

POLICY GOVERNANCE: SETTING POLICY UNDER THE CARVER MODEL CHRIST CHURCH GRAMMAR SCHOOL

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INTRODUCTION

Christ Church Grammar School is an Anglican Boy's School with a student population of about 1250 (including boarders). The School is located at Claremont, Western Australia, overlooking the Swan River. Its gross operating revenue is approximately \$20 million, assets of the order of \$100 million, and number of employees in excess of 150. It is a substantial business.

Prior to 2000, the governance of Christ Church by its Council had been based on Council precedents and resolutions (encapsulated in Council minute books, some of which have not been sighted for decades), an employment contract that existed between the Council and the Principal, and on Law.

For some time, Council had recognized its legal responsibilities and its lack of any formal policy approach. In 1994, Council resolved in its 10 Year Strategic Plan (1995 to 2005) to "enhance the operation of the School Council ...by a concentration on broad policy issues ..." By the time of the 1999 mid term review of the strategic goals (for the period 2000 to 2005), Council had resolved to adopt a Corporate Governance Style. This style is based on the model developed in the 1990s by John Carver, referred to by him as "Policy Governance" (Carver 1997A, 1997B).

In March 2000, Council commenced a process of investigation, debate, workshops and drafting, which by the end of that school year, had led to the adoption of written Policy, based on the model. This process was given particular impetus by the decision (in March 2000) of the then Principal (of some 13 years standing at Christ Church) to accept a Principal's position on the Eastern seaboard, to be taken up at the beginning of 2001. The opportunity to start a relationship with a new Principal based on written Policy was irresistible.

This paper presents an outline of Policy Governance, and its application by Christ Church, and has been prepared from the perspective of a member of Council.

CORPORATE STRUCTURE AND ACCOUNTABILITY OF THE SCHOOL'S COUNCIL

Christ Church Grammar School's assets are owned by Christ Church Grammar School (Inc) ("CCGS"), an association incorporated under the Associations Incorporation's Act 1987 (WA).

The Incorporated body is answerable under Corporate Law, to the provisions of its Constitution, and to the Rules governing its Objects (the Objects for CCGS are the running of an Anglican School for Boys at Claremont and/or elsewhere in Western Australia).

In addition there are numerous Civil Laws that impact on the management of the School. Some examples include Taxation law, Occupational Health and Safety, Financial Administration and Auditing, Land Tax Assessment, Property Law, Environmental Protection, Equal Opportunity, and most recently, Privacy. To this list should be added the numerous State Acts that impact on the Anglican origin of the School and on education.

The members of the Council are nominated by a number of specific interest groups, who represent the core "stakeholders". In the case of CCGS, the core group includes the Archbishop of Perth, Diocesan Council, Synod, Old Boy's Association and Parent's Association. There are a

number of other stakeholders influencing the operation of a school that do not have Board representation.

The members of the Council of Christ Church are the "shareholders" and also the directors of the Incorporated body. The responsibilities of directors under Corporate Law include a duty to "act with care and diligence" and "in good faith in the best interests of the (School)." (Baxt 1999).

Councils may be aware of the reported growing trend for Governments, and especially State and Territory Governments, to impose penalties against companies for breaches of these Laws. Furthermore there is a trend for directors to be held liable for breaches by their companies, in judgements being brought down before the Courts (Baxt 1999). An incorporated Association such as Christ Church can not be expected to be immune to this trend.

Members are accountable to the Council and its constitution, to the Laws applicable to the operation of the Incorporated Association, to Civil Law in general, and to both the stakeholders they represent and those other groups with a legitimate interest in the well being of the School.

ROLE OF COUNCIL

In order for the Council to achieve its Objects as set out in the Constitution of the Association, it has appointed staff through the School's Executive, led by the Principal. The day to day operations of the School and much of the planning, takes place at this executive level.

What then is the on-going role of the Council? The National Association of Independent Schools (U.S.) "Governance Handbook" summarises the traditional role as:-

"As a trustee (Council member), you are part of a diverse and complicated school community. You work to assure that the Board (Council) is effective and focused on its work of fulfilling the mission and bettering the well-being of that community. You do not "run" the school; you govern through planning, monitoring, and evaluating. You add value to the Board's life and to the School" (DeKuyper, 1998 (p157)).

Similar themes arise in reviewing other handbooks by Independent School Associations in Australia and overseas, with the important addition that, as a corporate entity Council provides continuity generation after generation, Principal after Principal, in redefining and pursuing the aims and objectives of the School.

Despite the clear message in the NAIS guidelines, that the role is not to "run" the School, there is significant risk of overlap between the roles of the Council and the Executive, with the Council working at a School operational level, and the Executive not receiving clear directions from Council as to the outcomes the School is required to achieve.

Carver is generally critical of the performance of Councils. His message is not that Councils under traditional models should work harder to ensure the traditional model works, but that the model itself is flawed. He feels School Councils are typically reactive rather than proactive, spending their time debating day to day administration issues rather than fulfilling a far more important role, and a role which is separate and distinct from that of the Executive. He notes that a high proportion of Councils simply "rubber stamp" or they "meddle". He believes that given this reactive role, given the general absence of formal policy documentation, and given the complexity of an organization the size of an independent high school, the Council members (who act on a volunteer basis) exercise little real control despite the accountability that rests with them.

The "Policy Governance" model developed by Carver seeks to correct the problems that he believes exist in Councils. In particular he seeks to:

- separate the role of Executive from the role of Council; and

- document policy to clarify precisely what is required of the School, and how the Council will govern.

Carver’s Policy Governance model creates the opportunity for Council to provide leadership. It does this by requiring Council to set out as policy the outcomes, the beneficiaries to those outcomes, and the priority to be given to achieving those outcomes that the School must achieve. It then provides a mechanism for Council to monitor its policies and to monitor their implementation. There must be sufficient flexibility to take into account changes brought about by a highly competitive and changing environment. They must ensure that the outcomes established for the School to achieve remain relevant, whilst providing for the long term continuity and stability of the School.

POLICY ARCHITECTURE

Characteristics

“Policy” is concerned with providing and pursuing a course of action or an end result. Characteristics of a workable “Policy” are set out in table 1:

TABLE 1 POLICY CRITERIA

CHARACTERISTIC	DESCRIPTION
Explicit	Policy must exist in written form, and be clear without having to be in a form suitable for marketing or public presentation.
Current	It must be up to date and regularly reviewed.
Literal	It must mean what it says.
Accessible	It must be readily accessible to Council members.
Brief	The policy should be simple and brief.
All Embracing	The policy should encompass every matter on which the Council wishes to direct the School.
Achievable	It should be achievable and not merely a wish or unattainable goal

The Policy Governance model as published by Carver, provides the framework whereby these criteria can be achieved.

Under Policy Governance, Council recognizes the Authority of the Principal over the School. It is entirely up to the Principal how he exercises his authority over the Executive, and over the School. The policies that Council has written do not recognize any other School officer.

Ends Policies and Mission Statement

Long term direction is explicitly set out under Policy Governance in policies referred to by Carver as “Ends” policies. “Ends” policies embrace the following three criteria:

TABLE 2 ENDS POLICY STRUCTURE

CRITERIA	DESCRIPTION
Results	The impact, difference, change, benefit or outcome to be achieved.
Recipients	The beneficiaries of the policy.
Cost	The cost the Council is prepared to incur in achieving the results, or the priority given to certain results being achieved or recipients being satisfied, to the disadvantage of others.

Carver's model looks beyond planning for possible failure. In the language of the Ends Policies it writes under Policy Governance, the Council must be clear about what it wants to achieve, for whom, and the extent to which the School's energies and resources must be directed at those outcomes. There are no other outcomes to be achieved. The Council is directing the Principal to "do" and not simply to try.

It is the "ends" policies that most strongly distinguish Policy Governance from traditional policy. Paradoxically it is not essential that Ends policies be written at the time of adoption of Policy Governance. This is because Ends policies tend to be long term and are unlikely to have an immediate impact on School operations. Also, they are particularly difficult to write, because in writing them, Council must confront and commit to paper issues on which there can be strong disagreement. An example of such a question, given Christ Church's location and limited access to land, is should the School limit its student population at the current size, or seek opportunities to grow?

Members of the School Council deliberated for a long time to reach agreement on the outcomes that Council sought. In the end, we realized that our prime purpose was and remains, education. We wanted to state this in a form that encapsulated the energy, diversity and rigour of the School's programme and the importance of the environment in which the School worked. Council was drawn again and again to the four pillars of learning throughout life developed by UNESCO's International Commission on Education for the 21st Century, in 1996, and outlined in some detail in a paper by Professor Phillip Hughes (Hughes, 1997). The outcome of this deliberation was the School's Mission Statement:

Educated to Know, to Do, to Live with Others and to Be UNESCO 1996.

In writing Ends Policies under the Mission Statement, Council has become more specific, giving priority to achieving outcomes for our students in education, quality of staffing, an environment (physical and other) conducive to the development of our students, and partnering with those other stakeholders who share responsibility in this development. Priority was also given to achieving outcomes for the institution in long term financial viability, and positive public image. The challenge is to add further dimension to the Policies, and this is an important and ongoing task as we attempt to define the "implied" outcomes that a School such as Christ Church expects. An example of a further level of Policy providing more specificity (in this case relating to the Physical Environment) is:

"...The School will proceed with the development of Collaborative Learning Facilities by the end of 2005 which will include library and I.T. facilities for students and staff, an improved administration area for executive and administration staff, and an appropriate entrance statement for the School at a cost not exceeding \$....."

Executive Limitations

A second class of Policy defined under Policy Governance, is that which sets limits on the means by which the Principal may achieve these Ends policies. Under a traditional policy structure, many School policies are "means" based. "Aims" and "Plans" (and this includes strategic plans) which describe good intentions and foreshadow effort and action, describe means. They may describe how the School is to move forward, but don't necessarily describe what it is that the School wishes to produce or describe the comparative priority given by the School to attaining that result.

However Carver believes Council has to resist the temptation to tell the Principal how he must act to achieve the "Ends". If the Council instructs the Principal to carry out a certain action, then it relieves the Principal from the responsibility for deciding whether or not to take that action, or responsibility for the consequences of that action. It also constrains the Principal's creativity.

The Policy Governance approach to controlling “means”, is therefore to instruct the Principal what he cannot do, and leave him with the decision as to what he will do. Policies are therefore deliberately written to be verbally negative – and to be “limitations”. This class of policy is referred to by Carver as “Executive Limitations”. He comments:

“Anything the (Principal) decides to do, except those things prohibited, is acceptable. This delegation (of authority to the Principal) is extremely empowering, but cannot work without a stark delineation of what is out of bounds. If we soften the language of what is unacceptable, we risk throwing the massive empowerment into question” (Carver & Carver 1997B, p63).

If we do not write our constraints on “means” in the negative, they can no longer be considered “Executive Limitations”, and we are not introducing Policy Governance.

Furthermore, and as noted above, the written Constraints should be kept to a minimum. The Council should not be concerned how the Principal achieves the Ends defined for him provided only that the means are effective, prudent and ethical. This “provision” can be neatly encapsulated in a short Global Executive Limitations statement of the form adopted by Christ Church:

"The Principal shall not cause or allow any practice, activity, decision, incident or situation that is unlawful, imprudent, immoral, unethical, or is in violation of commonly accepted community standards."

In practice, there are a number of reasons why the Council would reasonably be expected to expand on such a global statement with more specific policies. These are (Carver 1997A, p86):

- The process of setting policy affords Council members the opportunity to agree on what is unacceptable.
- Specific policies send the Principal a clear message on what must be avoided.
- The measurement of performance can only be against specific policy. Policy is therefore required to provide for “monitoring”.
- It enables the Council to identify specific areas of concern which might relate to (for example) the School’s Anglican heritage, and having done so, be able to monitor the School’s management of these issues.

Under Policy Governance, the extent to which Policy is written is also determined by the Council acceptance of any reasonable interpretation by the Principal of the written policies. If the Council is not willing to accept any reasonable Principal interpretation of a specific item of Policy then the Council must be more specific in the way it writes that item.

Second level Policies are therefore defined in this Policy structure, and these start to touch on specific areas of School operations. An example of a second tier of policy adopted by Christ Church under the Global Executive Limitations policy, under the subtitle "Asset Protection", is:

"The Principal shall not allow the School's assets to be unprotected, inadequately maintained, or unnecessarily risked"

The hierarchical structure of the policies is such that a number of second tier policies will be written. For example, Christ Church has some 13 second tier policies, as listed in table 3.

A third tier of policy, also under Asset Protection, may set constraints on the level of insurance below which the School can not fall. A number of third tier policies may exist for each second tier.

TABLE 3 CHRIST CHURCH'S EXECUTIVE LIMITATION SECOND TIER POLICIES

1. Interaction with Students, Parents and other Correspondents with the School	8. Academic and Co-curricular Activities Planning
2. Staff Relations	9. Expenditure
3. Financial Planning and budgeting	10. Marketing
4. Financial Condition and Activities	11. Development
5. Asset Protection	12. Infrastructure Management Plan
6. Compensation and Benefits	13. Crisis Management Plan
7. Communication and Support to the Council	

The extent to which Policy is written by the Council (i.e. the need to develop a second, third or fourth tier of policy), should provide a balance between on the one hand over-constraining the Principal with too rigid policy constraints, and on the other hand, not meeting duty of care obligations. The balance should allow the Principal sufficient flexibility to be creative and innovative but not take the School on a course the Council can not condone. There is strong incentive for the Principal to maintain a good relationship with Council, or run the risk that Council will seek to constrain him with further policy.

Council Principal Relationship Policies

The individual members of Council can not fully relinquish responsibility by the above Policy initiatives. They retain a duty of care both morally and legally. Under the Policy Governance model, the duty of care is exercised by setting and revising appropriate policy and by “Monitoring” the performance of the Principal. A variety of monitoring methods are proposed:

TABLE 4 MONITORING OPTIONS

REPORT TYPE	DESCRIPTION
Executive Report	The Principal presents a report that directly addresses the policy being maintained.
External Audit	The Council selects an external authority to measure compliance with respect to a specific policy.
Direct Inspection	The Council may require a site visit, or inspection of a staff document (for example, the Academic Master Plan).

Monitoring can only be undertaken by comparing performance against the written policy. Therefore if the Council wishes to monitor a particular aspect of the School functioning – for instance the success of fundraising – then it must have explicit policy it has decided to monitor.

Monitoring of the Principal’s (School’s) performance, of the Council’s own performance, and of the adequacy of the policies, is an important component of the Council’s work. If a reasonable interpretation by the Principal of the Policies under which he operates does not meet Council requirements, then the Council must review the adequacy of the Policies. If the School operates outside the Policies, then this must be drawn to the attention of Council for consideration of the appropriate action.

Policies concerning monitoring are presented within a policy group entitled “Council – Principal Relationship” policies. These also establish protocols on the day to day interaction of the Council

and its members with the School through the Principal. This policy group also delegates authority for the running of the School to the Principal.

Council Process Policies

The final Policy group adopted under Policy Governance deals with the Council’s own method of operation. Policy Governance seeks to apply some discipline to the way Council conducts itself, so that it resists the temptation to do the Principal’s job, and in doing so, then doesn’t do the Council’s job. This policy group establishes the Governing style by which the Council will operate, describes the role that Council has given itself, describes the roles of executive officers, and presents a code of conduct for the members of Council.

In summary, the structure of Policy Governance requires policy in four distinct areas:

TABLE 5 POLICY GOVERNANCE SUMMARY

ENDS	Results, Recipients and Cost.
EXECUTIVE LIMITATIONS	Controls the "means" by setting limits to the Principal's Authority
PRINCIPAL COUNCIL RELATIONSHIP	Establishes the Authority of the Principal; Sets protocols on interaction between Principal and Council; Sets "Monitoring" guidelines.
COUNCIL PROCESS	Establishes Councils Governing Style; Describes the Councils Role; Describes the roles of Executive Officers; Presents a code of conduct for individual members.

COMMITTEES

The structure of a traditional committee for an independent school has been reviewed in a handbook for Council Members prepared for the National Association of Independent Schools (NAIS), United States of America (DeKuyper 1998). The handbook states that an effective structure for a School Council should encapsulate the following:

- It is economical, simple and as efficient as collective decision making can be;
- It keeps Council work at the policy, institutional level and not at the operational level;
- It develops responsibilities and requires accountability;
- It maintains an orderly flow of work from committees or task groups to the Council;
- It establishes ongoing evaluation and monitoring procedures;
- It facilitates the involvement of all members in major Council decisions;
- It encourages open communications within the Council and among the Council and the School’s constituencies;
- It allows for ongoing training and education of members;

- It provides efficient, effective use of members' time.

This structure identifies issues with which Carver would agree. However he is concerned that in practice, the Committee system does not work particularly well, and cites two difficulties.

Firstly, he believes that where Councils create committees with titles that duplicate staff functions, those committees can be expected to (and do) drift into the school's operational level. An example would be a Building and Grounds committee, which becomes involved in debate on comparatively small expenditure items.

Secondly, traditional committee members are selected to their position because of a specialist area of individual expertise. The committees then work as a Council in microcosm, studying, debating, formulating and finally arriving at a course of action, with recommendations for adoption by Council. The end result is that Council members other than those on a particular committee, when presented with a recommendation on a subject they have not had the benefit of examining, acquiesce without any real understanding of the issues on which they have voted. This is no better than rubber stamping and flies in the face of the concept of full involvement of all members in major council decisions.

Carver asks the question whether, if Policy Governance has effectively delegated operational issues to the Principal, Committees are even necessary? At Christ Church, during the 2 years of operating under Policy Governance, the Council has operated with two formal committees, and a number of less formal working groups. The committees comprise:

- A "Process" Committee, the responsibilities of which are to guide Council on Governance issues and manage Council's monitoring of Policies.
- A "Planning" Committee which, as its title suggests, is concerned with long term planning and in particular, with the developing of Ends Policies.

The planning committee has been very active on a number of planning issues. It established a series of informal working groups (some 9 groups operated at the start of 2002) comprising 2 to 4 members, to bring to the Council (through the Planning Committee) projects for consideration. As the Committee worked through these projects some were transferred to the School, becoming School work, with minimal further Council involvement. Other projects have been dropped completely, and now just 4 continue as Council tasks. New projects can be added to the list.

Similarly, the Process Committee was particularly active during 2001, whilst the first round of School "monitoring" was instituted. As monitoring systems have improved, the need for a regular full Committee meeting has decreased. By 2003 it is expected work loads of both Committees will have reduced sufficiently to enable them to be amalgamated.

WHAT HAS POLICY GOVERNANCE DELIVERED TO CHRIST CHURCH?

Policy Governance has removed a considerable degree of uncertainty that the Principal may otherwise have, in his dealings with the Council. His authority and accountability are clearly spelt out. He is the sole authority through whom Council can communicate with the School. If there is any ambiguity in the directions that have been given to him through the Policy, then the interpretation explicitly accepted by the Council, is his "reasonable" interpretation.

The Principal has flexibility to run the School the way he wants to, within the boundaries set by the Executive Limitations, and to achieve the Ends. This allows considerable creativity.

Clear guidelines are given to him on those matters that Council consider most important to monitor, and therefore to be reported.

Furthermore under Policy Governance, the Principal's performance can only be judged against the Policies, providing a level of objectivity to the assessment process. If the conditions change such that policies are no longer applicable, he is in a position through his presence at School Council meetings to advise Council and seek to amend the Policies.

Policy Governance has delivered to Council:

- policies written by Council, and for which Council feels "ownership" and responsibility.
- policies that set out what it is that the Council wants the School to achieve and allow the Principal to get on with the job within fairly broad constraints;
- a formal process of monitoring, which means that Council members are significantly better informed on all aspects of the School's operations.
- a more analytical and constructive response to the monitoring of School activities.
- a meeting agenda which is not cluttered with School operational issues.
- a refocusing of Council time to longer term planning issues which are not yet "School Work".
- an opportunity for Council to meet "in camera" to review the performance of the Council, and of the Principal.
- a formal process of Council member "education" through presentations by individual Council members, by key School staff members, and by external experts.
- a comprehensive information package available to brief new members of Council.

Policy Governance has attracted criticism on two counts that relate to individual's perceptions of how Council operated "before" and "after" its adoption. The first criticism is that Policy Governance creates a divide between the Principal and the Council. It is completely unrealistic to believe that a regulatory authority (the Council acting as a whole) should not be at arms length from the entity it is regulating (the Principal). As noted earlier in this paper, this separation is a core objective of the model. This does not prevent individual Council members (and in particular the Chair) maintaining a close working relationship, provided it is understood that in their individual capacity, they are not speaking on behalf of Council.

The second criticism is that the Carver Policy Governance model has created additional workload for the School. This criticism is directed at the new demands Council is placing on the School for "monitoring" of School activities. It is clear that as the School has progressed through two annual cycles of monitoring, more work has been done. However it is not the "model" that has resulted in this demand on School time. It is the decision that Council made, and encapsulated in policy, that it needed to be confident the School had plans in each of its key operational areas (staff planning, curricula and co-curricula planning, infrastructure planning, financial management, marketing, and development).

It is my belief that the hard work has been done by the School in preparing its "inaugural" plans and reports. Updating the plans that have been prepared will be on-going, and this will require minor additional work within the planning process. The additional work is justified because of the significant benefit to the Council and to the School, in ensuring the School is more accountable in its planning processes.

WHAT DOES THE FUTURE HOLD FOR POLICY GOVERNANCE AT CHRIST CHURCH?

The adoption of Policy Governance resulted in improvements to Council practices. These improvements, which I have identified above are more than sufficient to justify the work involved, and the Council at Christ Church is justifiably proud of its achievements.

However it would be easy to become complacent. I consider that it is essential that the Council at Christ Church continue the process of reform it has commenced and improve on what it has already achieved. Some of the areas in which progress can be made include:

- A more consistent adherence to written Policy.
- A more rigorous approach to setting out Council's "vision" in the form of Ends Policies.
- Greater confidence in Policy Governance as a tool by which the Council judges the School's (and therefore Principal's) performance.
- Open the School to more extensive use of external audit.
- Identification and use of performance indicators in some of the key result areas, in undertaking the important monitoring role.
- Composition of Council, and tenure of Members.

CONCLUSIONS

Policy Governance, a model for Board and Executive interaction in Not for Profit businesses, has been adopted successfully at Christ Church Grammar School. The policies that have been written and the standards that have been set, meet guidelines that have been promoted by Education Professional Associations throughout the English speaking world. The immediate benefits to Council have been significant and have been achieved within a comparatively short period. Further benefits are likely.

However for all this, Policy Governance is simply a framework (or a discipline) against which an institution places its own policies and its own set of values. In the long term, the success of Christ Church Grammar School's policy initiative will not be measured by the decision to choose the Carver Policy Governance model, but by the policies it has written and the set of values it espouses, and by the capacity of the Council and the Principal to implement those policies and values.

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