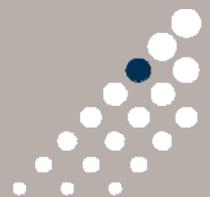


Governance in Australian Independent Schools

ISCA Research Report

2008



Independent Schools
Council of Australia

Governance matters

While there are many similarities within schools across the Government, Catholic and Independent sectors, there is a significant difference between the way in which these schools are managed. Catholic and Government schools operate within a systemic environment where a central authority makes decisions on behalf of individual schools. Independent schools, however, are largely autonomous bodies that make their own decisions (see *About the independent school sector* for more information). Effective governance by the school's governing body is therefore critical to ensure the very survival of the school.

For long established schools such as those founded over a hundred years ago, tremendous change has been seen over the life of the school. Changing expectations of schools and what a school education will deliver, new and innovative approaches to education, and advances in technology have meant that these schools have had to respond to these changes or face declining enrolments. For some, the challenge has been to incorporate the new without losing touch with the old, and ensure valued traditions are maintained.

More than half of the independent schools in operation today were established in the last 30 years. These newer schools have faced, amongst others, the challenges associated with a growing school.

For both old and new schools, recognising and responding to these challenges is a key role of the school governing body.

Diversity and autonomy bring a number of benefits to school communities but they are not without their challenges. It was to capture this diversity and the challenges faced by school governing bodies that ISCA undertook this survey in 2007.

Our survey results show a willingness amongst the Heads of school and the Chairs of their school governing bodies to look at the issues and find a way of moving forward. It shows that overall, school governing bodies are well founded and have the support structures in place to allow them to recognise and address the challenges they are facing. These findings provide encouragement to the continued sustainability of healthy and robust accountability mechanisms that operate in independent schools. Finally, this survey gives a unique insight into governance within the sector and I believe will provide a highly useful tool for school governing bodies undertaking self evaluation. I commend the survey report to you.



Mark Porter
ISCA Chairman

Governance in Australian Independent Schools

Independent schools in Australia are recognised for their leadership and innovation in school education and as a result have a reputation as providers of quality education. Their success is underpinned by their autonomy as self-managing schools, or as part of small systems. Good governance is therefore fundamentally important for the continuing health of a high quality independent schools sector.

In late 2007, ISCA conducted a survey to explore the range of governance models within the sector and identify typical board challenges.

An online survey tool was employed and separate responses were sought from the Heads of school and the Chair of the school's governing body.

These results provide a picture of governance within the independent schools sector. It is clear from looking at individual responses that circumstances vary considerably between schools. Therefore at the school level, a very different picture may be found. The results can however be considered as indicative and therefore are of value in assessing the health of governance within independent schools. They also enable an appreciation of some of the challenges being faced within the sector.

The survey results show that, across the sector, independent schools have healthy governance arrangements in place. Schools are established under recognised legal arrangements, are guided by principles of governance, have policies in place to inform their deliberations, are supported by committees, have broad representation, and review their performance regularly. Chairs and Heads of school have a good understanding of their respective roles and responsibilities and are satisfied with the relationships in place. They are cognisant of the challenges facing them both now and in the future, and are keen to take action to address them.

Key findings of the report

1. Independent schools have healthy governance structures

- schools are established under recognised legal arrangements
- governing bodies are guided by principles of governance such as a Constitution, rules or guidelines, and are supported by committees that focus on matters such as those relating to finance, strategic planning, and education
- governing bodies are also guided by policies such as a strategic plan, charter, and financial plan
- membership is broad and includes representation from key stakeholders, with parents well represented
- the Church has a significant role in governance of religious schools
- on average, nearly two-thirds of governing body members were male

This report is based on the responses received from 332 Heads of school and 206 governing body Chairs, representing approximately 30 per cent of Heads and 19 per cent of Chairs of independent schools across Australia.

The schools that participated in the survey broadly matched the profile of schools within the sector and therefore can be considered as representative.

and over one-third were female

- schools predominantly had between 6-15 members on their school governing body
- members generally serve a fixed term on the school governing body but multiple terms of membership are possible
- performance is commonly reviewed by self assessment and for most governing bodies occurs on an annual basis, however a significant number review their performance after each meeting

2. Governing bodies in independent schools operate fairly and openly

- membership of independent school governing bodies is determined either by election, nomination or, as is the case with nearly half of the governing bodies in this survey, by a mixture of both; on average, just over half of governing body members were appointed and the remainder were elected
- members generally serve a fixed term on their school governing body, and commonly for a period of 3 years, but multiple terms of membership are also possible
- no schools in the survey paid sitting fees to members of their school

About the independent school sector

Independent schools are not-for-profit institutions that are set up and governed independently on an individual-school basis. Boards of governors or committees of management are the key decision-making bodies for most independent schools and are responsible for issues such as the provision of education within the school, current and future development, and staffing. While most independent schools are managed by their own board of governors or management committee, some independent schools with common aims and educational philosophies are governed within small approved systems.

There are 1,100 independent schools in Australia, including schools affiliated with Christian or other religious denominations; schools with a particular educational philosophy; indigenous community schools, and schools that specialise in meeting the needs of students with disability. There are small and large day schools, metropolitan and regional boarding schools, co-educational and single-sex schools. The independent sector serves the full spectrum of the Australian community, and plays an important role in providing the diversity in schooling options that families want.

Over 510,000 students were enrolled in independent schools in 2007. Enrolments in independent schools have grown steadily over the last three decades, and the independent schools sector now accounts for nearly 15 per cent of total student enrolments, compared with just 4 per cent in 1970. The sector's contribution to senior secondary schooling is now very significant with 19 per cent of all senior students in Australia attending independent schools. Sixteen per cent of all junior secondary students and 11 per cent of all primary students are in independent schools.

The independent sector is the smallest of the three school education sectors, but it is the fastest growing and the most diverse. The sector provides for individual choice of schooling, offering educational opportunities to meet a wide range of needs of students and families. The key point of difference between independent schools and other schools in Australia is their independence and autonomy. Independent schools are accountable to their stakeholders, including students, parents, governments and the wider community.

Systemic schools account for 17% of schools in the independent sector.

All data relates to 2007 and is sourced from ABS 'Schools Australia' and the DEEWR non-government schools census.

governing body

- the majority of governing bodies meet 10-12 times per year
- most governing bodies made decisions by both consensus and vote
- new members are provided with information to support them in their roles, such as information on their roles and responsibilities, briefs on current matters before the governing body, a copy of the school strategic plan and advice on their legal and governance obligations
- governing bodies as a whole are guided by resources such as a strategic plan, charter, financial plan and confidentiality policy
- governing bodies generally review their performance on an annual basis, often by self assessment

3. Key challenges faced by schools both now and in the future are broadly agreed

- the biggest challenges currently facing independent schools are in the areas of school business and recruitment
- the top five issues, listed below, were the same for both Chairs and Heads and were of concern to more than two thirds of respondents:
 1. strategic change within the school
 2. achieving the right skills mix on the governing body
 3. risk management
 4. impact of technology on school
 5. succession plans for Head of school and Chair of the governing body
- Chairs and Heads thought that their current challenges would continue to be the key issues in the future
- some issues, such as financial management, are expected to present a greater challenge than is currently the case

4. Recruitment continues to be a challenge for governing bodies

- the two biggest challenges currently being faced by schools are achieving the right skills mix on the governing body and succession plans for Head of School and Chair
- these challenges were expected to continue to be of equal or greater significance in the future
- some issues were expected to present a greater challenge in the future than is currently the case, such as managing the turnover of governing body members, difficulties in leadership recruitment, and attracting members to the governing body

When given the opportunity to elaborate on the challenges for schools, Heads and Chairs reported that recruitment and retention of board members was difficult. This was often because of the increasing demands on people's time which affects their ability to contribute, the intensity of the commitment in new schools, multiple roles of board members on both the governing body and subcommittees, the makeup of the

It was apparent from the responses of Heads and Chairs that where schools had identified barriers to effective governance, most had taken action or were working on strategies to resolve the issues.

Quite a number of schools indicated that the structure of their governing body was undergoing change, some in response to changing environments and others to settle particular problems:

"The school is about to embark on amending the Constitution with a particular emphasis on improving governance. This has been necessitated in part by the school's growth over the past 5 years."

governing body and undue influence of individuals or groups.

5. Roles and responsibilities are well understood by Heads and Chairs

- Chairs and Heads of school agree that the challenges associated with roles and responsibilities are not as significant as others
- the role of the governing body in supporting management to implement policy and the changing role of school governing bodies are expected to be significant challenges in the future
- Heads expected that the changing role of the Head of School would become an issue of greater significance in the future

6. Relationships appear to be working well but challenges lie ahead

- the majority of Heads and Chairs indicated that most relationships are working well within the school
- roughly half of Heads and Chairs identified effective communication with the school and managing relationships with other school stakeholders as issues of concern
- these issues, and particularly effective communication with the school, were expected to continue to be significant in the future
- the relationship between the governing body and Head of school was expected to become significantly more challenging in the future, particularly in the minds of school Heads

7. The business of being a school presents a constant challenge

- there was strong agreement that strategic change within the schools, risk management and the impact of technology were major challenges for Chairs and Heads of school
- these issues were expected to continue to present significant and more extensive challenges in the future
- an increasingly litigious environment and declining enrolments due to demographic change were forecast to be a considerably greater challenge in the future by Heads and Chairs, as were issues like industrial relations and loss of mission

Heads and Chairs emphasised some of the challenges relating to school business when making additional comments at the end of the survey. These included the influence of school owners and others, retaining the affordability of their school, and fear of litigation. While conflict of interest did not appear to be a significant challenge for schools across the sector as a whole, it is a particular problem for some schools.

8. The financial challenges facing schools are a concern for Heads and Chairs

- the financial sustainability of the school was the most notable issue for Chairs and Heads
- Chairs and Heads are both concerned about the increasing challenge for schools in relation to financial management, the school becoming unaffordable, and the impact of increasing remuneration levels of

Heads and Chairs considered that the right mix of skills and actively contributing board members, together with a shared vision that is understood by all, are important factors contributing to successful governance:

"The foundation of good governance and a growing and thriving organisation which has emerged from a shaky history (and still has challenges ahead) has been an open and honest relationship between the Executive Committee and the Principal, with a shared vision and communication of that vision, with support for the implementation and operationalisation of that vision by the Principal."

senior executive positions

- affordability of schooling is clearly a concern for Heads of school

9. Reporting and compliance impact on school resources and autonomy

- more than two-thirds of Heads and Chairs confirmed that reporting and compliance requirements and the financial accountability of schools were significant challenges for schools and expected them to become more of a challenge in the future
- data collection was also expected to become more of a challenge for schools in the future

10. There are a range of professional development opportunities available

- nearly all governing bodies provide some professional development or resources to members of the school governing body
- the most common resources provided include briefings on key issues, a governance handbook and newsletters and/or journals
- most respondents suggested that professional development on issues such as legal compliance, risk management and assessment, the changing role of independent school boards, and strategic planning would assist their governing body
- more than half of the Chairs preferred to receive information on governance through briefs on particular topics and from online resources
- school is the preferred point of access to professional development activities

The availability of quality resources is important to support governing bodies in their role. Member turnover, changes in education policy and practice, and environmental changes mean that professional development has ongoing relevance for all governing bodies. Indeed, School Heads and Governing body Chairs indicated that they are finding it difficult to attract people who are both well qualified and understand governance. Appropriate and targeted professional development is therefore critical to provide governors with the skills they need.

Schools that were growing indicated that they needed support to grow, and others felt that ongoing professional development was important generally. While for some the location of the professional development activity may depend on the type of activity being conducted, for others the issue was simply one of access. Some respondents were clearly not aware of the range of opportunities available to them.

Comments and suggestions from Heads and Chairs ranged from the general to the specific, such as updating handbooks, provision of consultant advice on specific issues, opportunities to meet with other governors and discuss issues, a new way of governing to lessen the workload on governors, alerts to schools on particular issues, meetings in specific locations and regular governance training for all members. One respondent from a regional school articulated the difficulties associated with governance in regional locations and suggested that an online training program would be helpful.

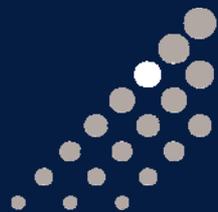
Schools are facing pressure on costs arising from pressure on school numbers, an increasingly complex operating environment, increasing remuneration levels for school staff, and increasing facilities. One respondent summed up the issues for their school in this way:

"The biggest challenge in the future will be to maintain high standards in education delivery, pay top salaries, attract and keep good teachers suitable to the task and still make the school attractive and affordable to prospective parents."

The increase in compliance and reporting requirements is challenging for schools not just because of the additional burden that these place on independent schools but because it hits at the core of what makes independent schools unique.

"The school Council is to some extent at the mercy of dictates and interference from federal government... Over the last five years these have eroded the school's independence to make decisions over its own policies."

"Our greatest difficulty is the attempts by federal and state governments to make us fit within their understanding of what a school should be, without regard to the ethos of our school and the aspirations of our students, parents and teachers."



**Independent Schools
Council of Australia**

2008

The Independent Schools Council of Australia is the national peak body for the Australian independent schools sector

ISCA 12 Thesiger Court, Deakin ACT 2600 **T** (02) 6282 3488 **F** (02) 6285 2926 **E** isca@isca.edu.au **W** www.isca.edu.au