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## Submission on the report by the Tomorrow's Schools Independent Taskforce

The Institute of Directors (IoD) appreciates the opportunity to comment on the report by the Tomorrow's Schools Independent Taskforce on the schooling system in New Zealand. This is part of a series of educational reforms including the reform of vocational education, which we have also submitted on.

The Taskforce was “asked to consider if the schooling system is fit for purpose, and to focus on developing a system that promotes equity and excellence and ensures that every learner achieves educational success. This includes the ability of governance, management and administration of schooling to meet the needs of all New Zealanders, the environment in which schools operate, and how to give active expression to Te Tiriti o Waitangi”.

Tomorrow's Schools has been in place since 1989 and there are approximately 2,500 (state and state-integrated) schools in New Zealand and 19,000 trustees. The student population of these schools is around 800,000 and about a quarter of schools have rolls of fewer than 100 students.

### About the Institute of Directors

The IoD is a non-partisan voluntary membership organisation committed to driving excellence in governance. We represent a diverse membership of approximately 9,000 members drawn from listed issuers, large private organisations, small and medium enterprises, state sector organisations, not-for-profits and charities.

Our Chartered Membership pathway aims to raise the bar for director professionalism in New Zealand, including through continuing professional development to support good corporate governance.

The Taskforce report recommends a number of significant changes to the New Zealand schooling system, including in relation to school boards. Many IoD members are (or have been) trustees on school boards and we conducted a survey of our members in March 2019 to seek their feedback on how the current governance model is working and the recommended changes. 368 members responded to the survey and their feedback helps inform this submission. We include key survey findings below.

The IoD's submission focuses mainly on the recommendations relating to governance. Notwithstanding our comments here, the IoD may make further and broader comments as the review progresses.

## Summary of our submission

We support the system being reviewed to ensure it is fit for purpose. However, we are concerned that the Taskforce's report recommends fundamental change to school boards without robust evidence and analysis (including of what is broken, what is working well, what other options for governance reform were considered, and why the recommended changes will be effective/successful). Given the amount of change proposed and the importance of a well-functioning system, we encourage the Government to consider more robust evidence and analysis to support any changes.

The school board governance model is not fundamentally broken. Many boards are operating effectively and there are significant benefits to schools being governed by people within their communities. However, some boards and schools are not operating effectively and this needs to be addressed promptly. We have suggested the following measures the Government should consider in improving boards and addressing issues and challenges:

- promoting the importance of trustees and their role
- strengthening the skill base of trustees by providing better support and training
- bolstering boards where required by providing access to experienced trustees or professional advisers who may be co-opted on to boards for a period of time
- providing better access to professional/external advice
- facilitating ways for local school boards to work more collaboratively together for the benefit of their schools and local community (eg with small and/or rural schools) and learning from the recent introduction of Communities of Learning | Kāhui Ako.

We have significant concerns with the recommendation for Education Hubs and especially their ability to carry out governance responsibilities given the large portfolio of schools (circa 125 per hub) they will be required to oversee. We have outlined a number of challenges Education Hubs and their boards could face and the potential for schools to be unduly impacted. We have also highlighted our strong concerns with the recommendation for Education Hubs to employ principals. One of the most important functions of a board is to appoint and manage the principal and hold him or her to account for performance. We are concerned about the ability of Education Hubs to do this effectively (for c.125 principals) and that school boards' relationships with principals will also be undermined.

The IoD supports diversity and inclusion on boards and the need for greater involvement of mana whenua on school boards. Rather than having a mandatory requirement, the Government could consider more actively promoting diversity and inclusion on school boards and building and strengthening governance capability among mana whenua.

## Summary of the Taskforce's governance recommendations

The Taskforce's report covers eight key issues with the current schooling system. This also includes the following key governance related recommendations:

- the role of boards should be re-oriented so that their core responsibilities are the School Strategic and Annual Plan, student success and wellbeing, localised curriculum and assessment
- Education Hubs (set up as Crown entities) would assume all the legal responsibilities and liabilities currently held by school boards with automatic 'delegation back' to principals regarding control of operational grants and staffing entitlements and recruitment
- further 'delegation back' opportunities would be provided regarding property development through five yearly agreements
- boards should be involved in the principal's appointments and retain final right of veto on their appointment, but will not be the employer of the principal or teachers

- boards will not be responsible for decisions on student suspensions, exclusions, and expulsions
- mandatory mana whenua representation on boards.

### General comments

Given that it is 30 years since the Tomorrow's Schools reforms were introduced, we support the system being reviewed to ensure it is fit for purpose. However, we have concerns about the review and the extent of the governance recommendations including:

- **evidence and analysis:** the Taskforce's report doesn't sufficiently cover what is broken with school boards (eg how effective are they?), what is working well, what other options for governance reform were considered, or why the Taskforce believes the recommendations will be effective in addressing identified problems/challenges. Given the amount of change proposed and the importance of a well-functioning system, we encourage the Government to consider more robust evidence and analysis to support any changes
- **costs:** there is no estimate of costs of the recommendations (or of other options considered) in the report preventing a cost-benefit analysis. We expect there to be significant costs including in relation to the establishment and maintenance of Education Hubs.

We make further and more specific comments below.

### Specific comments

#### How effective are school boards?

**IoD survey:** a majority (57%) of IoD respondents think the current school model is effective or very effective. Twenty-nine percent think it is somewhat effective, and only 14% think it is ineffective or very ineffective.

The school board governance model is not fundamentally broken. Many boards govern effectively, and provide significant value to their schools and local communities. School trustees are well-placed (especially in terms of local knowledge and relationships) to make decisions affecting their schools and local communities. However, some boards are not operating effectively and this needs to be addressed.

**IoD survey:** 69% of respondents agreed or strongly agreed that their school board of trustees has the right capability to govern the school effectively.

Board composition is a major consideration for the effectiveness and performance of boards and it can be a challenge for some school boards to get the right mix of knowledge, skills and experience. Our survey identified some of the following governance matters that are challenging for boards.

**IoD survey:** respondents highlighted the following as the greatest challenges for school boards (they could chose up to 3):

- Strategic thinking (48%)
- Funding (36%)
- Property management (35%)
- Appointing and managing the principal (33%)
- Financial management (28%)
- Health and safety (25%)
- Attraction of new trustees to stand for election (17%)
- Student discipline (7%)

#### Establishing Education Hubs

The proposed Education Hubs would be Crown entities governed by boards, with at least half of the positions on each board to be filled by practising educators (and other positions from local iwi and

community stakeholders). Education Hubs would assume many of the governance responsibilities currently held by school boards, while also providing specialist educational support to build good teaching and learning for all students. The Taskforce suggests in the report that each Education Hub would work with an average of 125 schools (though this would vary across the country according to location and need).

**IoD survey:** 63% of respondents disagreed or strongly disagreed that the recommendation to establish Education Hubs will improve the governance of schools, with only 21% agreeing or strongly agreeing that they would improve governance.

The recommendation for Education Hubs is one of most controversial parts of the report and we are concerned with it for the reasons set out below.

*The Four Pillars of Governance Best Practice* (IoD, 2018) sets out the core role of boards including to:

- set, drive and oversee strategy
- oversee risk and monitor performance and conformance matters and hold management to account
- foster high ethical standards and set the tone for a healthy organisational culture
- ensure a high standard of compliance with regulatory environments.

Education Hubs (and/or their boards) will essentially have core governance responsibilities and will likely face significant challenges in sufficiently carrying these out given the large portfolio of schools (circa 125 per hub) they will be required to oversee. The size of, and the different needs within the region, will further add to this burden in some cases.

There are likely to be significant constraints on boards of Education Hubs in overseeing and monitoring the hubs and schools given the scope of operations and stakeholder obligations. This is a large undertaking for one board, and the increasing legal responsibilities of board members should be taken into account. A key challenge of the recommended model would be that boards of Education Hubs don't become weighed down by compliance matters rather than focusing on school performance and the needs of students and other stakeholders.

The ability of Education Hubs to effectively monitor the performance of schools and principals, and hold principals to account is a particular concern. One of the most important functions of a board is to appoint and manage the principal and to hold him or her to account for performance. The proposal for Education Hubs to employ principals (around 125 each) would undermine the school board's relationship with the principal and the board's ability to govern and hold the principal to account for performance. We also have strong concerns about the ability of Education Hubs to do this effectively for c.125 principals, who may be geographically widely spread.

Other challenges of the recommended model include ensuring:

- the special character of schools is protected
- schools can innovate and guarding against one size fits all strategic and operational frameworks
- efficiency, flexibility, and responsiveness to schools and stakeholders
- local funding sources are not alienated (eg local businesses)
- ensuring that Education Hubs don't get subsumed in bureaucracy
- that boards of Education Hubs have the right board composition, skills, experience and governance capability.

We note that there are other risks with shifting leadership and governance responsibilities away from the school boards especially on such a large scale (eg in terms of local knowledge, connection, and accountability). We also note that the proposed Education Hubs are similar to the District

Education Boards that were abandoned with strong justifications when Tomorrow's Schools was introduced.

### ***Effects of the recommendations on school boards in the future***

**IoD survey:** a majority (58%) of respondents said they were less likely to serve on a school board if the scope of responsibility is reduced as recommended in the report, while only 12% said that they were more likely to serve. Thirty percent said 'the same' (ie their decision to serve would not be influenced by the recommendation).

Comments from respondents to the survey who were less likely to serve said that the reduced role and responsibilities meant that there would be an inability to properly govern the school and a lack of autonomy, with little chance to effect change or impact the quality of education delivered. Others themes included:

- current board responsibilities are one of the challenges that makes the role significant and fulfilling
- boards won't be able to manage principals if this is done by Education Hubs, removing the number one accountability link between boards and principals
- school boards would be nominal only and there would be no emphasis on each school's special character
- the reduction in responsibility will lead to boards being subservient in most important respects to central control
- trustees won't be able to add value and their volunteer time and skills would be better utilised elsewhere
- boards need to be empowered to drive the success of schools and govern effectively, not have their responsibilities reduced.

### **Mana whenua representation on boards**

The report recommends that all school boards should be required to have mana whenua representation.

The IoD supports diversity and inclusion on boards, including greater involvement of mana whenua on school boards.

Board composition is a major consideration for the effectiveness and performance of the board. A balanced board needs a broad mix of skills and experience and boards are at their best when they are distinguished by diversity of thought. Diversity includes ethnicity, culture, gender, age, background and experience.

Given that there are approximately 2,500 state and state-integrated schools, there is likely to be significant challenges in ensuring mana whenua are appointed to *all* boards (eg challenges in finding mana whenua who are appropriately experienced and/or willing to serve).

Rather than having a mandatory requirement, the Government could consider more actively promoting diversity and inclusion on school boards, and also building and strengthening governance capability of mana whenua to increase the number of mana whenua confidently equipped and willing to put themselves forward to serve on boards.

### **Improving the governance of school boards**

Rather than fundamentally changing the governance model of schools, there are a number of measures that the Government should consider in improving boards and addressing issues and challenges, including:

- promoting the importance of trustees and their role
- strengthening the skill base of trustees by providing better support and training

- bolstering boards where required by providing access to experienced trustees or professional advisers who may be co-opted on to boards for a period of time
- providing better access to professional/external advice
- facilitating ways for local school boards to work more collaboratively together for the benefit of their schools and local community (eg with small and/or rural schools) and learning from the recent introduction of Communities of Learning | Kāhui Ako.

## Conclusion

Given that it is 30 years since the Tomorrow's Schools reforms were introduced, we support the system being reviewed to ensure it is fit for purpose. However, we are concerned that the Taskforce's report recommends fundamental change to school boards without robust evidence and analysis. The school board governance model is not fundamentally broken. Many boards are operating effectively and there are significant benefits to schools being governed by people within their communities. However, some boards and schools are not operating effectively and this needs to be addressed promptly. We have proposed a number of measures that the Government could consider in taking a targeted approach to improving board capability and performance and to help address issues and challenges.

We have significant concerns with the recommendation for Education Hubs and especially their ability to carry out governance responsibilities given the large portfolio of schools (circa 125 per hub) they will be required to oversee. We have outlined a number of challenges Educations Hubs and their boards could face and the potential for schools to be unduly impacted.

The IoD has significant expertise relating to governance and would welcome the opportunity to contribute to the reform of the education system and the strengthening of governance capability.

We appreciate the opportunity to comment on behalf of our members and would be happy to discuss this submission with you.

Yours sincerely



Felicity Caird

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