300 institutions that participated in the JE, which was 36 per cent.

The significant reduction in the number of public institutions that sought for the review of the JE results in the third review cycle can be attributed to the following reasons:

- SRC issuing guidelines on conducting JE that provided a standard procedure for conducting JE in the public service;
- The mobilisation, sensitisation and engagement meetings held with Authorised/Accounting Officers and Heads of HR that ensured effective stakeholder participation in the JE process;
- Capacity building of the critical actors in the JE process that ensured preparation of comprehensive, quality and standard JDs;
- Conducting JE clinics to disseminate the preliminary JE results to public service institutions, which accorded an opportunity to interrogate and give feedback on pertinent issues and additional information to be incorporated in the final JE results; and
- Quality assurance of the JE process that ensured the objectives of JE were met.

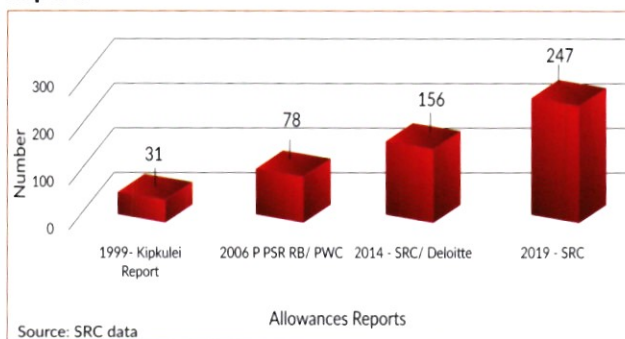
## 4.2 Streamlining Allowances Payable in the Public Service

SRC undertook a Study on Allowances Payable in the Public Service in 2019. The study identified 247 different allowances paid to public officers, which account for 48 per cent of the total wage bill. The study findings were presented at the Second NWBC in November 2019.

The 8th Summit Resolutions on the Second NWBC resolved, among others, that an overarching policy framework be developed to streamline allowances in the public service.

The number of allowances has increased over the years, as indicated in Figure 4.3.

**Figure 4.3: Number of Allowances as Contained in Various Reports**



### 4.2.1 Salient features of Allowances payable in the Public Service

The number of allowances in the public service has increased over time from 31 in 1999 to 247 different types of allowances in 2019. However, the current number of allowances is due to comprehensive coverage by SRC relative to the previous surveys.

**Table 4.3: Share of Public Service Wage Bill**

Category	Average per cent (2020/2021 - 2022/2023)
Share of All Allowances to Total Wage Bill	39.97
Share of Remunerative Allowances to Total Wage Bill	28.42
Share of Facilitative Allowances to Total Wage Bill	11.55

**Table 4.4: Share of Remunerative and Facilitative Allowances**

Category	Item (Ksh Billions)	2020/2021	2021/2022	2022/2023
Basic Salary	Basic Salary	593.01	621.46	660.97
Remunerative Allowances	House and Commuter Allowances	189.49	198.58	211.2
	Hardship and Annual Leave Allowances	63.16	66.19	70.4
	Other Remunerative Allowances	47.37	49.64	52.8
Facilitative Allowances	Daily Subsistence Allowance (DSA) (Local and Foreign) - Facilitative Allowance	39.48	41.37	44
	Other Facilitative Allowances	55.27	57.92	61.6
<b>Total Wage Bill</b>		<b>987.78</b>	<b>1,035.16</b>	<b>1,100.97</b>

The following are some key features of allowances payable in the public service:

- There are differentials in how the allowances are paid, within similar grades and across the grades, in the public sector;
- Allowances are paid for a similar purpose although the nomenclature varies from one institution to another;
- The justification and eligibility criteria for some allowances are unclear and/or vary across the public sector;
- Allowances such as leave allowance, are paid as a percentage of basic salary and also in absolute figures;
- The proportion of allowances to the total pay in some subsectors of the public service has increased;
- Some allowances are paid in the State Corporations, which are characterised by some unique allowances specific to various institutions;
- Some allowances such as Owner Occupier House Allowance and Quarter Per Diem for local travel that were abolished are still being paid;
- Some job specific allowances are paid for the same compensable aspects as those for which basic salary is paid; and
- Some allowances are paid for purposes of attraction and retention.

### 4.2.2 Remunerative and Facilitative Allowances

The share of remunerative and facilitative allowances as part of the total wage bill and total allowances across public service from FY 2014/2015 to 2018/2019 is as shown in Table 4.3 and 4.4.



### 4.2.3 Allowances Policy Framework for the Public Service, 2021

SRC developed the Allowances Policy Guideline for the Public Service, 2021 through a consultative and participatory process with stakeholder and public participation being undertaken as required under Articles 10 and 232 of the Constitution.

The overarching objective of the policy guideline is to provide a structured approach for streamlining management and administration of allowances, so as to improve transparency, accountability, equity and fairness, and ensuring that the total public compensation bill is affordable and fiscally sustainable.

Proliferation of allowances has led to lack of transparency, inequity and unfairness in coverage, multiplicity and high proportions of allowances to basic salaries, and consequently, disparities in the gross pay paid to public officers.

### 4.2.4 Phased implementation of the Allowances Policy guidelines for the Public Service

In 2021, SRC commenced a phased approach to streamlining the management and administration of allowances as follows:

**Phase I:** Streamlining of allowances for State officers resulted in three allowances being abolished. These include Ministerial Allowance for Cabinet Secretaries, Plenary Sitting Allowance for Members of Parliament (MPs) and Members of County Assemblies (MCAs) and Taxable Car Allowance for Cabinet Secretaries, Principal Secretaries and Judges. This will result in reduction of the wage bill and more equitable remuneration.

**Phase II:** SRC reviewed and advised on four cross cutting and common allowances in the public service. This included, Retreat Allowance, Sitting Allowance for Institutional Internal Committees, Taskforce Allowance and DSA (Local and Foreign).

**Phase III:** SRC will engage employing public institutions on institution specific allowances that require either to be merged, renamed, restructured, abolished, or retained.

**Phase IV:** While issuing advice on parameters for future CBNS, SRC will progressively review allowances and benefits in the CBAs and align them to the provisions of the Allowances Policy Guideline for the Public Service.

### 4.2.5 Outcome of Third Remuneration and Benefits Review Cycle

The principle requires that pay differentials objectively reflect the relative worth of jobs as assessed and determined through JE. This ensures that objectivity and impartiality is achieved by conducting comprehensive job analysis and JE as critical pre-requisites to job clustering and grading as well as development of schemes of service and respective salary and benefits.

SRC reviewed and set remuneration and benefits for public officers for the Third Remuneration and Benefits Review Cycle 2021/2022 – 2024/2025. To inform the review, SRC completed JE and grading, labour market salary survey and subsequently, set remuneration and benefits for public officers based on the pay determination principles.

The third review cycle, pursuant to Section 11(e) of SRC Act 2011, sets a 4-year remuneration review cycle for remuneration and benefits in the public service.

# Commissioner's Diary

**Mr. John Kennedy Monyoncho, MBS, MCI Arb**

**B**eing at the helm of the government, I have enjoyed the process of seeing decisions made and implemented to the letter by other government institutions. I worked with an exemplary team, men and women of integrity and honesty. To reach agreements in the decision-making process was never controversial as the whole team remained focused and knew what needed to be done. That was invaluable and made the journey very enjoyable.

I know that God sent me to SRC for a purpose. Serving Him and with integrity was my greatest motivation. I had the motivation to prove that one can stand for doing the right thing no matter the circumstance.

The fact that I put in some 36 years in serving the public, I was motivated to finish strong as a career public servant.

When the Third Commission joins SRC, personal interest must be put aside. Objectivity and integrity will be the bridge that will support decisions made.

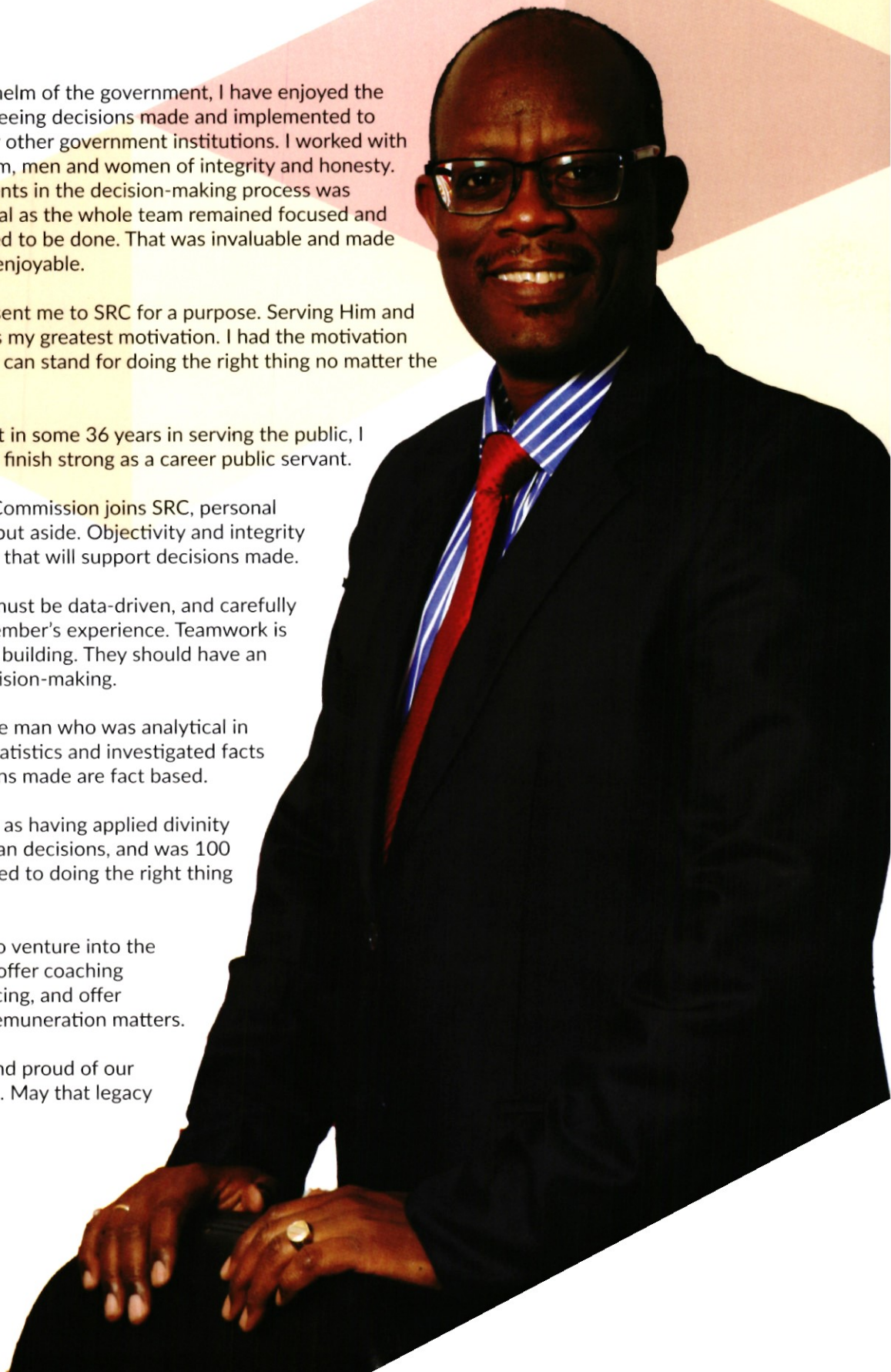
Decisions made must be data-driven, and carefully applying each Member's experience. Teamwork is key to consensus building. They should have an open mind in decision-making.

I see myself as the man who was analytical in economics and statistics and investigated facts to ensure decisions made are fact based.

Also, I see myself as having applied divinity to influence human decisions, and was 100 per cent committed to doing the right thing all the time.

As I exit, I want to venture into the finance world to offer coaching in personal financing, and offer consultancy on remuneration matters.

I leave SRC tall and proud of our accomplishments. May that legacy speak for itself.



# CHAPTER

# 5

## ATTRACTION AND RETENTION OF REQUISITE SKILLS IN THE PUBLIC SERVICE



# CHAPTER 5: ATTRACTION AND RETENTION OF REQUISITE SKILLS IN THE PUBLIC SERVICE



This principle to ensure the public service attracts and retains the requisite skills to perform public service function, as set in Article 230(5), requires that the remuneration and benefits enable attraction and retention of requisite skills while ensuring fiscal sustainability of the wage bill.

To achieve this, SRC undertakes market salary, which together with JE results, and taking into account the other pay determination principles, inform review of remuneration and benefits. Further, SRC undertakes studies in the public service to establish and track retention levels.

## 5.1 Retention rate

In a study undertaken by SRC in 2013, it was found that, at the prevailing remuneration and benefits levels, the public service had no significant challenge in attracting and retaining the personnel and skills it requires in delivering public services and implementing government programmes.

However, there are a few areas of technical and professional competencies where the public service has had difficulties in recruiting and/or retaining requisite skills.

In a study undertaken by SRC in 2019, the employee retention rate in the public service was estimated at 95 percent. Further, in a salary survey undertaken by SRC in the public service in 2020, the retention rate had dropped slightly to 90 percent.

Further, in a recent 2023 study undertaken by SRC, public service employee retention rate is approximately 99.9 percent.

**Table 5.1: Public Service Employee Retention Rate**

Year	2018	2020	2022
Retention Rate	95 %	90 %	99%

The high retention in the public service is attributable to competitive remuneration and benefits, high job security, opportunities for growth and a good work environment.

In the 2023 SRC Report, it was noted that public service employees leave the service due to among others: Lack of career progression, better terms of service offered elsewhere; lack of job satisfaction; Personal /Domestic /Medical issues; further studies; and change of work environment/insecurity.

## 5.2. Comparative Survey on Labour Market and Trends (salary market surveys) in the Third Remuneration Review Cycle

Section 11(d) of SRC Act 2011 requires SRC to conduct comparative surveys on the labour markets and trends in remuneration to determine the monetary worth of jobs of public officers. SRC considers the survey findings in reviewing, setting and advising on remuneration and benefits structures in the public service.

SRC carried out the following labour market studies in the third review cycle:

**a. Comparative remuneration structure for State Officers in Kenya and selected countries**

The survey sampled jobs of the Head of State and Government, Head of Judiciary and Head of Legislature in Australia, United States of America, Canada, United Kingdom, Singapore, Rwanda, South Africa, India, New Zealand, Tanzania and Kenya.

The outcome of the study enabled SRC to review and set the gross salary for State officers' jobs at 48th percentile on average, based on affordability and fiscal sustainability.

**b. Comparative remuneration structure for private sector institutions in Kenya**

The survey sampled 50 private sector institutions in Kenya and found out that at policy leadership, management and technical cadres, the private sector generally pays higher gross remuneration than the public service, with majority of jobs paid gross remuneration that is below 50th percentile of the market.

At lower cadres that comprise of jobs that make discretionary and routine decisions the public service pays higher than the private sector with majority of jobs in the public service at this cadre paid gross remuneration at 100th percentile of the market.

The outcome of the survey enabled SRC to advice on the remuneration and benefits of public officers as follows:

- i. Gross remuneration structure for jobs below 50th percentile in service and non-profit making State Corporation reviewed towards 50th percentile and the remuneration above 50th percentile retained in the third review cycle.
- ii. The remuneration structure for profit making State corporations reviewed towards 75th percentile.

**c. Comparative remuneration structure for public service**

This was a census for all public institutions in Kenya. The survey found out that public service institutions are at different gross salary market percentile with the civil service and the teaching service at the lowest gross salary market percentile.

Majority of commercial State corporations were at the highest gross salary market percentile in the public service. The outcome of the survey also informed SRC to advise on the remuneration and benefits for public officers.

**d. Salary Survey for Benchmark Health Workers' Jobs in Public and Private Health Facilities in Select Countries**

This survey sampled the following 15 countries: UK (Britain), USA, Canada, Australia, Ireland, South Africa, Tunisia, Cuba, Namibia, India, Tanzania, Nigeria, Ghana, Rwanda and Uganda; and 10 private hospitals in Kenya in the following counties: Nairobi, Kisumu, Kakamega, Machakos, Nyeri, Embu, Nakuru, Mombasa, Eldoret and Garissa.

The survey found out that the gross remuneration structure for healthcare workers' workers in the public service in Kenya is higher than the gross remuneration structure for comparable healthcare workers' jobs in the private sector in Kenya.

On average, the gross remuneration structure for healthcare workers' jobs is at 70th percentile of the market with medical doctors' cadre being at 65th percentile, clinical officers' cadre at 80th percentile and nurse's cadre at 100th percentile of the market. Different private institutions pay different health worker allowances at different rates.

The outcome of this survey informed SRC to advice that the review of gross remuneration structure for healthcare workers to be up to 75th percentile of gross salary market positioning; and SRC to harmonise the nomenclature and rates for healthcare worker allowance across all public service institutions.

# Commissioner's Diary

**Dr. Leah Mumbua Munyao, PhD, MBS, IMI Certified**

Let me express my gratitude for God's grace, which has been sufficient at both a personal level and within SRC. Engaging with stakeholders and understanding their concerns about salaries and remuneration has been enlightening.

It has been an eventful journey filled with learning, and marked by collaboration and collective decision-making among colleagues.

Knowing that we are doing the right thing provided the motivation to keep going. Challenges are part and parcel of this role, but I view it as a privilege to serve. Understanding the significant impact of SRC advice, and being guided by principles of fairness, equity, and affordability, kept me motivated.

I encourage the next Commission not to fear to do what the law mandates them to do. They must understand that SRC's decisions are made based on facts and guided by constitutional principles.

The next Commission should work as a team, learn from previous Commissions, and uphold past decisions. The secretariat team is certainly a valuable asset.

I would like to be remembered as someone who believed in order and integrity, and who was dedicated to doing the right thing based on facts and principles.

I have always spoken truthfully and based my actions on the best interest of the public service.

On my next move, I see myself in academia. With my training and experience, I have plenty to offer and mentor public officers.

I am eager to pass the wealth of knowledge that I accumulated over the six years. Serving as a Commissioner has been an honour. I view it as a manifestation of God's favour.



# CHAPTER

# 6

## OTHER KEY ACHIEVEMENTS

## CHAPTER 6: OTHER KEY ACHIEVEMENTS



In addition to the achievements under each principle as discussed in the previous factors, the following are other key achievements.

### 6.1 Remuneration and Benefits Review Cycles

The first JE exercise for State officers was undertaken by SRC in 2012. The jobs for the State officers as defined in the Constitution were evaluated and subsequently informed the 2013/2014 - 2017/2018 remuneration structure for the State officers.

The second JE exercise for all other public officers was undertaken by SRC in FY 2015/2016. This culminated to a review in salary structures in the entire public service.

The reviewed remuneration and benefit structures for the second cycle were for the period 2017/2018 - 2020/2021.

Implementation of the second remuneration and benefit cycle's structures ended in FY 2020/2021, effectively ushering in the third remuneration and benefits review cycle.

SRC conducted job re-evaluation for State officers' jobs and jobs of all other public officers in the third remuneration and benefits review cycle for the period FY 2021/2022 - 2024/2025.

The review of remuneration and benefits under the third remuneration review cycle aligns to constitutional principles, including the need to ensure transparency and fairness, and the statutory requirement of equal remuneration to persons for work of equal value.

The Salient Features of the Outcome of the Third Remuneration and Benefits Review Cycle are:

- a. **Market positioning:** In 2021, SRC undertook labour market salary surveys in the private sector to determine the positioning of gross remuneration structure for public institutions and inform development of appropriate remuneration structures that facilitate attraction and retention.

The survey revealed that gross salaries of public service institutions are at different levels of gross market positioning relative to their comparable private sector counterparts. Salary structures to be reviewed where the gross remuneration is below 50th percentile.

- b. **Affordability and fiscal sustainability of the public wage bill.** This review cycle is estimated to cost an average of Ksh 22.6 billion in FY 2023/2024 and another Ksh 22.6 billion in FY 2024/2025. The allocated budget will not be payable to all employees.



- c. **Progressive harmonisation and equity:** SRC has prioritised salary adjustment for jobs and institutions whose current gross salary structures are below the 50th percentile gross market positioning.
- d. **Automatic annual increment (AAI):** AAI, at an average of 3 per cent in the public service, will continue to be paid to public officers within the advised salary structures up to the maximum salary points.
- Institutions whose salary structures will not have been reviewed under this cycle will retain their current salary structures, with AAI up to the maximum salary points.
- e. **Salary Structure Freeze:** Due to the Covid-19 ravaged economy, SRC in consultation with the National Treasury advised on no review of the basic salary structures, allowances and benefits paid in the public service in FY 2021/2022 – 2022/2023.
- f. In the third review cycle, salary freeze will continue for institutions whose gross remuneration structures are above 50th percentile gross market positioning.

A consideration for review will, therefore, be undertaken at the end of the current review cycle (June 2025).

## 6.2 Public Sector Retirement Benefits

The government provides retirement benefits to public officers as part of their terms of service, with a view to providing social security in old age as stipulated in Article 43(1)(e) of the Constitution.

Further, provision of retirement benefits for public officers is intended to ensure a smooth transition from active service, with employment income to retirement with a certain level of replacement income, so that the standard of living for public officers does not change drastically in old age.

The cost of providing public service retirement schemes set up for employees including State officers, has risen exponentially. This is largely attributed to the existence of non-contributory schemes, revision of salaries across the public service and increase in the workforce.

The pension budget for schemes managed by the National Treasury alone is Ksh 119.1 billion in FY 2020/2021, and expected to rise further to Ksh 152.9 billion by FY 2022/2023.

This cost is higher, taking into consideration the government contribution for employees serving in State corporations, counties and CCIOs, whose schemes are not managed by the National Treasury.

An actuarial study commissioned by SRC in 2014 on the review of pensions revealed that the government pension bill had been on the rise and was expected to rise to unsustainable levels in the future.

The study recommended that the current non-contributory schemes be converted to Defined Contribution and pension expenditure increase be capped at not more than 1.5 per cent of GDP for public service pension liabilities.

In the absence of a common policy framework to guide the provision and management of retirement benefits in the public service, different public service organisations have continued to set up separate retirement benefit schemes with different scheme designs and provisions.

The practice created inequity and unfairness within and across public service organisations, which has been a basis for requests for parity of treatment. Further, the public service retirement benefits bill has continued to rise largely attributed to the existence of non-contributory schemes and upward review of salaries.

SRC has a mandate to determine, review and advice on remuneration and benefits payable in the national and county governments, including on retirement benefits.

SRC is to review the growing pension bill to ensure it is fiscally sustainable and disparities in the provision of retirement benefits are harmonised, fair and equitable. By harmonising the public service retirement benefits, SRC will have endeared itself to the principle of equity and fairness. Harmonisation will also lead to considerable cost and operational efficiencies.

SRC developed parameters to guide in the establishment of pension schemes for State officers who wish to convert their benefits from gratuity to pension and to guide in the review of existing pension schemes for State officers.

The parameters provide for the establishment of a Defined Contribution Scheme and have been applied in advising COG on pension for governors and deputy governors and the County Assembly Forum on pension for staff and MCAs.

In this regard, SRC to continue with the review of the identified gaps, policy strategies and harmonisation of the retirement benefits. The focus shall be on: Review and advice on the 2014 SRC pension recommendations in consultation with the National Treasury; Review of income replacement ratio and recommended ratio; Review of gratuity; Review of varying employer contribution rate; and, public service retirement ages, which varies across different cadres/sectors.



### 6.3 Collective Bargaining Negotiation

Collective bargaining is a voluntary process that cannot be undertaken in isolation of other key actors. For the process to be successful, several actors must come into play: employers, trade unions, Ministry of Labour, Employment and Labour Relations Court (ELRC), National Treasury and SRC. Each actor has a fundamental role towards the success of CBAs, including implementation.

SRC's role is to advise the national and county governments on the remuneration and benefits of all other public officers. SRC's advice is anchored in the Constitution as it is linked to principles outlined in Article 230(5). SRC's advice is specifically on the items of the CBA that have a financial impact, to ensure the total public compensation bill is fiscal sustainable and that there is equity and fairness in remuneration and benefits.

To achieve these objectives, promote a predictable and stable labour environment, SRC in collaboration with stakeholders has undertaken the following; regarding on Collective Bargaining Negotiations:

- a. In 2019, SRC revised the CBN guidelines applicable in the public service to ensure affordability and fiscal sustainability of the wage bill and to ensure equity and fairness in remuneration and benefits. Thereafter, sensitisation on the revised guidelines was conducted for various public institutions.

The critical messages in the guidelines include: the principles for pay determination; factors to consider while preparing, submitting and advising on remuneration review proposals; the required documentations; process and timelines of obtaining parameters for negotiations; and the need to have an integrated process where employees in one institution are represented by different trade unions.

- b. SRC provided advice on CBNs to a total of 168 institutions from 2018 to June 2024. The advice on CBN ensures that the parameters outlined in the guidelines are adhered to and that the CBA is sustainable during the CBA period.

**Table 6.1: CBNs Advised by SRC**

S/No	Year	No. of CBAs Advised
1.	2018/2019	17
2.	2019/2020	23
3.	2020/2021	21
4.	2021/2022	34
5.	2022/2023	37
6.	2023/2024	36
	<b>Total</b>	<b>168</b>

- c. SRC collaborated with the Ministry of Public Service to develop a memorandum on one body/entity to negotiate for government. This culminated in the ministry developing a framework for Collective Bargaining in the Public Service;
- d. SRC continued its participation in collaborative meetings with the State Department of Public Service, Ministry of Labour and other institutions to establish a body to be responsible for negotiating CBNs on behalf of the government and develop a manual on social dialogue for improved labour relations in the health sector.
- e. In collaboration with KSG, SRC undertook capacity strengthening of 420 public officers on collective bargaining and labour relations in FY 2021/2022.

This was after the training curriculum on CBNs for the public service was launched on 14 June 2021. In FY 2022/2023, SRC collaborated with KSG in capacity building of 533 public officers on CBNs. 168 participants were drawn from public universities, 222 from county governments, and 143 from State corporations.

**Table 6.2: Training on CBNs**

S/No	Year	No. of Participants
1.	2021/2022	388
2.	2022/2023	135
3.	2023/2024	146
	<b>Total</b>	<b>669</b>

- f. SRC developed and submitted to the Cabinet Secretary, Ministry of Labour and Social Protection a Memorandum on Review of Labour Laws.

The objective of the memorandum is to propose the review of labour laws that relate to the constitutional and statutory mandate of SRC to harmonise and bring them into conformity with the Constitution.

Over the implementation period, SRC noted that the guidelines were not being strictly adhered to, leading to delays in commencing negotiation processes and decision-making. To address some of these challenges, SRC continues to hold consultations with public institutions to streamline the CBN process.

In addition, SRC partnered with KSG to develop and roll out a training programme to build capacity in the public service on collective bargaining.



# Commissioner's Diary

**FCPA. Sophie Moturi, MBS**

It has been a satisfying and fulfilling journey. Personally, whatever I set my heart to do, I commit myself fully to it and do it to the best of my ability and strength. As a Christian, I remember that I ought to do everything as unto God for I live for God.

When challenges are bigger, my resolve to overcome the challenge deepens! I know that the challenge is not a mistake, but part of the journey of any project or activity, and results in better outcomes. Challenges make us grow!

As a general guidance, I urge the Third Commission to stay true to the constitutional and legal requirements that govern SRC. I wish to be remembered as the Commission Member who remained diligent to SRC and the law, and who encouraged those who were experiencing hard times.

I shall actively use my experience, knowledge, skills and training to affect public policy and governance, initially through service in ICPAK Public Policy and Governance Committee, and other institutions and platforms.

I shall also engage in mediation processes in resolving disputes and conflicts. I look forward to spending more time enriching family relationships, especially with my grandchildren.

SRC is a strong brand and has remained a strong brand. It is a great training ground for young professionals.

SRC Members, CEO and Directors provide the necessary support to ensure that all staff are prepared for higher roles and responsibilities, even outside SRC. Take full advantage of the opportunity.



# CHAPTER

# 7

## POLICY AND LEGAL FRAMEWORK

## CHAPTER 7: POLICY AND LEGAL FRAMEWORK



This section provides synthesis of the overarching legal and policy infrastructure that anchors the operationalisation and discharge of SRC's mandate, and functions as set out in Article 230(4) of the Constitution, in line with the principles provided in Article 230(5) of the Constitution, and Section 12 of SRC Act, 2011.

### 7.1 Policy Framework

Besides the constitutional architecture underpinning the establishment and discharge of SRC's mandate, SRC appreciates the essence of having and operating within a legal and regulatory framework as a basis for anchoring its decisions. Consequently, SRC put in place measures aimed at strengthening the policy and legal framework for ease of its operations.

SRC developed the Public Service Remuneration and Benefits (PSRB) Policy Guideline, 2021, to provide comprehensive guidelines to operationalise the pay principles. The overall objective of this policy guideline is to guide the public service on how to achieve an efficient remuneration and benefits system. This policy guideline elaborates the principles that govern determination of remuneration and benefits in the public service.

Specifically, this policy guideline seeks to:

- a. Enhance affordability and fiscal sustainability of the public service wage bill;
- b. Promote a remuneration regime that attracts and retains requisite skills in the public service;
- c. Provide a framework for recognising and rewarding productivity and performance;
- d. Enhance transparency, fairness and equity of the public service remuneration and benefits;
- e. Improve CBN processes; and
- f. Enhance sustainable management of allowances and benefits.

The policy guideline informed the development of guidelines and frameworks in the following areas:

- a. Framework for recognising productivity and performance in the public service;
- b. Guideline for review of JE results issued by SRC for the public service;
- c. Framework for review of remuneration and benefits for the public service;
- d. Guidelines on Collective Bargaining in the Public Service; and
- e. Allowances Policy Guideline for the Public Service.



## 7.2 Regulations

Section 27 of SRC Act, 2011, mandates SRC to make regulations for the better carrying into effect of SRC Act pursuant to this, SRC through an inclusive process developed the draft SRC (Remuneration and Benefits for State and Public Officers) Regulations, 2024.

The draft regulations are currently before the National Assembly for consideration and approval. The object and purpose of the draft Regulations are to enable SRC to manage, harmonise and rationalise remuneration and benefits for State and public officers, in particular provide procedure for:

- a. Submission of remuneration and benefits proposals for State and public officers to SRC;
- b. Reviewing of remuneration and benefits of State and public officers by SRC;
- c. Setting and reviewing of remuneration and benefits for State officers; and
- d. Advising on remuneration and benefits for all other public officers.

The issuance of updated regulations will not only align the regulatory framework with current realities and best practices, but also provide a fresh opportunity for SRC to incorporate lessons learnt and address any shortcomings or challenges encountered during the implementation of the previous regulations.

Ultimately, the new regulations will serve as a vital tool for SRC, enabling it to fulfil its constitutional mandate with greater efficiency, transparency, and

accountability, while upholding the principles of equity, fairness, and fiscal responsibility in the realm of public service remuneration.

## 7.3 Court cases handled between (2018-2024)

Between 2018 and 2024, SRC handled a significant number of cases related to the remuneration and benefits for State officers and other public officers.

This section presents a comprehensive analysis of SRC's case management during this six-year period, focusing on the quantity of cases processed, their resolutions, and the implications of these outcomes.

A total of 118 cases were adjudicated by SRC between 2018 and 2024, out of which 58 were concluded, as shown in Table 7.1.

**Table 7.1: Court Cases**

Year	No of Court Cases Filed	No of Court Cases Concluded
2018	16	-
2019	17	16
2020	12	9
2021	10	9
2022	15	8
2023	25	13
2024	23	3
<b>Total</b>	<b>118</b>	<b>58</b>

## 7.4 Key Court Victories

The Judiciary has indeed played a pivotal role in shaping and interpreting SRC's mandate through various judgments and legal precedents. These judicial decisions have not only clarified the scope and extent of SRC's powers, but reinforced SRC's constitutional and statutory authority. This section highlights some key victories and jurisprudence laid down by the courts with regard to SRC's mandate.

Table 7.2: Sample of the key Court Victories, 2018 – 2024

No.	Case	Matter	Court Decision
1.	SRC & another v Parliamentary Service Commission (PARLSCOM) & 15 others; Parliament & 4 others (Interested Parties) [2020] eKLR.	Constitutional validity of PARLCOM's decision to set and pay MPs a monthly housing allowance of Ksh 250,000.	In its judgment rendered on 10 December 2020, the High Court's three-judge bench affirmed SRC's mandate under Article 230(4)(a) of the Constitution to set and regularly review the remuneration and benefits of all State officers, including MPs.
2.	SRC v National Hospital Insurance Fund (NHIF), Management Board & 2 others (Civil Appeal 156 of 2016) [2024] KECA 419 (KLR) (26 April 2024) (Judgment).	Court of Appeal case involving NHIF and the Kenya Union of Commercial, Food and Allied Workers represents a significant affirmation of SRC's constitutional mandate and authority over the remuneration and benefits of public officers.	The Court of Appeal allowed SRC's appeal and set aside the judgment of ELRC, which had previously held that employees of NHIF were not subject to SRC's mandate. The appellate court's decision clarified several crucial aspects regarding SRC's jurisdiction and the binding nature of its advice.
3.	Matindi & 3 others v The National Assembly of Kenya & 4 others; COB & 50 others (Interested Parties) (Petition E080, E084 & E150 of 2023 (Consolidated)) [2023] KEHC 19534 (KLR) (Constitutional and Human Rights) (3 July 2023) (Judgment) (with dissent - HI Ong'udi, J).	Constitutionality and process of establishing the office of the Chief Administrative Secretary (CAS).	In its judgment, the three-judge bench of the High Court held that the Public Service Commission (PSC) should have consulted SRC prior to the establishment of the CAS office. This consultation was deemed necessary for SRC to ascertain and advice on the resultant financial implications of creating such an office.
4.	Kisumu ELRCC/E004/2023 KENYA CHEMICAL WORKERS UNION VS Agro-Chemical & Food Company & SRC	On the role of SRC in collective bargaining in the public service.	In its judgment, the court held that a collective bargaining process where employees in the public service are involved, ceases to be a bipartite, and instead becomes a tripartite process due to the mandatory and binding nature of the advisory by SRC. Other than for reasons of fiscal sustainability, the advice by SRC ensures uniformity in wages across the public service.
5.	Nairobi ELRC PET. E114 OF 2022 & NRB ELRC PET E122 OF 2021. KNUN & KECOWU -VS- SRC & OTHERS	The subject suits primarily challenged the constitutionality of SRC's circular Ref. No: SRC/TS/ JE/3/33 VOL XI (26) dated 17 June 2021, issued to the public service in relation to the Third Public Service Remuneration and Benefits Review Cycle 2021/2022 - 2024/2025, for all public officers.	<ol style="list-style-type: none"> <li>The court, in rendering judgment, found, inter alia, that:</li> <li>SRC acted within its legal and statutory mandate when it issued the said circular. The circular is, therefore, lawful; SRC did not discriminate against the Unions' members;</li> <li>The 2017 RTWF relied on by Kenya National Union of Nurses (KNUN) has no force of law;</li> <li>The said circular does not foreclose CBN, save for negotiations on remunerative and benefits items; and</li> <li>The Petitioners were directed to negotiate respective CBAs within SRC's circular.</li> </ol>
6.	Nairobi HCCHRPET/ E059/2021 DR. MAGARE GIKENYI J. VS (Office of Attorney General) AND Kenya National Commission on Human Rights & 4 Others	The suit challenged the constitutional validity of SRC's Circular Ref: SRC/TS/ COG/3/61/48 VOL.II (113) setting transport benefits for Speaker and MCAs.	The court found that SRC did not contravene the Constitution or the law when it conferred transport benefit, in the form of a car grant, for Speakers and MCAs.
7.	Nyeri ELRC 3 of 2023 Dr. Agness Gatabaki -vs- EACC	On appointment of public officers to two positions in the public service.	In its judgment, the court found that the claimant was not eligible for appointment as part-time member of Kirinyaga County Assembly Service Board since she was a full-time public officer serving as senior lecturer at the Jomo Kenyatta University of Agriculture and Technology. For same reason, she was not eligible for payment of the remuneration and benefits in the circular No. SRC/TS/ CGOVT/3/61 Vol.IV (49) dated 8 December 2017. She was not entitled to reliefs sought in the memorandum of claim dated 2 August 2022.



## 7.5 Legal Challenges

The discharge of SRC's mandate has indeed faced legal challenges, as various parties have sought to test the boundaries and interpretations of SRC's powers and functions. These legal challenges have played a significant role in shaping the jurisprudence surrounding SRC's mandate and provided valuable clarity on the scope and limits of its authority. Here below is an expounded analysis of this aspect:

- a. **Jurisdictional challenges:** One of the primary legal challenges faced by SRC has been related to the extent of its jurisdiction over different categories of public officers or State corporations. As evident in cases like the NHIF case, entities have contested SRC's authority to regulate the remuneration and benefits of their employees, arguing that they fall outside SRC's purview. Such challenges have compelled the courts to define the boundaries of SRC's jurisdiction and clarify the interpretation of 'public officers' as per the Constitution.
- b. **Separation of powers and institutional mandate:** Legal challenges have also arisen concerning the delineation of powers and mandates between SRC and other constitutional bodies or State entities. For instance, the case involving PARLSCOM's decision to set a housing
- c. **State entities.** For instance, the case involving PARLSCOM's decision to set a housing allowance for MPs questioned the separation of powers and the respective mandates of these institutions. The courts' rulings in such cases have reinforced SRC's constitutional mandate and affirmed its primacy in matters related to the remuneration and benefits of State officers.
- c. **Binding nature of SRC's advice:** Another area of legal contention has been the binding nature of SRC's advice and recommendations. Some parties argued that SRC's advice is merely advisory and not binding, conflicting with the principle of collective bargaining or institutional autonomy. However, court decisions have consistently upheld the binding nature of SRC's advice, emphasising that disregarding its recommendations would render SRC ineffective and undermine its constitutional mandate.
- d. **Consultative processes and procedural challenges:** Legal challenges have also addressed the procedural aspects of SRC's operations, such as the consultative processes involved in decision-making or the establishment of new public service positions. The courts emphasised the importance of adhering to constitutional principles, such as consulting SRC in matters with financial implications for public service

provision on the role of SRC with regard to the posts created/filled yet this has a direct impact on the fiscal sustainability of the total public compensation bill.

- b. Implementation of SRC's set remuneration and benefits structures and advice:** Despite SRC having the exclusive mandate to set the remuneration and benefits for all State officers and advise the national and county governments on the remuneration and benefits for all other public officers, there exist no express provisions for enforcing the implementation of the salary structures and the advice.

In addition, no express sanctions for non-adherence to SRC's set remuneration structures and advice. It is necessary to provide for criminal liability and recovery of remuneration and benefits paid outside of or in excess of what is set or advised by SRC, from responsible accounting officers and the recipients. Further, to check adherence, SRC undertakes M&E, which is largely dependent on the goodwill of employing institutions.

- c. Role of SRC in Productivity and Performance:** While SRC is required under Article 230(5)(c) of the Constitution to recognise productivity and performance, there are no statutory provisions on the role of SRC in the measurement of productivity and performance for purposes of the constitutional provision. SRC had developed an administrative framework for the recognition of productivity and performance. It would be more effective to provide for this in legislation.
- d. Role of SRC in CBAs:** The mandate of SRC on the determination of remuneration and benefits for public officers, including through collective bargaining, has been upheld by the courts in, inter alia, TSC and NHIF cases (supra). However, the Labour Relations Act, which predates the Constitution, has no provision on the role and entry point for SRC.

The ELRC Act attempts to provide for this in Section 15 by providing for the consideration by the court of guidelines issued by SRC and providing for SRC to file a report in economic disputes involving public institutions under Rule 37 of the ELRC Procedure Rules. ELRC and SRC have an administrative arrangement where SRC issues a letter of no objection to facilitate registration of CBAs relating to public institutions. This is not adequate as there is no express provision that bars the registration of CBAs involving public institutions without the advice of SRC.

- e. Pension and Gratuity:** While SRC has guided on payment of pension and gratuity, and that both should not be paid for the same period of

service, the provisions on pension benefits are not comprehensive.

The high court upheld the mandate of SRC on pension for State officers in Kenya National Commission on Human Rights v Attorney General & another [2015] eKLR. While determining a similar issue relating to the enactment of the Presidential Retirement Benefits (Amendment) Act No. 9 of 2013, the high court held that the National Assembly contravened the provisions of Article 230(4)(a) of the Constitution in enacting the said Act.

## 7.7 Public Participation

Public participation is indeed a fundamental national value and principle of good governance, as enshrined in Articles 10 and 47 of the Constitution and other statutes. Public participation is, therefore, integral to the processes of SRC.

As a constitutional commission, SRC is mandated to incorporate public participation in its decision-making processes. This ensures that views and interests of Kenyan citizens are taken into account when determining and reviewing the remuneration and benefits of State officers and other public servants.

Public participation in SRC processes can take various forms, including public hearings, stakeholder consultations, and inviting written submissions from the public on proposed policies or changes. This participatory approach enhances transparency, accountability, and legitimacy in SRC's decisions, as it allows citizens to have a say in matters that directly affect public expenditure and the allocation of national resources.

By engaging the public, SRC can make more informed and balanced decisions that reflect the diverse needs and perspectives of the Kenyan population, ultimately contributing to better governance and public service delivery.

## 7.8 Way forward on Legal Framework

SRC to advance the identification of conflicting legal provisions governing the determination of remuneration and benefits in the public service and the lacunae that exist in the legal framework, coupled with the jurisprudence touching on SRC's mandate and the laws relating to that mandate, with a view to undertaking a comprehensive and strategic strengthening of the legal framework.

This is crucial to resolving the existing inconsistencies, ambiguities, and gaps, thereby, fostering a coherent and harmonised approach to the determination of remuneration and benefits across the public service.



remuneration, as illustrated in the case involving the establishment of the CAS office.

- e. **Interpretation of guiding principles:** The interpretation and application of the guiding principles outlined in the Constitution and SRC Act, such as fiscal sustainability, attraction and retention of skills, and equal remuneration to persons for work of equal value, have been subject to legal scrutiny. These have required courts to provide clarity and interpretation on how SRC should balance and apply these principles in decision-making processes.

These legal challenges, while potentially disruptive in the short term, have played a crucial role in shaping the jurisprudence surrounding SRC's mandate. They have prompted courts to clarify the boundaries of SRC's authority, reinforce its constitutional mandate, and provide guidance on the interpretation and application of its powers and functions.

Ultimately, these legal challenges have contributed to the development of a more robust and well-defined framework for SRC's operations, ensuring that it can effectively discharge its responsibilities, while operating within the confines of the Constitution and the rule of law.

## 7.6 Gaps in the Existing Legal Framework

In addition to the conflicting or inadequate provisions in the various statutes, there exist gaps in the legal framework that require to be addressed to give full effect to Article 230(4) of the Constitution, as envisaged in Article 252(1)(d).

These are:

- a. **SRC's Role on Fiscal Sustainability:** While SRC is required by Article 230(5)(a) of the Constitution to ensure fiscal sustainability of the wage bill, SRC has no control over the number of positions established and the number of persons recruited to those positions.

The High Court, in *Petition E080 2023 Consolidated with E084 of 2023 Eliud Matindi & Others -vs- Attorney General & Others*, held that SRC's advice ought to be obtained before a position is established for purposes of determining effect of the position the fiscal sustainability of the wage bill, there is no legislative mechanism for such engagement. Further, employing institutions invariably establish positions and only seek the advice of SRC on the remuneration and benefits for the positions. In addition, there is no express



# CHAPTER

# 8

## LEADERSHIP AND CORPORATE GOVERNANCE

# Commissioner's Diary

**Nelly Peris Ashubwe, MBS**

This has been a remarkable and wonderful journey full of mountains and valleys. My most satisfying accomplishment was when SRC became the reference point on matters remuneration and benefits in the public service.

My primary motivation, while working at SRC comes from God. Additionally, knowing that I am delivering quality service to public servants is a catalyst to what I do.

Seeing public servants benefit from the work of SRC, even if it is just minimal pay increment is quite fulfilling and satisfying. The consistency and the order in reviewing, setting and advising on remuneration and benefits in the public service, is motivation enough.

For the incoming Commission, I would advise them to be ready to sit in meetings for long hours and for more than five days a week. Integrity is paramount, maintaining high standards without compromising is crucial.

They should be bold and know that the terrain is rough and tough, but manageable, satisfying and fulfilling.

I would like to be remembered as a servant of the people, one who endeavours to make the life of both the employee and the employer better, one who wipes a tear and leaves a smile behind, one who respects time and committed to responsibilities, and finally, a generous soul, a voice of the people.

Beyond SRC, the Almighty God is going to place me where He wants me to be. I will continue serving the people of Kenya through my law practice, through my charity work of supporting specifically orphans, widows, widowers, the sick and any other person God will place in my hands.

To the Commissioners and secretariat of SRC; honour God, be well, do good, remain committed to your work and keep in touch.



## CHAPTER 8: LEADERSHIP AND CORPORATE GOVERNANCE



**S**RC has put in place measures to ensure good corporate governance for smooth running of operations, efficiency and sound financial management and accountability.

### 8.1 Development of SRC Strategic Plan

SRC developed and launched the second edition of the Strategic Plan 2019/2020 – 2023/2024, which guided the implementation of its mandate during the six-year period. In the strategic plan, five Key Result Areas (KRAs) were identified, which SRC targeted to anchor its activities to achieve its mission and vision and deliver value to its customers.

These KRAs were set as SRC's pillars of excellence, and included: KRA 1 on fiscal sustainability of public service wage bill; KRA 2 on remuneration and benefits; KRA 3 on policy and legal framework; KRA 4 on collaboration and partnerships; KRA 5 on institutional capacity. The strategic plan was reviewed in September 2022 and extended by one year to cater for the 2024/2025 budget planning cycle.

### 8.2 Development of a Commission Charter

SRC developed and operationalised the Commission Charter in September 2019. The Charter sets out SRC's corporate governance policy that defines the respective roles, responsibilities and authority of Commissioners and Secretariat in the governance, management and control of SRC.

The Charter is not intended to replace or amend the Constitution, SRC Act or any rules or regulations issued there under.

In the event of a conflict between the Constitution, the Act or any other written law, and this Charter, the provisions of the Constitution, the Act or other written laws shall prevail.

The corporate role of Commissioners, as provided in the Charter, is to provide strategic oversight, provide leadership in corporate governance, and oversight for financial management. The Charter further lists SRC's Committees and their terms of reference.

### 8.3 Development of a new organisation structure

In producing the strategic plan, SRC developed a lean organisation structure comprising two directorates (Directorate of Remuneration Services and Directorate of Corporate Services) and three departments (Legal Services, Corporate Communications and Supply Chain Management).

Further, SRC carried out a workload analysis and identified competencies required. To place the existing staff into the newly established structure, mapping of the requisite skills was done, and thereafter, placement concluded.

### 8.4 Training on Corporate Governance

Good governance underpins effective leadership of the Commission. To achieve this and help smooth on-boarding of the Commissioners, they were undertaken through an induction process. The key areas of induction covered included Government structure and protocol, Public Finance Act, Public Procurement Act and the general governance in government.

SRC also put in place sound governance practices and systems through which it would be held accountable. Corporate governance principles were identified as essential practices in SRC leadership. In this regard, all Members of SRC, and top management were trained on corporate governance.

### 8.5 Review and Development of Policies and Operational Manuals

Good governance requires the development and implementation of standard policies. SRC reviewed the HR Policies and Procedures Manual and developed 19 stand-alone policies that were aligned to the strategic plan. Further, SRC developed operating procedure manuals for the ICT Department, Finance and Accounts Department and Procurement and Stores Manual.

To ensure business continuity, SRC developed Business Continuity Plan (BCP) and Disaster Recovery Plan. Having stand-alone policies allows for more focused and detailed guidelines tailored to specific areas of operation.

This specialisation ensures that each aspect of governance is addressed comprehensively, reducing ambiguities and enhancing compliance. Furthermore, these targeted policies facilitate easier updates and revisions, keeping SRC adaptable to changing circumstances and regulatory requirements.

### 8.6 Governance and Leadership Awards

SRC was recognised for upholding good corporate governance and accountable financial reporting. The key awards received during the period are;

- a. FiRe Awards 2021 – Certificate of Recognition by promoters of the Financial Reporting Award for consistently posting unqualified audit opinion.
- b. FiRe Awards 2022 – First Runners Up in the Category of CCIOs.
- c. FiRe Awards 2023 – First Runners Up in the Category of CCIOs under IPSAS Accruals Category.
- d. Champions of Governance Awards 2022 – Commission Sector Award during the 11th Champions of Governance Awards organised by the Institute of Certified Public Secretaries of Kenya



During the period, Commission Members, in recognition of distinguished and outstanding service rendered to the nation, were conferred awards and honours, as follow:

1. Mrs. Lyn Mengich, EBS
2. Dr. Amani Komora, PhD, MBS
3. Ms. Wangui Muchiri, HSC
4. Dr. Mumbua Munyao, PhD, MBS, IMI Certified
5. FCPA Sophie Moturi, MBS
6. Nelly Ashubwe, MBS
7. John K. Monyoncho, MCiArb, MBS
8. Hon. Isaac Melly, MBS
9. Mr. Abdiwahab Abdi, MBS
10. Mr. Emmanuel Bitta, MBS
11. Mr. Francis Anyona, MBS
12. Dr. Jacob Mbijjiwe, OGW

# Commissioner's Diary

**Margaret Sawe**

It has been a great journey full of learning experiences and getting involved in making decisions that impact the fiscal and labour space in this country.

Being able to clarify issues around devolved units that enabled SRC to make decisions marked my most satisfying experience.

I came to the public service to serve. While in the service, one must remain true to the course, the bigger picture, and remain focused on the mandate.

The service requires one to make decisions based on the law, and create processes that, regardless of whoever is in charge, one would be sure to still be able to make rational decisions.

SRC is a place that requires one to be beyond reproach, like Caesar's wife. As I exit SRC, I would like to be remembered as a champion of devolution.

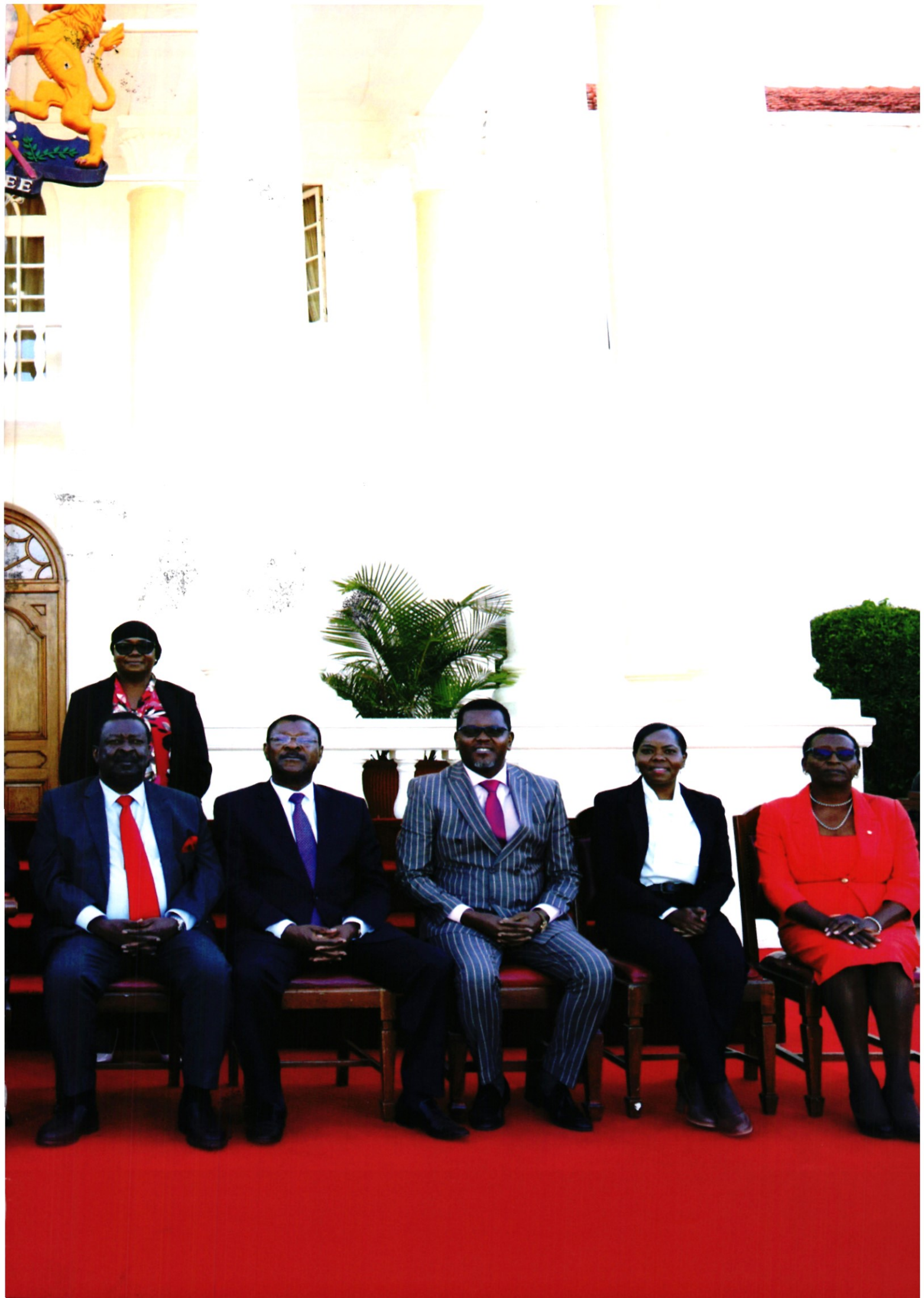
I keep saying that this is the last time, and that I was ready to retire from service. This is the third time I am doing so. I am ready to start my next stage in life.

The journey at SRC has been interesting, an opportunity and honour to serve this nation.

Equally, I appreciate the opportunity to serve at SRC and be part of an incredible and committed team. I will never forget all the experiences gained!







# CHAPTER



## INSTITUTIONAL CAPACITY



## CHAPTER 9: INSTITUTIONAL CAPACITY



### 9.1 Collaboration and Partnerships

#### 9.1.1 Introduction

Acknowledging that SRC decisions and policies impact a wide range of individuals, organisations, institutions, national and county governments, businesses and the general economy of the country, SRC actively invests in stakeholder engagement.

This engagement is premised upon the knowledge that SRC is a public institution whose mandate, as espoused in the Constitution and SRC Act, 2011, as well as agenda that is implemented through its strategic plan, would be greatly enhanced through the promotion of great working relationships with stakeholders.

As SRC works in multi-sectorial platforms, several internal and external stakeholders collaborate with it to achieve its institutional objectives. SRC stakeholders are mapped within several sectors, and divided between primary and secondary stakeholders, as well as internal stakeholders.

#### 9.1.2 Stakeholder Engagement

SRC has been reviewing the impact of its actions in relation to stakeholders, further maximising the positive impact and mitigating those that are negative. Key to understanding the stakeholders is the knowledge of what it will take to influence their decisions, actions and performance.

SRC worked with stakeholders who hold immense influence on their audience, and hence, are key to the defence of SRC's mandate. In some instances, several stakeholders reacted to SRC's decision based on lack of understanding.

This is with the knowledge that SRC decisions and policies impact differently to a wide range of individuals, national and county governments, organisations, institutions, businesses, the public and the general economy of the country. As a result, SRC actively invested in regular, systematic, structured dialogues, engagements, sensitisation sessions and technical clinics with its stakeholders.

The dialogue sessions offered opportunities to SRC and its stakeholders to engage in a constructive manner and sharing of views. These were a deliberate effort to listen and collaborate to achieve the intended goals. Cooperation and support from stakeholders, therefore, occasioned the successful implementation of SRC's mandate. Throughout the six years, and to the largest extent, working within its mandate and the strategic plan, SRC captured the expectations of its stakeholders.

It is critical for the brand name of SRC to be regularly protected on all platforms, and more importantly, for SRC to ensure that challenges within the public service are addressed quickly and to the satisfaction of all stakeholders, as best as possible.

With changing dynamics influenced either by political, social or economic trends, SRC regularly reviewed trends and shifts, including negative events that affected its relations with some key stakeholders. SRC continues to engage stakeholders to find mutually acceptable and beneficial outcomes.

Stakeholder engagement is a continuous assignment, where SRC monitors responses to issues that are significant to stakeholders based on assessments and opportunities. This is to be laced with continuous improvement of the communication lines between SRC and stakeholders.

## 9.2 Visibility, Awareness and Advocacy

### 9.2.1 Media

In the media space, SRC focused on key aspects such as issuing press releases, holding press briefing and media interviews, production of articles and stories, and organising media trainings and seminars. Relationships were enhanced with editors, columnists, media owners, influential media personalities, journalists, and bloggers across the spectrum.

The media largely reported positively on SRC's activities. The close partnership and networking with the media was key to SRC influencing the discourse and narrative in the public space. The media understood that SRC is a major point of reference for information on salaries, benefits and allowances.

Knowing their influence, several opinion editorials were published in favour of SRC. However, there were instances of misrepresentation and erroneous reporting by the media that affected public perception of SRC. SRC sought corrections from the media or issued press releases and rejoinders clarifying the true position. The misreporting did not lead to a breakdown of relations between SRC and the concerned media. In general, the media is a friend of SRC.

### 9.2.2 Social media

Social media is key to SRC's strategy of reaching and diversifying its audience. SRC has been promoting its activities through Facebook, X, Instagram, Threads, YouTube, TikTok, LinkedIn, Flickr and WhatsApp.

These platforms have helped SRC to deliver its messaging using #hashtags and tagging of institutions. SRC also engaged LIVE coverage on social media.

The social media and public have expressed heavy support to SRC on various issues affecting excesses by some public offices, and equally opposed SRC on some decisions to which they viewed as unfavourable.

SRC tracked public conversations on social media and engaged in remedial measures, where appropriate. SRC closely watches the changing trends in social media spaces to align SRC's agenda within the emerging dynamics.

### 9.2.3 Other communications initiatives

SRC maintained an informative website in line with applicable digital trends. The website is a key awareness, visibility and information sharing platform for external partners and the media.

For SRC to enhance its visibility and image, good photography and videography has been paramount, as the material is used on social media, media and digital platforms.

Several branded Information Education and Communication, stationery and promotional materials were produced for the office, events, conferences, campaigns, launches, exhibitions, among others. SRC also produced a quarterly Mishahara Newsletter, e-Connect digital bulletin for internal audience and e-Hub digital bulletin for external consumption.

Further, a public SRC WhatsApp Group, an SRC App, and a bulk SMS platform were set up to bolster and widen the pool of communication channels available to SRC. Critical enabling communications policies, manuals, strategies and work plans were developed to guide the implementation of the overall communications, visibility and awareness effort at SRC.



### 9.3 External Customer Perception Survey

As a means to gauge and understand stakeholders and the public's perception of SRC over the years, an External Customer Perception Survey was undertaken by SRC. The survey targeted 244 stakeholders from both public and private sector institutions and 122 citizens.

The survey covered the following areas: the image, reputation, and brand perception of SRC based on stakeholders' viewpoint; service delivery indicators, performance and internal mechanisms that are considered important to SRC stakeholders; SRC Logo and brand appreciation; and evaluation of the impact of SRC policy positions.

A total of 245 questionnaires were satisfactorily completed, to which SRC achieved a remarkable overall score of 66.9 per cent. Aggregate ratings on SRC image visibility and reputation for citizen (67.8%) almost equal that of stakeholders (67%).

The aggregate score on participants ratings on SRC core functions was 71.5 per cent. On ratings on impact of SRC's constitutional and statutory principles, stakeholders had a slightly higher rating of 67.8 per cent, compared to the citizen rating of 66.3 per cent.

On positive impact of SRC on the public service, citizens lauded SRC for being an institution that initiated dialogue and established structures on harmonisation of salaries and allowances in the public service, something that was unheard of earlier.

They also recognised SRC's effort of promoting equality in the public service, attempt to manage the public wage bill and its contribution towards preventing public resources from salary-related wastage.

To the stakeholders, SRC injected transparency and accountability in setting and reviewing salaries in the public service, brought order in public service remuneration, and controlled the ballooning of the wage bill insofar as compensation is concerned, through its reports and statements.

The survey's positive outcome notwithstanding, there were other areas that the survey indicated that SRC should improve on.

For these, a two-year implementation plan was developed and rolled out for implementation across the institution by all departments. This baseline will be used to evaluate SRC's perception status in the next survey after two years.

**Table 9.1: Finding of the External Customer Perception Survey**

No.	Theme	Citizens		Stakeholders		Sub aggrt	
		Mean	Score (%)	Mean	Score (%)	Mean	Score (%)
1.	SRC mandate	2.53	63.3	2.79	69.8	2.66	66.6
2.	SRC image visibility and reputation	2.71	67.8	2.68	67.0	2.69	67.4
3.	SRC performance on core functions	2.86	71.5	2.64	66.0	2.75	69.8
4.	Impact of SRC constitutional and statutory principles	2.71	67.8	2.65	66.3	2.68	67.1
5.	Service delivery	-	-	2.96	74.0	2.96	74.0
6.	SRC general communication	2.76	69.0	2.99	74.8	2.88	71.9
7.	SRC stakeholder engagement	2.72	67.9	2.92	73.0	2.82	70.5
	<b>Aggregate score</b>	<b>2.72</b>	<b>67.9</b>	<b>2.8</b>	<b>70.1</b>	<b>2.78</b>	<b>69.6</b>

### 9.4 Strengthening of HR Capacity

SRC reviewed HR and administration policies and procedures and aligned to the second strategic plan. Members of SRC and Secretariat in the executive management were trained on corporate governance and leadership. In line with SRC's mandate of ensuring attraction and retention of the skills required to execute its functions, the following strategies were undertaken:

#### 9.4.1. Employer Brand and Employee Engagement Strategies

The employer branding strategy adopted by SRC involved redefining and remodelling of SRC as a brand. It included planning, creating, and executing a range of employer branding and repositioning strategies to shape SRC to the desired brand.

This involved a review of the existing culture, goals, and values. Employer brand became a key factor, which influenced talented candidates to accept or reject SRC job offers. The vibrant brand shaped SRC's reputation as an employer and increased the level of employee engagement.

#### 9.4.2. Reward management system in place

SRC developed and implemented Employee Recognition and Reward Policy, which provided guidelines on how to identify, recognise and reward staff who demonstrated acceptable performance during a given period. In a bid to attract and retain requisite skills, this policy guided on modalities of recognising and rewarding performance of SRC employees. The implementation of the policy enabled SRC to;

- Recognise and reward performance;
- Provided a mechanism for linking rewards to measurable performance and productivity;
- Aligned employees' efforts with SRC's objective and strategic plan; and
- Promoted excellent customer service attitude, behaviour and passion among staff.

## 9.5 Talent Management, Acquisition and Retention Strategies

SRC recognises the importance of its HR and the need to invest in its acquisition, nurturing and retention. In line with this, SRC developed and implemented a robust Talent Management, Acquisition and Retention Strategies, as follows:

### 9.5.1. Talent Management Strategy

SRC developed and implemented a Talent Management Strategy, which entailed the use of strategic HR to achieve and continuously improve the attainment of its goals. This made it possible for SRC to attract, recruit, nurture and retain highly talented employees.

Talent management and employee engagement in SRC was mainstreamed through methodically organised strategic processes. The process involved identifying talent gaps and vacant positions, sourcing for and onboarding the suitable candidates, growing them within the system and developing the most needed competencies for expertise with a future-focus, and effectively engaging, retaining and motivating them to achieve SRC's objectives.

### 9.5.2. Competency Framework

SRC developed a competency framework, which enabled the identification of the desired core competencies namely, managerial and strategic, and technical competencies, which are key to employees' performance. The competencies were embedded in the following:

- a. Carrying out a comprehensive induction and orientation for all newly recruited employees;
- b. Carrying out a comprehensive training needs analysis;
- c. Enhancing professional development, skills, aptitude and proficiency of the employees to match the profile;
- d. Coaching, guiding, counselling and mentoring employees, and
- e. Selection and recruitment.

### 9.5.3. Training and Development

SRC committed and ensured continuous upgrading of its employees' core competencies, capacity, knowledge, skills and attitudes through learning and development. The learning and development enabled employees to develop their careers and assimilate technology for effective and efficient service delivery. SRC training and development was carried out by the HR department. The discharge of the training function was through an internal Training Committee.

Nomination and selection for individuals and groups training was based on approved training plans aligned to SRC's strategic goals. The approved programmes aimed to address SRC and individual employee performance needs.

### 9.5.4. Career Planning and Progression Guidelines

SRC developed career planning and progression guidelines, which provide for the following, among others;

- a. Standards for recruitment, placement and appraisal of performance;
- b. Assignment of tasks, supervision, coaching and mentorship;
- c. Delineation of duties and responsibilities for work planning and attainment of tasks; and
- d. Alignment of the employee's performance to SRC's strategic objectives.

Administration of the guidelines ensures fair and equitable treatment of all employees.

### 9.5.5. Transitioning/Succession Planning

Succession planning is key to talent management and the transformation of employees to achieve the organisational goals.

To address staff transitions, SRC put in place a Succession Management Policy to ensure that transitions are well managed, and work is not disrupted. The following measures were put in place to manage transitions, where applicable;

- a. Multi skilling of employees;
- b. Employee outsourcing programmes;
- c. Succession planning through coaching and mentorship.
- d. Conducting exit interviews; and
- e. Retirement benefits to employees.

## 9.6 Strengthening of Performance Management

SRC developed and implemented the Performance Management Policy, which enabled a performance culture in the organisation. SRC adopted performance contracts to be signed by all employees.

To ensure efficiency and effectiveness in service delivery, SRC institutionalised a Performance Management System to enable employees to perform in their respective areas, with KRAs drawn from SRC's strategic plan.

The corporate annual performance for SRC has maintained at 90 per cent and above. To enhance quality in performance, SRC adopted the Quality Management System, where all staff were trained.

## 9.7 Institutionalising Positive Corporate Culture

SRC developed and implemented a Corporate Culture Strategy, and carried out change management programmes as guided in the change management strategy.

Staff were involved in key changes, including on their welfare. Quarterly staff meetings were held, which offered staff an opportunity to discuss freely with the management.

## 9.8 Leveraging on Technology

Over the past six years, SRC embarked on a transformative journey to enhance its operational efficiency through the implementation of innovative technological solutions.

In this regard, SRC automated various business processes aimed at enhancing its operational efficiency, improving service delivery and internal operations. These systems are summarised in Table 9.2.

**Table 9.2: SRC Innovative Technological Solutions**

No.	System	Description	Remarks
1.	Integrated Job Evaluation System (iJES)	This is an inhouse JE system.	Fully Implemented.
2.	Electronic Document Management System (EDMS)	This is an internal document handling and storage system to facilitate retrieval time, reduced physical storage requirements, and enhanced document security.	a. Implemented to handle incoming mails. b. System to be further re-engineered to handle outgoing mails.
3.	Interactive Website and Intranet	The interactive SRC website serves as a digital gateway for engaging stakeholders. It features dynamic content, user-friendly interfaces, and interactive elements such as forms, multimedia, customer feedback, and seamless access to services and information. This enhances user experience and fosters stronger connections with the audience. The Intranet is a secure network accessible only to SRC employees, used for internal communication and information sharing.	Fully Implemented.
4.	Automated Wage Bill Monitoring and Evaluation System	This is an automated tool to facilitate undertaking M&E by SRC.	a. Implemented. b. System requires continued capacity building to stakeholders for ease of submission of data by stakeholders.
5.	SRC App	This is a convenient mobile platform for accessing SRC information and services on the go.	Fully Implemented.
6.	Bulk SMS	This is a valuable tool for mass communication via SMS.	Fully Implemented.
7.	E-Recruitment System	An e-recruitment system is an online platform, designed inhouse to automate and streamline the recruitment process, enabling SRC to post job vacancies and manage applications digitally. It leverages technology to enhance efficiency, reduce hiring costs, and improve the candidate experience.	Implemented.
8.	Legal Management System	This is a centralised repository for legal documents, case tracking, and workflow automation.	Development, customisation and deployment is ongoing.
9.	E-Board Solution	This is a digital tool that provides for agenda management, document distribution, and meeting facilitation.	Development, customisation and deployment is ongoing.
10.	Enterprise Risk Management (ERM) System	Development of the system is ongoing.	Development, customisation and deployment is ongoing.

# CHAPTER

# 10

## ENVIRONMENT AND SUSTAINABILITY

## CHAPTER 10: ENVIRONMENT AND SUSTAINABILITY



Below is a brief highlight of SRC's achievements in the following four sustainability pillars:

### 10.1 Sustainability Strategy and Profile

SRC deployed resources for the development of departmental BCPs. This gave assurance that SRC shall be able to continue operations and restore services in the event of a disaster that damages its assets and infrastructure.

With cloud computing being implemented for data back-up, staff are able to access their data storage devices without having to physically carry an external hard disk.

### 10.2 Environmental Performance

SRC initiated programmes to ensure that its environmental activities remained sustainable in the long run. This effort is demonstrated by operationalising policies relating to the disposal of electronic waste, pooling of water dispenser units, sharing of IT assets, sharing and circulation of soft copies of documents as opposed to hard copies, applying Just-In-Time philosophy for the replenishment of store items (minimises storage of

large stocks), and printing on both sides of paper documents.

In addition, SRC commenced the digitisation of its work processes by developing and implementing an Intranet, EDMS, SRC App, Bulk SMS system, iJES, a telephone on-hold system, and an M&E system.

### 10.3 Employee Welfare

SRC has an HR policy that subscribes to the tenets of public service values and principles in the recruitment of staff, as provided in Article 232 of the Constitution. Staff are subjected to a fair performance appraisal whose output, amongst other aspects, is the identification of areas of improvement and training.

SRC's office is certified by the Ministry of Labour as a registered place of work, and thus, conforms with the requirements of the Occupational Safety and Health Act of 2007, (OSHA, 2007).

In the Covid-19 pandemic period, SRC ensured compliance with all Ministry of Health protocols for the safety of staff and stakeholders, and for continuity of business. Further, SRC provides medical insurance, WIBA and GPA cover for its employees.

## 10.4 Marketplace Practices

### 10.4.1. Responsible Competition Practice

The Public Procurement and Disposal Act, 2015 (Amended 2022), lays emphasis on the need to undertake market surveys while undertaking procurement processes, to provide guidance to the user department and the procurement unit.

To underscore the importance of transparency and efficiency in the procurement process, the Public Procurement Regulatory Authority has enhanced the Public Procurement Information Portal for suppliers to easily access information on procurement opportunities and contract awards.

SRC has continuously complied and enhanced the utilisation of e-procurement to the available public procurement information system infrastructure, and endeavoured to apply the request for quotation method as its preferred procurement method to promote competition in the marketplace.

### 10.4.1. Responsible Competition Practice

The Public Procurement and Disposal Act, 2015 (Amended 2022), lays emphasis on the need to undertake market surveys while undertaking procurement processes, to provide guidance to the user department and the procurement unit.

To underscore the importance of transparency and efficiency in the procurement process, the Public Procurement Regulatory Authority has enhanced the Public Procurement Information Portal for suppliers to easily access information on procurement opportunities and contract awards.

SRC has continuously complied and enhanced the utilisation of e-procurement to the available public procurement information system infrastructure, and endeavoured to apply the request for quotation method as its preferred procurement method to promote competition in the marketplace.

### 10.4.2. Responsible Supply Chain and Supplier Relations

SRC considers economic, social, ethical, and environmental standards in all its procurements and disposal processes. The standards are also applied when registering new suppliers and supplier development programmes. Framework contracts have enabled SRC to leverage on buyer power and influence towards supply chain sustainability and resilience in realising competitive pricing.

The framework contracts are a shift from spot buying, which has not only reduced the transactional procurement, but further enhanced supplier relations. The buying pattern and demand has enabled the suppliers to be more responsive to urgent demands and enhance stock management.

The procurement opportunities and awards have been provided through e-procurement platforms that has built confidence with the suppliers to view SRC as a responsible partner in business.

### 10.4.3. Responsible Marketing and Advertisement

To promote visibility of procurement opportunities, advertisement is done both in print and electronic media. The seamless communication has enhanced suppliers' confidence of SRC procurements, leading to high responsiveness of tenders.

### 10.4.4. Product Stewardship

SRC's evaluation criteria always considers social and environmental considerations in choosing best suppliers' products and services. The buying process is driven by the user department needs, thus, eliminating product waste.

SRC endeavours to procure safe products from reputable suppliers to safeguard consumer rights and interests. SRC constitutes inspection and acceptance committees for each procurement as prescribed in the Public Procurement and Disposal Act, to enable it to comply with both user specifications and regulatory requirements.

The inspection and acceptance committees comprise staff from different departments who have the requisite skills and in-depth product knowledge. In instances where SRC has limited technical skills on complex procurements, it engages external technical skills from relevant bodies to ensure procured products are above board.

## 10.5 Corporate Social Responsibility / Community Engagements

SRC identifies Corporate Social Responsibility (CSR) initiatives as a niche through which it contributes, however small, to improve the lives of vulnerable groups across Kenya, as well as enhance environmental sustainability.

SRC will continue to support needy individuals and groups across the country. The following were CSR activities undertaken during the six-year period.



- a. **Donations to Metameta Children's Home:** SRC staff donated dry food stuff, water, beverages, clothes, shoes and books to Metameta Children's Home. The children's home, which is located in an informal settlement in Kangemi, Nairobi, caters to children abandoned or left behind by their parents and guardians due to a myriad of social challenges. The home accommodates 48 children aged between 3 months and 17 years.
- b. **Blood Donation Drive:** Research shows that in every ten minutes, about seven Kenyans need blood. Further, blood donor banks in the country require regular replenishment. SRC, in partnership with the Kenya National Blood Transfusion Service, conducted a blood donation drive at SRC's premises at Williamson House. During the blood drive, 29 units of whole blood were collected, which translated to about 70 units when converted to blood components. Nephromed Limited, a clinic housed at Williamson House, also conducted a free health check for all the blood donors.
- c. **Donations to Trinity Boxing Club, Kibera:** SRC, in collaboration with the Kenya Red Cross Society, undertook a CSR activity at the Trinity Boxing Club in Silanga, Kibera. Commission Members and staff donated clothes and shoes to improve the well-being of the club members, their families and the surrounding community.

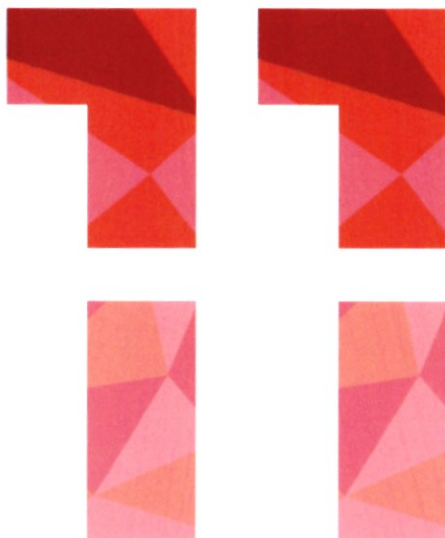
Additionally, six children from Kibera received sponsorships in form of uniform, learning materials and fees to join nearby schools. The club provides young people with opportunities to take constructive roles in their communities and avoid crime, and to use their skills and knowledge in sporting activities.

- d. **Tree Planting Initiatives**
- i. **Tree growing at Lenana School:** SRC, in collaboration with the Kenya Forest Service (KFS) and Lenana School, grew trees at Lenana School. Up to 1,000 tree seedlings were planted, and which included local tree species, as well as lemons, avocados and other fruit trees. The seedlings are being nurtured by students of Lenana School. The principal representatives from SRC, KFS and Lenana School reiterated the importance of planting and nurturing trees to increase Kenya's forest cover, as well as taking care of trees to ensure environmental sustainability.
- ii. **Tree growing at Kileleshwa Primary School:** A tree growing public holiday was introduced in Kenya as part of the government's goal to plant 15 billion trees in 10 years. SRC participated in the exercise at Kileleshwa Primary School, in collaboration with its stakeholders, where a total of 850 tree seedlings were planted.

Kenya aspires to achieve a tree cover of at least 30 per cent by 2032. This means, every Kenyan is urged to grow 30 trees a year, and 300 trees in 10 years for the goal to be attained. This momentous task shall be achieved through a whole-of-government and whole-of-society approach.

- e. **Support to children at Kenyatta National Hospital:** Staff of SRC visited the Paediatric Specialised Surgical Unit at Kenyatta National Hospital and interacted with children suffering from congenital malfunction conditions. The team also donated assorted food items to the children and their guardians/parents and spent time spreading cheer, love, care and attention around the Ward.
- f. **Donations to Street Children/Families:** A Child Rescue Kenya report estimates that 3,000 children in Nairobi live on the streets. Motivated by the need to make a difference to the lives of some of these children, SRC visited more than 50 street children and families in Nairobi and donated food stuff, clothes and shoes. This was SRC's way of showing care to street children and families, who go through a lot of suffering.
- g. **Donations to Lang'ata Women Prison:** A notable visit to the Lang'ata Women Prison saw SRC provide in-kind donations for the women and children. The items included a variety of snacks, an assortment of toys, an array of games, and several sports equipment including footballs, basketballs, volleyballs, skipping ropes, among others. At the time of the CSR visit, the prison hosted 750 inmates and 38 children. SRC also took a tour of the prison facilities, which included a bakery and a textile workshop, where an array of items are produced. In support of the prison resource mobilisation initiative, SRC's delegation purchased several garment products, as well as fresh bread and mandazis from the bakery.
- h. **Donations to Nyumba ya Wazee, Kasarani:** Nyumba ya Wazee is a home that serves 74 elderly persons enrolled from very poor backgrounds, those abandoned and vulnerable. With no specific regular donors, the home depends on erratic donations from well-wishers. SRC's visit to the home, therefore, brought joy and fulfilment by donating a variety of food and non-food items. From lending a hand in daily tasks such as meal service, cleaning, kitchen duties, or laundry, to spending quality time with the elderly, any involvement brings immeasurable joy and comfort to the hearts of the elderly at the home.

# CHAPTER



## COMPLIANCE TO LEGAL AND STATUTORY OBLIGATIONS

## CHAPTER 11: COMPLIANCE TO LEGAL AND STATUTORY OBLIGATIONS



### 11.1 Introduction

SRC is dedicated to maintaining strict adherence to legal and statutory obligations in its operations. Ensuring compliance with the Constitution, Acts of Parliament, regulatory frameworks, and internal policies is essential to SRC's mandate. This commitment to legal and statutory compliance underscores SRC's role in promoting transparency, accountability, and equity within the public service.

### 11.2 Annual Report of the Staff Mortgage and Car Loan Scheme Fund

SRC received Ksh 288,675,603 to operationalise the Staff Mortgage and Car Loan Scheme Fund. The annual reports for the scheme have been prepared and submitted within the statutory deadlines and positive (Unqualified) audit reports issued by OAG. Further, Ksh 243,859,588 was disbursed to 49 staff members who benefited from the scheme.

### 11.3 Annual Report of the Audit Committee

SRC reviewed and approved the second edition of the ERM Policy in 2020. The policy was operationalised through the appointment of departmental risk champions with clear terms of reference. The risk champions undertook quarterly risk assessments and the development of underpinning departmental risk reports.

The consolidated corporate risk reports developed by management were considered by SRC and approved for implementation. In FY 2023/2024, SRC acquired an ERM System, which will support the automation of risk assessments and reporting in SRC.

### 11.4 Compliance with Statutory Requirements

SRC is required to comply with various laws and constitutional provisions, which include the Constitution, SRC Act, 2011, PFM Act, 2012, the Public Procurement and Disposal Act, the Income Tax Act, the NSSF Act, and NHIF Act, among others. SRC adhered to the provisions of the relevant laws in all its operations.

Article 254(1) of the Constitution and Article 21 of SRC Act, 2011, requires SRC to prepare, publish, and publicise annual reports and financial statements and submit them to the president and parliament.

SRC prepared and submitted its annual reports within the stipulated statutory timelines. Further, SRC received favourable (unqualified) audit reports from the Office of the Auditor General (OAG) during the six-year period.

### 11.5 Other Legal and Statutory Obligations

Article 230(5) of the Constitution requires that SRC, while carrying out its mandate, consider the principles of fiscal sustainability, attraction and retention of skills required to execute functions, recognition of productivity and performance, transparency, and fairness.

These principles were incorporated in SRC's second strategic plan in the form of KRAs, and hence, guided all SRC decisions.

# CHAPTER



## FUNDING TO SRC

## CHAPTER 12: FUNDING TO SRC



### 12.1 Introduction

Over the past six years, SRC has received and managed funding aimed at supporting its critical role to review, set and advice on remuneration and benefits. This funding has enabled SRC to carry out its mandate.

The careful allocation and utilisation of these resources have been pivotal in ensuring that SRC meets its objectives, maintains operational integrity, and fosters transparency and accountability in public service remuneration and benefits.

### 12.2 Six-year Budget Outlay

During the period, SRC had a total budget of Ksh 4.17 billion comprising Ksh 2.11 billion for personnel emoluments, Ksh 1.57 billion for goods and services, Ksh 0.48 billion for capital expenditure.

The allocation over the review period fluctuated with the highest being realised in FY 2017/2018 due to support to undertake JE in the public service and the lowest in FY 2019/2020.

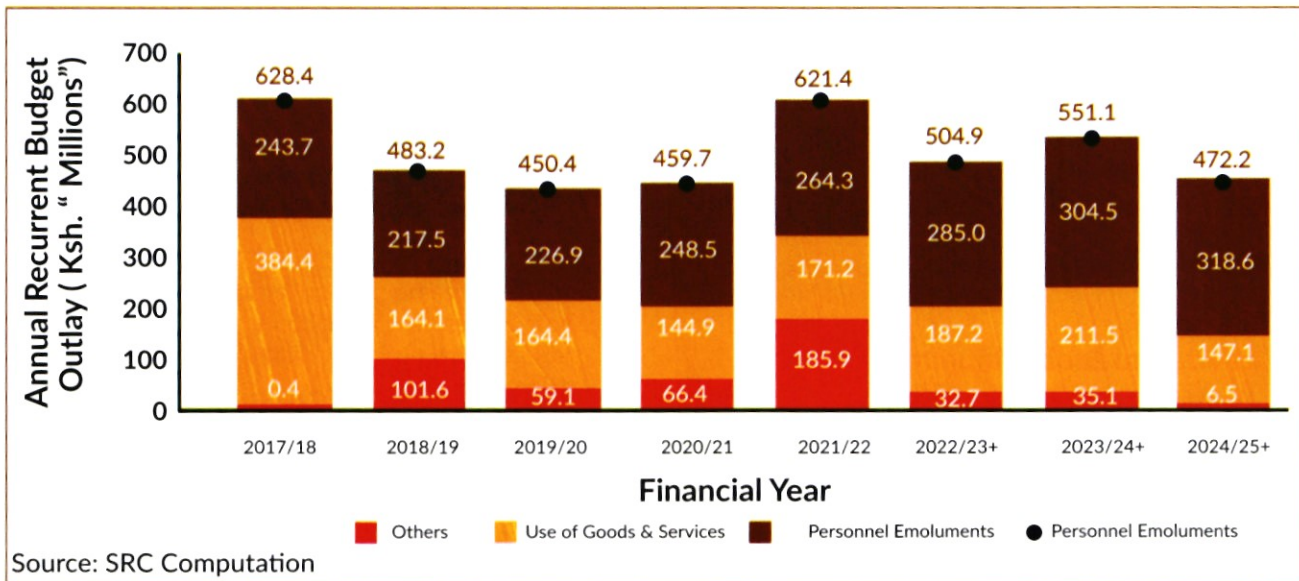
Table 12.1: Analysis of budget outlay for the period 2017/2018 to 2024/2025

Description	Financial Year							
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
<b>Budget</b>	<b>Amount (Ksh)</b>							
Personnel Emoluments	243,700,000	217,510,000	226,895,400	248,459,397	264,260,000	285,002,000	304,514,521	318,600,000
Use of Goods and Services	384,383,000	164,126,637	164,364,600	144,909,940	171,221,057	187,210,596	211,461,623	147,134,472
Others	350,000	101,560,000	59,100,000	66,360,663	185,898,943	32,708,607	35,081,311	6,496,450
<b>Total</b>	<b>628,433,000</b>	<b>483,196,637</b>	<b>450,360,000</b>	<b>459,730,000</b>	<b>621,380,000</b>	<b>504,921,203</b>	<b>551,057,455</b>	<b>472,230,922</b>
Wage Bill to Revenue Ratio	38.78%	45.01%	50.38%	54.04%	42.53%	56.44%	55.11%	70.37%

Source: SRC Computation

SRC budget on personnel emoluments grew over the period while allocation on goods and service and capital expenditure oscillated with the highest allocation being recorded in FY 2021/2022 as shown in Figure 12.1.

Figure 12.1 Analysis of budget outlay for the period 2017/2018 to 2024/2025



### 12.3 Resource Mobilisation Effort

In undertaking its mandate, SRC faces inadequate budgetary allocations to implement key programmes and activities that drive SRC's mandate and operational expenses. Inadequate exchequer funding, delays in disbursements, and budget cuts, negatively affected implementation of SRC's key programmes.

Over the years, SRC's funding has not been consistent and unable to meet increasing financial needs for the fulfilment of its mandate. Over the strategic planning period 2018/2019 – 2022/2023, SRC's budget, against resource requirements, is summarised in Table 12.2.

Table 12.2: Summary of SRC budget in FY 2018/2019 and 2023/2024

Description	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
<b>Budget</b>	Amount (Ksh)					
Budgetary allocation	562,190,000	504,921,203	621,380,000	459,730,000	450,360,000	483,196,637
Resource requirements	987,500,000	885,350,000	891,868,292	825,774,480	619,876,925	790,700,000
% funding received	57%	70%	70%	56%	73%	61%
World Bank (PFMR)	5,758,200	9,070,000	5,350,000	-	6,118,940	

From the above analysis, there is a consistent funding gap that SRC has experienced during the implementation of the current strategic plan. This has hampered completion of projects hence delayed impact due to phased implementation of projects, research, deployment of appropriate ICT and other technological requirements. The mitigation measures in place have not been adequate.

Over the years, SRC has mobilised resource, albeit low, from the World Bank through the Public Finance Management Reform Programme and the Kenya Devolution Support Programme II, as shown in the table 12.2

A young boy with a joyful expression is crouching in a field of soil, planting a small tree sapling. He is wearing a blue sweater over a light blue collared shirt and grey shorts. The sapling is in a dark, cylindrical container. The background is filled with green foliage and trees, suggesting a natural, outdoor setting. The overall tone is positive and hopeful, emphasizing environmental care and education.

**Let us grow  
15 billion trees  
in 10 years.  
Every Kenyan  
can grow 300  
trees in  
10 years.**

# CHAPTER

# 13

## FUTURE PRIORITY AREAS



## CHAPTER 13: FUTURE PRIORITY AREAS



As SRC moves into the future, more effort is required in the following areas that are at different stages of implementation:

### 13.1. Productivity Measurement and Improvement in the Public Service

Since the development of the framework for recognising productivity and performance in the public service, SRC and NPCC rolled out sensitisation and training of public institutions on productivity mainstreaming.

There exists potential of optimising the productivity in the public service, through enhanced governance, operational efficiencies, and accountability for results.

Collaborative effort is required in public service to drive productivity as a key enabler towards achieving the wage-bill-to-revenue ratio of 35 per cent. Baseline productivity measurement should be upscaled to all MCDAs, considering only 60 institutions have developed the baseline index.

### 13.2. Implementation of Third NWBC Resolutions

SRC, together with other collaborators, developed the implementation matrix for the Third NWBC Resolutions. SRC and IGRTC to continue playing the overall coordinating role in the implementation of the Resolutions.

On the other hand, MPSP&DM, COG and SCAC shall coordinate the national government, county governments and State corporations, respectively, in implementing the resolutions.

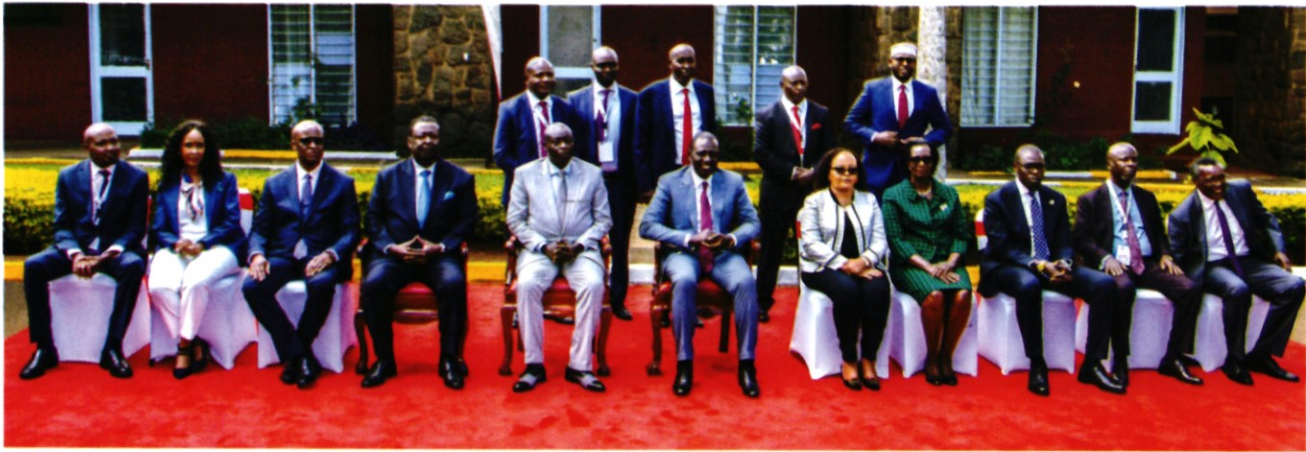
The full implementation of the Resolutions is paramount to the achievement of the desired goal of 35 per cent wage-bill-to-revenue ratio by 2028.

### 13.3. Streamlining Allowances in the Public Service

Under Phase III, SRC to continue engaging employing public institutions, and advise on institution-specific allowances that require either to be merged, renamed, restructured, abolished, or retained. After engagement, SRC to issue advice on the allowances.

Whilst SRC has reviewed institution-specific reports for: State departments; county executives; county assemblies; and disciplined services, the following institutional sector reports are pending and need to be reviewed: commercial State corporations; service and regulatory State corporations; public universities; CCIos; and research and specialised institutions.

During implementation in Phase IV, while issuing advice on parameters for future CBNs, SRC to progressively review allowances and benefits in CBAs and align them to the provisions of the Allowances Policy Guideline for the Public Service.



**Seated L-R:** Hon. Moses K. Kuria, HSC, Cabinet Secretary, Ministry of Public Service, Performance and Delivery Management; Wangul Muchiri, HSC, Commissioner, SRC; Late General Francis O. Ogolla EGH, EBS, HSC, 'Ndc'(K), 'PSC' (FRA), Chief of the Defence Forces; Hon. Musalia Mudavadi, EGH, Prime Cabinet Secretary; Hon. Rigathi Gachagua, EGH, Deputy President; H.E. Dr. William Samoei Ruto, CGH, President of the Republic of Kenya and Commander-in-Chief of the Kenya Defence Forces; H.E. Anne Waiguru, EGH, OGW, Chairperson, Council of Governors; Lyn Mengich, FIHRM, EBS, Chairperson; Johnson Arthur Sakaja, CBS, Governor, Nairobi County; Amb. Anthony M. Muchiri, CBS, Chairperson, Public Service Commission; and Chief Justice (Emeritus) David Maraga, FCIArb, EGH.

**Standing L-R:** H.E. FCPA. Fernandes Barasa, OGW, Governor, Kakamega County; H.E. Wisley Kipyegon Rotich, Governor, Elgeyo Marakwet County; H.E. Joseph Ole Lenku, EGH, Governor, Kajiado County; H.E. Mutahi Kahiga, EGH, Governor, Nyeri County; and H.E. FCPA. Ahmed Abdullahi, EGH, Governor, Wajir County.

### 13.4. Progressive Harmonisation of Remuneration and Benefits Structures

SRC to progressively harmonise remuneration and benefits structures in the public service, subject to affordability and fiscal sustainability; and reviewing, setting and advising on remuneration structures to be guided by constitutional and statutory principles equal pay for work of equal value.

SRC to undertake JE of jobs in the public service; institutionalisation of quality assurance and approval of JE grading to enhance consistency and objectivity of the JE grading result; and stakeholders to be involved in the JE process.

### 13.5. Review and Harmonisation of Pensions Benefits

SRC has developed parameters to guide the establishment of pension schemes for State officers who wish to convert their benefits from gratuity to pension and to guide in review of existing pension schemes for State officers. The parameters provide for the establishment of a Defined Contribution Scheme. This has been applied in advising COG on pension for governors, deputy governors and the County Assembly Forum on pension for staff and MCAs.

In this regard, SRC to continue with the review of the identified gaps, policy strategies and harmonisation of the retirement benefits with a focus on: Review and advice on the 2014 SRC pension recommendations in consultation with the National Treasury, review of income replacement ratio and recommended ratio, review of gratuity, review of issues on multiple governing authorities, and public service retirement ages which varies across different cadres/sectors.

### 13.6. Data Warehouse, Analytics and Forecasting Model

To mitigate risks associated with weak payroll management systems, public institutions must invest in robust automated payroll management systems in line with the government directive, employ skilled payroll professionals, and prioritise transparency and accuracy.

A central analytical tool able to access the payroll is required to check and enhance accountability. This would ultimately control the wage bill, instil prudent utilisation of public resources, and curb excessive and unauthorised payments.

### 13.7. Non-adherence to wage bill management policies, regulations and guidelines

To mitigate the factors that cause non-adherence to wage bill management policies, regulations and guidelines, such as failure or refusal by public employees as individuals or as entities to adhere to established wage bill management policies, regulations and guidelines, a consequence management framework should be instituted at the highest level to severely punish non-adherence.

### 13.8. Operationalisation of Sectoral One Body to Negotiate CBAs on Behalf of Government

SRC to continuously hold consultations with public institutions that may require support to streamline the CBN processes, while encouraging public institutions to continuously undertake capacity building of their staff at KSG.

This will help address non-adherence to SRC's guidelines on CBNs, proposed reviews that are inconsistent with government policies and legal provisions, gaps in CBN skills, signing of CBAs with financial implications that are neither affordable nor fiscally sustainable and inadequate communication between management and trade unions.

### **13.9. Policy and Legal Framework**

It is critical to address existing gaps in the legal framework to give full effect to Article 230(4) of the Constitution as envisaged in Article 252(1)(d). This is in addition to the conflicting or inadequate provisions in the various statutes as expounded in Chapter 5.

### **13.10. Promoting Collaboration and Partnership**

It is critical for the brand name of SRC to be regularly protected on all platforms, and more importantly, for SRC to ensure that challenges within the public service are addressed quickly and to the satisfaction of all stakeholders, as best as possible.

With changing dynamics influenced either by political, social or economic trends, SRC to regularly review trends and shifts, including negative events that affects its relations with some key stakeholders. SRC continues to engage stakeholders to find mutually acceptable and beneficial outcomes.

SRC to monitor responses to issues that are significant to stakeholders based on assessments and opportunities. This is to be laced with continuous improvement of the communication lines between SRC and stakeholders, including using media, social media and other communication channels.

### **13.11. Budget Allocation and Resource Mobilisation**

SRC receives financial resources from the National Treasury for all its programmes and activities. While the resources from government may have increased,

the same is inadequate in the face of increased demands occasioned by SRC's programmes and activities. SRC requires to be adequately funded to be able to implement its key programmes.

To mitigate this, SRC to undertake intensive resource mobilisation to cover the budget gaps and enable it to implement key programmes and activities that drive the mandate of SRC, and operational expenses.

### **13.12. The Third Strategic Plan**

The Second Strategic Plan for FY 2019/2020 – 2023/2024 was successfully implemented according to the set goals and initiatives and was extended for one year to manage the transition period. SRC to develop the Third Strategic Plan to put in place measures that will ensure the continued delivery of SRC's mandate, good governance for smooth running of operations, operational efficiency and sound financial management.

### **13.13. Leveraging on Technology**

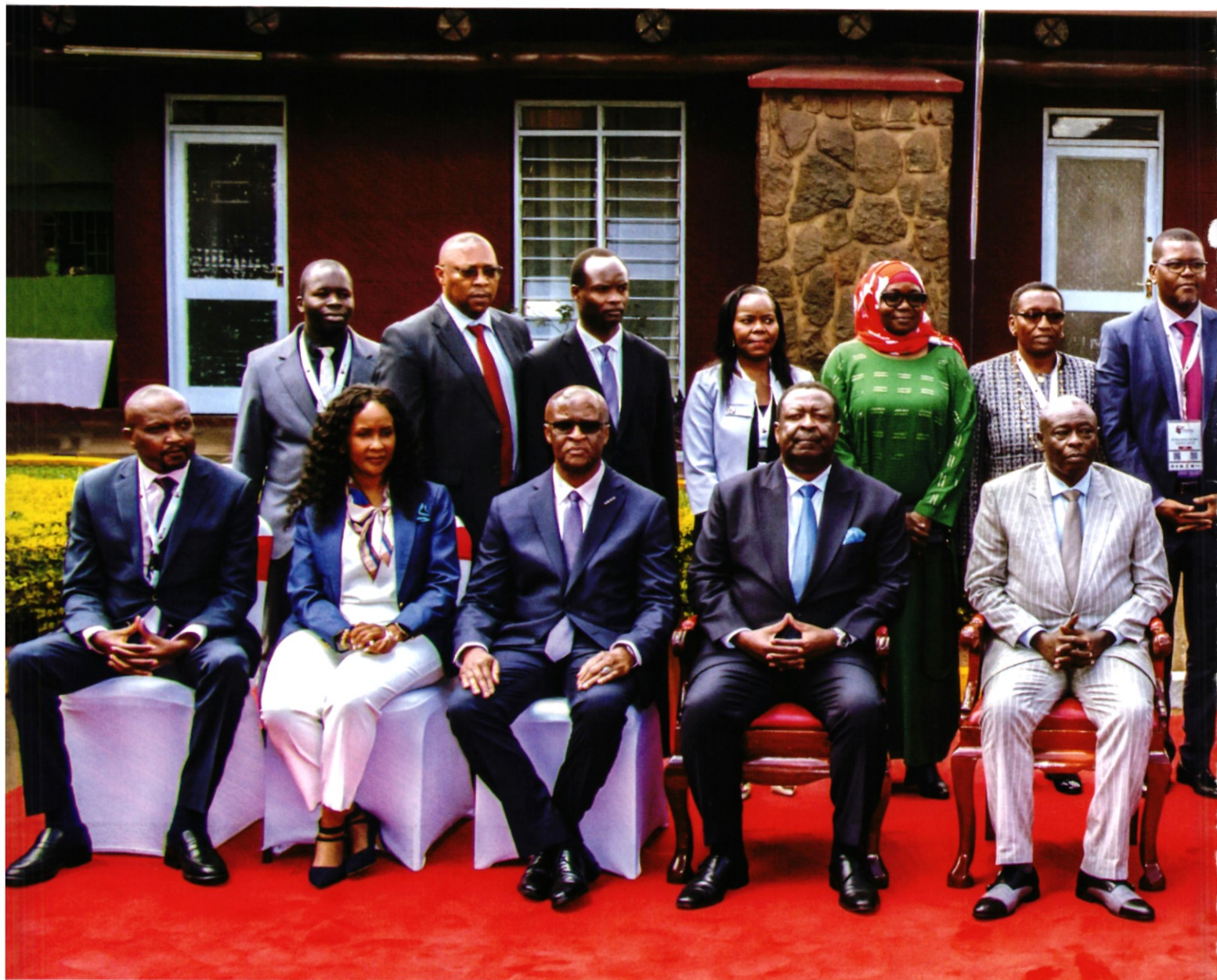
Over the past six years, SRC embarked on a transformative journey to enhance its operational efficiency through the implementation of innovative technological solutions. SRC to continue automating business processes aimed at enhancing operational efficiency and improving service delivery.

### **13.14. Transport Benefit**

SRC in collaboration with stakeholders to consider zero-government fleet policy as appropriate, where the government provides transport facilitation to cater for the cost of purchasing a vehicle, fuel and maintenance.

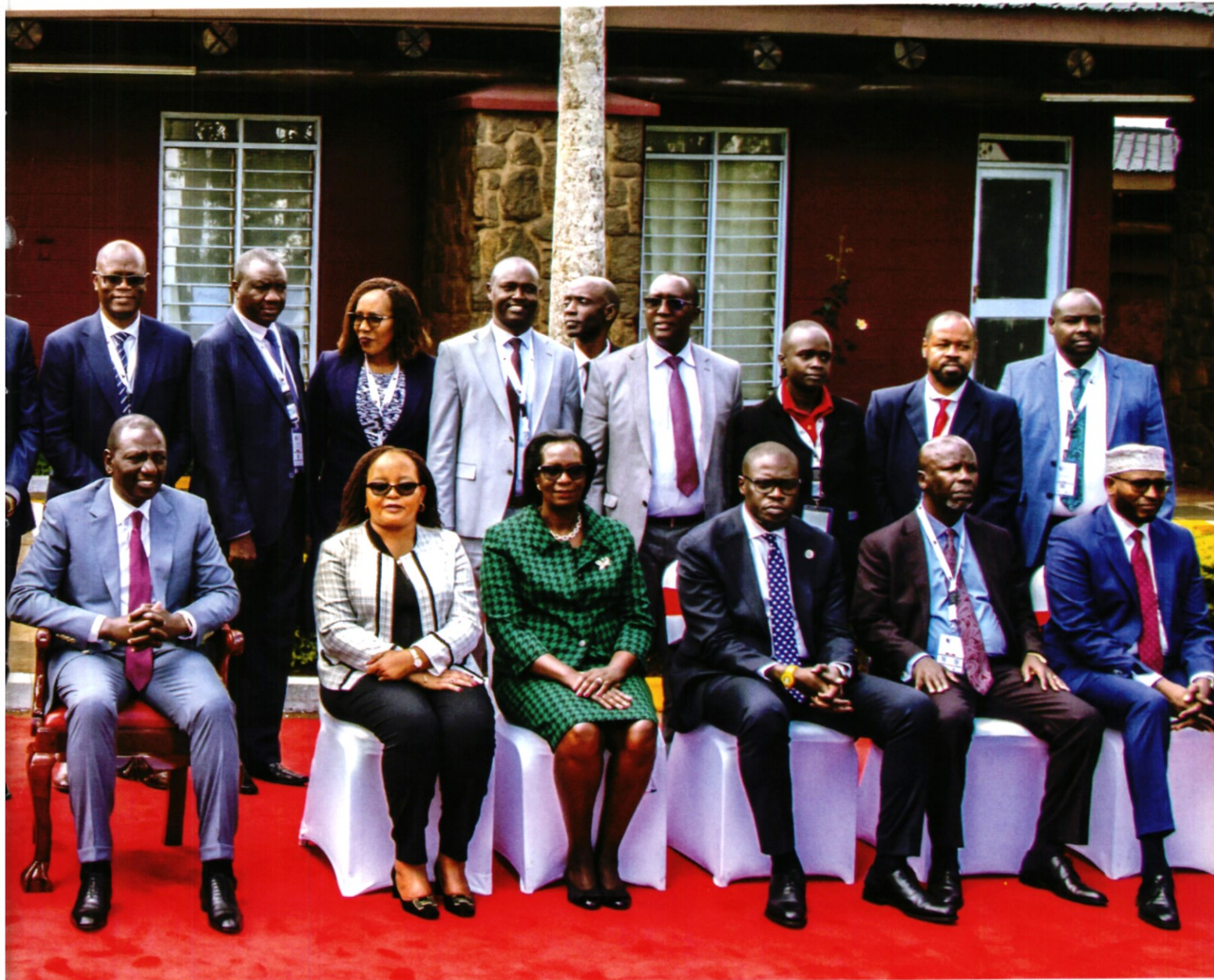
### **13.15. Fourth Remuneration and Benefits Review Cycle**

SRC to initiate the Fourth Remuneration and Benefit Review Cycle for the period 2025/2026 and 2029/2030.



**Seated L-R:** Hon. Moses K. Kuria, HSC, Cabinet Secretary, Ministry of Public Service; Late General Francis O. Ogolla EGH, EBS, HSC, 'Ndc'(K), 'PSC' (FRA), Chief of Staff; Hon. Rigathi Gachagua, EGH, Deputy President; H.E. Dr. William Samoei Ruto, CGH, Prime Minister; H.E. Anne Waiguru, EGH, OGW, Chairperson, Council of Governors; Lyn Mengi, Hon. Member of Parliament; and Amb. Anthony M. Muchiri, CBS, Chairperson, Public Service Commission.

**Standing L-R:** Stephen Oinga, SRC; Cleopus Wang'ombe, SRC; Dr. Hilary Pauly, MBS, Commissioner, SRC; FCPA. Sophie Moturi, MBS, Commissioner, SRC; John K. Monyoncho, MCI Arb, MBS, Commissioner, SRC; Dr. Jacob Mbiye, MBS, Commissioner, SRC; Hon. Sen. Isaac K. Melly, MBS, Commissioner, SRC; Emmanuel O. Bitta, MBS, Commissioner, SRC; and Charles Ketter, SRC.



, Performance and Delivery Management; Wangui Muchiri, HSC, Commissioner, SRC; of the Defence Forces; Hon. Musalia Mudavadi, EGH, Prime Cabinet Secretary; President of the Republic of Kenya and Commander-In-Chief of the Kenya Defence Forces; h, FIHRM, EBS, Chairperson; Johnson A. Sakaja, CBS, Governor, Nairobi County; and H.E. FCPA. Ahmed Abdullahi, EGH, Governor, Wajir County.

atropa, SRC; Anne Gitau, CHRP, MBS, EBS, Commission Secretary/CEO, SRC; Commissioner, SRC; Dr. Amani Y. Komora, PhD, CHRP, MBS, Vice Chairperson, SRC; iwe, OGW, Commissioner, SRC; Mary Mwiti, CEO, Council of Governors; mmissioner, SRC; Christopher Leparan, SRC; Margaret Sawe, Commissioner, SRC;

## REFERENCES

Government of Kenya (2010), Constitution of Kenya. Nairobi

Government of Kenya (2011), Salaries and Remuneration Commission Act, 2011. Nairobi

Government of Kenya (2022), Economic Survey, 2022. Nairobi

Government of Kenya (2023), Economic Survey, 2023. Nairobi

Government of Kenya (2024), Economic Survey, 2024. Nairobi

Salaries and Remuneration Commission (2019), Guidelines on Collective Bargaining in the Public Service in 2019. Nairobi

Salaries and Remuneration Commission (2019), Strategic Plan 2019/2020 – 2023/2024. Nairobi

Salaries and Remuneration Commission (2023), Quarterly Bulletin for FY 2022/2023. Nairobi

Salaries and Remuneration Commission (2023), Framework for Rewarding Productivity and Performance in the Public Service. Nairobi

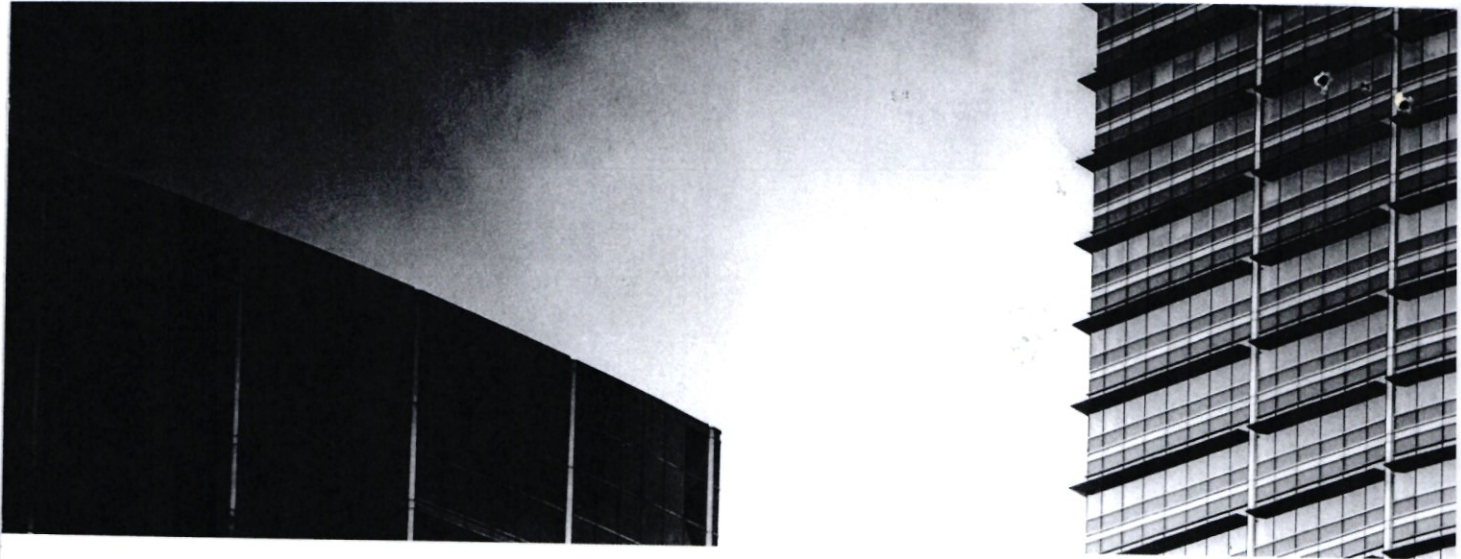
Salaries and Remuneration Commission (2023), Allowances Policy Guidelines for the Public Service. Nairobi

Salaries and Remuneration Commission (2019), Second National Wage Bill Conference Resolutions, 2019. Nairobi

Salaries and Remuneration Commission (2024), Third National Wage Bill Conference Resolutions, 2024. Nairobi  
The National Treasury (2012), The Public Finance Management Act, 2012. Nairobi

The National Treasury (2015), The Public Finance Management (County Government) Regulations, 2015. Nairobi

The National Treasury (2015), The Public Finance Management (National Government) Regulations, 2015. Nairobi



Salaries & Remuneration  
Commission

R e w a r d i n g   p r o d u c t i v i t y

**End of Term Report**  
**Financial Years 2018/2019 – 2023/2024**







## SALARIES AND REMUNERATION COMMISSION

Williamson House, 6th Floor, 4th Ngong Avenue,  
P.O. Box 43126, GPO-00100, Nairobi, Kenya

Tel: +254 (20) 2710065/71/73/81 / +254-736712864

Email: [info@src.go.ke](mailto:info@src.go.ke)

Website: [www.src.go.ke](http://www.src.go.ke)



@SRCKE



Salaries and Remuneration  
Commission



@SRC\_Kenya



@srckenya