



PARLIAMENTARY SERVICE COMMISSION

COMMITTEE PAPER NO. 58

ON

PROPOSALS FOR  
VOLUNTARY EARLY RETIREMENT PACKAGES  
FOR STAFF OF THE COMMISSION

PRESENTED TO THE COMMITTEE  
ON  
13<sup>TH</sup> APRIL, 2007

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## INTRODUCTION

The PSC is a body corporate with perpetual succession and a common seal. The PSC IS established by the constitution of Kenya section 45B (5) with powers amongst others:

- (a) to constitute and abolish offices in the Parliamentary Service;
- (b) to appoint persons to hold or act in the offices of the service (including the power to confirm appointments) and to exercise disciplinary control over persons holding or acting in those offices (including the power to remove those persons from office);
- (c) to provide such services and facilities as are necessary to ensure efficient and effective functioning of the Assembly;

During its 93<sup>rd</sup> meeting held on 27<sup>th</sup> February, 2007. The Commission deliberated on the issues of early retirement package for officers who would like to make an early exit from the service and resolved that a commission Paper be prepared indicating:-

- (i) A monthly package for early retirees considering the length of service and salary levels and also to include:-
- (ii) A lumpsum retirement package.

In view of the recent organizational improvement approved by the Parliamentary Service Commission, there is now a greater need to put in place a package for staff to either request or are asked to leave early so as to implement the current reforms.

It is in light of this background that the Commission is requested to peruse the following details for similar schemes that pertain in various government organizations.

### 1. CIVIL SERVICE (CURRENT)

#### (i) Permanent non-pensionable officers

- Three (3) months basic salary in lieu of notice.
- Severance payment of three (3) months basic salary for every completed year of service.
- A golden handshake "of Kshs.120,000/=".

(ii) Pensionable Officer

- Three (3) months basic salary in lieu of notice.
- Severance payment of fifteen (15) days basic salary of every completed year of service.
- A golden handshake "of Kshs.120,000/=".
- Normal and additional pension.

ILLUSTRATION 1 (PENSIONABLE OFFICER)

<u>Designation</u>	<u>PSC</u>	<u>Salary</u>	<u>Length of Service</u>	<u>Age</u>
Hansard Editor	3	Kshs.51,538 p.m.	30 years	55

PACKAGE

- (a) Three (3) months basic salary in lieu of notice

$$\text{Kshs.51,538} \times 3 = \text{Kshs.154,614}$$

- (b) Severance payment of fifteen (15) days basic salary of every completed year of service.

- (c) A golden handshake of Kshs.120,000/=

	=	Kshs.154,614 (3 months in lieu of notice)
		Kshs.773,070 (Severance payment)
		<u>Kshs.120,000 (Golden handshake)</u>
(Total Package)		<u>1,047,684</u>

2. KENYA RAILWAYS CORPORATION (KRC) CURRENT

- (i) Transport allowance at the rate of Kshs.10,000 (ten thousand).
- (ii) Severance pay at the rate of one months salary for each completed year of service.

- (iii) NSSF employees contribution for the entire duration of employment.
- (iv) One month's salary in lieu of notice (to apply to all categories of staff who will not be serviced with requisite one months notice).

3. LAKE BASIN DEVELOPMENT AUTHORITY

- (i) A golden handshake of Kshs.40,000 per retiree.
- (ii) Payment of 2 months' basic salary in lieu of notice.
- (iii) Severance pay of two and half months for every year worked in the Authority prior to 30<sup>th</sup> June 1995 when there was no provident fund.

4. TELCOM KENYA

- (i) Phase 1 Terms:-
  - Three (3) months salary in lieu of notice.
  - One (1) month Salary for every year remaining to retirement at age (55).
  - Relocation allowance Kshs.40,000.

Note:

ILLUSTRATION 2:

<u>Designation</u>	<u>PSC</u>	<u>Salary</u>	<u>Length of Service</u>	<u>Age</u>
Hansard Editor	3	Kshs.51,538 p.m.	25 years	50 yrs

PACKAGE

Kshs.51,538 x 3	=	154,614 (3 months salary)
Kshs.51,538 x 10	=	515,380 (years remaining to retirement)
Kshs.40,000	=	<u>40,000</u> (Relocation)
(Total Package)	=	<u>709,994</u>

- (ii) Phase 2 Terms:-

- Two (2) months salary in lieu of notice.
- Two and a half (2.5) months Salary for every year worked.
- Kshs.150,000.00 Golden Handshake.
- Kshs.40,000.00 transport allowance.

5. AGRICULTURAL FINANCE CORPORATION

Category I: Staff Employed on Pensionable Terms

- Payment of three months basic pay in lieu of notice.
- Severance Payment at the rate of 2 months basic salary for each completed year of service.
- Golden Handshake at the rate of Kshs.150,000.00
- Relocation Allowance of Kshs.40,000.00

(Pension payment will be payable upon attainment of 50 years in line with the RBA rules).

Category II: Staff Employed on Service - Non Pensionable Terms

- Payment of three months basic pay in lieu of notice
- Severance Payment at a rate of 3 months basic salary for each completed year of service.
- Golden Handshake at the rate of Kshs.150,000.00
- Relocation Allowance of Kshs.40,000

Category III: Staff Employed on Fixed Term Contract

- Payment of three months basic pay in lieu of notice.
- Gratuity at the rate of 25% of the basic salary for the entire contract period.
- Golden Handshake at the rate of Kshs.150,000.00
- Relocation Allowance of Kshs.40,000.00

Category IV: Staff Above 50 Years of Age

- Payment of three months basic pay in lieu of notice
- Pension Lumpsum or Gratuity as appropriate.
- Severance payment at a rate of 3 months basic salary for each year remaining to age 55.
- Golden Handshake at the rate of Kshs.150,000.00
- Relocation allowance of Kshs.40,000.00

## RECOMMENDED PACKAGE

After looking at the above schemes, it is proposed that the Commission adopt a combination of benefits as shown herebelow.

- Three months basic salary in lieu of notice.
- Severance payment of three (3) months basic salary for every completed year of service.
- A golden handshake of Kshs.150,000.
- Relocation Allowance of Kshs.50,000.
- Severance payment of a rate of 3 months basic salary for each year remaining to age sixty (60).
- Payment of 5 months house allowance for each year remaining to age sixty (60).

The basic salary will be determined by an average of the last 3 months salary as indicated in the officer's payslip. Most officers took the advantage of applying for mortgage loans and it is only fair that those who are to leave early, are assisted to clear a portion of the loan by factoring in, the monthly house allowance.

## RESOLUTION SOUGHT

The Commission is requested to deliberate on the contents of this paper and resolve that:-

1. Officers may elect to retire voluntarily if they have attained the age of fifty (50) years and are eligible for the retirement under the Staff Pension scheme by having contributed for a minimum of five years (5).
2. Consideration for the package will also be granted where it appears to the deputed officer that an employee is incapable, by reason of any infirmity of mind or body, of discharging the functions of his or her office due to ill health under regulation 17(1) of Parliamentary Service Regulations, 2002.
3. Officers will also be considered for the package where an office which is one of a number of similar offices in the service has been abolished. Under regulation 18(1) of Parliamentary Service Commission Regulations, 2002
4. In respect of offices which have been assigned Parliamentary "10" to "13" the Clerk of the National Assembly shall approve such requests. Under delegated powers and officers falling within Parliamentary Scales (1-9) shall obtain such approvals from the Commission.
5. A budget line of Kshs.50 million be approved for this exercise.

**PARLIAMENTARY SERVICE COMMISSION**



A handwritten signature in blue ink, appearing to be "D. O. O." followed by a flourish.

**BOARD PAPER NO. 3**

**PRESENTED TO THE BOARD OF MANAGEMENT**

**ON**

**11<sup>TH</sup> FEBRUARY, 2010**

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**PARLIAMENT BUILDINGS  
NAIROBI.**

*February, 2010*

## PROPOSALS FOR REIMBURSEMENT OF TRANSPORT EXPENSES TO OFFICERS RECALLED FROM LEAVE

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### 0.1 PREAMBLE:

- Parliamentary staff are entitled to 30 days leave in a calendar year and arrangements for payment of reimbursement of transport expenses are non-existent whenever Officers are re-called. Leave allowance is paid at the following rates:

<u>PSC (Scale)</u>		<u>Rate</u>
16	-	50,000
15	-	40,000
14 and 13	-	35,000
12,11 and 10	-	30,000
9,8 and 7	-	25,000
6,5 and 4	-	20,000
3	-	15,000

- **Leave provisions and entitlements in the Civil Service.**

Current regulations allow for reimbursement of Transport expenses upon production of receipts or at commensurate AA rates in cases where officers use their own vehicle(s). Sometimes officers claim *padiem* if they prove that when they were recalled, they put up in hotels. However, these reimbursements are only effected when officers are recalled for a short period of time and have to go back to complete their leave days upon completion of the task. If however, the officer reports back and continues to work, then there is no compensation or reimbursement and



in this case, they would be entitled to compensation by commuting the unutilized leave days for cash or carry forward the unutilized leave days to the following year. Alternatively, through administrative arrangements, officers could utilize the balance of leave days in bits whenever it is convenient.

## 0.2 VIABLE OPTIONS FOR CONSIDERATIONS BY THE BOARD

- That upon being recalled from leave, officers should be reimbursed Transport expenses at AA rates if using one's own motor vehicle or upon production of receipts for public transport and this should include travel by air locally. *(However, the Officer will have to be recalled through a written notice.)*
- That should the officer be retained and fail to utilize the remaining leave days at the end of the leave year then the leave days should be commuted for cash.
- That leave allowance be enhanced to one month's basic salary payable once a year at the end of November but where the current leave allowance exceeds one month's basic salary, the higher figure should be paid.
- That upon recall, officers be considered for payment of **compensatory allowance** equivalent to  $\frac{1}{2}$  of the basic salary.