**agenda 11.4**

**Lutheran Education in Australia review**

*Submitted by the joint BLEA/GCC working group*

**1. CONTEXT AND PURPOSE OF THE GOVERNANCE REVIEW**

At the 18th General Convention of Synod, held in October 2015, the following resolution was adopted by the Synod:

RESOLVED that GCC [the Lutheran Church of Australia General Church Council] be authorised to trial a restructure of the National Church functions in a phased approach to provide more effective leadership, governance and other resources that are churchwide, mission-focused, service oriented, efficiently delivered and effective in enacting the decisions of General Synod; and that GCC reports back to General Synod in 2018 on the results of the trial restructure and submit proposals for changes to the Constitution and By-Laws to formalise those structural changes that have been demonstrated to provide more effective leadership, governance and other resources that are churchwide, mission-focused, service oriented, efficiently delivered and effective in enacting the decisions and direction of General Synod.

The resolution provided a context and way forward for a GCC-LEA [Lutheran Education Australia] governance dialogue process[[1]](#footnote-1) culminating in the presentation of the report to GCC in August 2017, *Lutheran Education Governance and Administration Review*.

As a consequence, GCC resolved to affirm the governance authority of the board for Lutheran Education Australia (BLEA) for Lutheran education in Australia, for five key, focus areas:

* Setting strategic directions and policy for Lutheran schools
* Strengthening Lutheran identity
* Risk oversight (legal, financial and reputational)
* Formation, leadership succession and development
* Culture

GCC also resolved to establish a joint GCC/BLEA working group, led by BLEA, to continue the dialogue process and finalise the review, with an emphasis on governance rather than the administration and management of Lutheran education in Australia. The working group was asked by GCC to make recommendations on any changes, including associated transition or phasing, necessary to the Lutheran education governance structure for presentation to the General Convention of Synod in October, 2018.

Prior to undertaking the consultations with stakeholders, the joint working group met to consider its approach and to formulate ways in which those participating in the consultations would feel empowered to contribute and voice their views openly and honestly.

The joint working group focused on establishing open dialogue with participants, so that participants would feel free to provide feedback that would likely present the working group with both challenges and opportunities, and which would enable and build trust.

In this way, the review was designed to engage the commitment of Lutheran educators to a positive way forward for Lutheran education, in order to serve the best interests of the whole Lutheran education sector across Australia into the future.

As such, key priorities for the joint group were to ensure that all of the stakeholders with whom the group consulted were assured that the process would be a listening exercise first and foremost: that all participants would be able to express their views and perspectives without fear or favour, and that no preconceived or presumed beliefs, judgements, or assumptions would direct or influence the review or its findings or outcomes. Participants were assured that the review was designed to ensure that all voices in Lutheran education would be heard, and would assist in shaping the future of Lutheran education going forward.

This report provides the key findings from the joint group’s consultations and proposes a number of recommended actions arising from these findings. The appendices to this report outline the process undertaken by the joint group for the review (which was conducted from December 2017 to March 2018), the consultation schedule, and provide other associated documentation.

**2. POSITIVE OBSERVATIONS**

2.1 The review found that there was a universal and unified desire within the Lutheran education community – schools, congregations, regions and districts – for a vibrant, sustainable Lutheran education system into the future.

The Lutheran education community is committed to ensuring that the Lutheran education sector – which is small compared to other non-government education sectors – remains viable and sustainable over the long term.

2.2 The review found that there is a strong commitment to the values, principles and ‘ethos’ of Lutheran education, ensuring students at Lutheran schools and educational institutions can experience the Gospel of Christ.

While the consultations showed that, within the Lutheran education community there are different interpretations of what so-called ‘Lutheran identity’ might entail, there is nevertheless a shared understanding of the importance of the Gospel as the foundation of Lutheran theology and practice within the church, and within its schools as an extension of the church.

2.3 The review found that there is a shared commitment within the Lutheran education community to mission and ministry – Lutheran schools are seen as an important part of the church’s mission to bring people to Christ.

There is a very strong recognition that within a church that is struggling to maintain and grow members in its congregations, schools represent a significant opportunity to reach out to students and their families, who may have little prior connection to a church. Schools see mission as a fundamental and important part of their core ‘business’.

2.4 The review found that the Lutheran education community is characterised by a desire for all within that community to work together for shared goals and purposes.

Those comprising the broader Lutheran education community value the strong relationships that exist within that community. The strength of these relationships extends beyond individual schools, regions and districts to the wider education community within the whole Lutheran church. There are strong networks within the Lutheran education community, for example, those working within a specific area or discipline (eg school business managers).

2.5 The review found that the Lutheran education sector is characterised by the excellent reputation that Lutheran schools have, the quality of education provided, the pastoral care offered to students, the commitment to a Gospel-based values education, and for being a strong faith-based community that is welcoming and inclusive.

**3. KEY FINDINGS**

These findings are based on the understanding that the LCA, including all of its constituent departments, works in the spirit of collaboration and cooperation.

3.1 There is one Lutheran education sector however it effectively operates as three separate entities (three educational regions), with further levels of responsibility / management / governance within each region.

3.2 Across the Lutheran education sector across Australia there is a lack of clarity on accountability, responsibility, reporting lines, and roles which is reflected in inadequate enabling documentation.

3.3 There are a number of key areas within the Lutheran educational landscape that represent potential risks. These would best be overseen at the national level. These include:

* Leadership development / succession planning
* Lutheran identity and culture
* Representation with the Commonwealth government, especially in the context of funding allocation
* Risk oversight, including financial, reputational and legal

3.4 There is a need to strengthen the role of mission and ministry within schools, congregations, and the LCA, and to identify the specific responsibilities and undertakings of each for mission and ministry within the educational context. While there is a shared commitment to mission and ministry within our education communities, there are different views regarding what that entails, within and between schools, districts and congregations. As the LCA looks to the future it will be important to develop shared understandings of both the concept of Lutheran identity and the concept of mission through the LCA’s schools.

3.5 The current arrangements do not enable BLEA to carry out the responsibilities assigned to it by GCC. Areas other than these focus areas should continue to remain the responsibility of the respective education regions and districts.

3.6 In order to address the consequences of multiple layers of involvement (eg weaker governance, lack of alignment with future LLL requirements) there is a need to standardise and streamline loan approval processes.

3.7 There is a need to recognise the sector-wide impacts / consequences of decisions and actions occurring in region/s (eg decisions in respect of school establishment and closures), especially as such impacts relate to financial, reputational and legal risk.

3.8 There is limited collaboration among regions, LEA and ALC.

3.9 There is a lack of alignment of, and a need to improve collaboration in, strategic planning within the Lutheran education sector.

3.10 LEA needs to enhance its communication with all facets of the Lutheran education sector.

**4. ADDITIONAL OBSERVATIONS AND COMMENTS**

The consultations with stakeholders identified a number of emerging themes that were consistently cited as key issues, challenges and opportunities. These themes include the following:

4.1  *Clarity of governance structures, responsibilities and accountabilities across districts, regions and the LCA / BLEA needs to improve.*

The respective roles, responsibilities and authority of the various governing bodies within the LCA need to be reviewed and clarified: DCCs, regional councils, LEA, etc. There is a need to differentiate between governance and management and make explicit the respective management v governance responsibilities of each body within Lutheran education.

Constitutional reform will be necessary to ensure the governance authority of the relevant bodies, including BLEA, is both recognised and enabled.

4.2 *Consistency (viz. reporting relationships and structures, policy application, messaging and communication) versus local flexibility (at the school, regional and district level)*.

The consultations highlighted the need for central governance responsibility for some key areas to ensure consistent and clear messaging, policy and practice, however, local flexibility is also important to meet local needs and context: ‘national objectives with local solutions’.

4.3 *Communication and collaboration – while strong in some aspects, there is a need for strengthened communication and collaboration across the LCA and across Lutheran education*.

The consultations demonstrated that it is possible to ‘know only what you know’ and that if communication is poor, or if there are inadequate mechanisms to ensure communication (eg from the regions to the districts, from schools to LEA, etc.) it is likely that governing bodies are unable to properly carry out their responsibilities.

4.4 *Challenges – an evolving social landscape, financial pressure due to increased competition and diminishing enrolments, strengthening Lutheran culture, and leadership formation and development*.

These challenges were universally acknowledged as the priority areas to be dealt with to ensure the Lutheran education sector is viable going forward. It was agreed that these challenges will best be managed through increased collaboration and cooperation across the whole Lutheran education sector in Australia.

4.5 *Strategic planning and the need for a clear sense of BLEA’s authority for strategic oversight and planning in designated areas,* *as well as ongoing BLEA engagement with regions and districts in formulating a strategic plan for Lutheran education.*

This can only be achieved through Constitutional reform to enable the governance authority of BLEA to be affirmed and recognised. Dialogue between and common accountabilities for the three regions will be an essential element here.

4.6  *The need for clear, consistent, national oversight of risk in all its forms, including financial, reputational and legal.*

The consequences of poor or inadequate risk management affect the whole Lutheran education body. Even if an incident occurs at a local level – in a school, for example – it is not just the school or even the region that bears the consequences, regardless of whether this relates to reputational, financial or legal damage. The entire Lutheran education community will be affected.

4.7 *The need for a funding system that is able to respond to increased uncertainty in government funding allocation and policy.*

At present, each of the three regions distributes funding to their schools in different ways. There is a need to review and re-assess Commonwealth funding allocation through a model that ensures efficiency, consistency, clarity and risk oversight.

**5. ENVIRONMENTAL SCAN / ‘INFLUENCERS’**

The review found that there were a number of factors contributing to the overall context within which Lutheran schools operate, which are seen as influencing the way in which schools identify, manage, and deal with challenges and opportunities.

5.1 Governance structures for Lutheran education have evolved organically over time, resulting in a complex array of governance bodies wherein the respective roles, lines of accountability and responsibilities of each have become blurred and unclear.

 Similarly, the LCA’s multi-layered governance structures mitigate against a clear understanding of accountability and responsibility at a broader level: for example, the LCA has five districts in / across which three educational regions operate which, by necessity leads to a blurring of responsibility at both the district and regional levels.

 This is also the case in respect of the Lutheran education sector – while the LEA operates as a single Lutheran education sector, in reality and in practice there are three Lutheran education entities – LEVNT, LENSW and LEQ. While these three bodies work together to some degree, and while the commitment to work together exists, the challenge remains for a unified Lutheran education sector that is truly unified in a structural / governance sense. This is borne out in the different operational / management mechanisms in place for schools in each district (ie ownership of school property) and this, too, mitigates against having a unified and simplified governance structure for Lutheran education in which lines of responsibility, reporting and accountability are clear and universally understood and acknowledged. This adds to the risks inherent in the system.

5.2 There are increasing expectations and requirements set by the Commonwealth government which schools must meet, including requirements related to the allocation and distribution of funding, reporting student achievement, etc.

 The level and complexity of these requirements, along with an expectation of transparency in reporting, is increasing, which places additional administrative pressures on regions, schools and their management teams.

5.3 Lutheran schools are facing increasing competition from both the government and non-government schooling sectors. The factors which influence the choice of school for parents are many, varied, and complex. The perceived quality of education offered by a school may be only one in a range of factors which lead parents to choose a particular school. Lutheran schools, along with schools from both government and non-government sectors, must compete for those enrolments in a shifting, mutable education landscape.

 Lutheran schools have seen a levelling off of enrolments following a peak in 2014, attributable to this increased competition. As a consequence, Lutheran schools face increasing financial pressure to maintain (if not grow) their enrolments in the context of such challenges.

5.4 Lutheran schools exist and operate within a shifting social landscape which presents both opportunities and challenges as schools, and the wider school community, deal with significant social questions and issues, including same-sex relationships, assisted death, asylum seeker / migration policy, abortion and reproductive technologies.

 This represents both a challenge and an opportunity for Lutheran schools, to uphold the teachings of the Lutheran church while at the same time providing an open, honest and safe way of having constructive dialogue with young people as they come to terms with, and understand these issues and their implications and complexities.

 Schools have identified that for many young people, the contemporary social landscape – which includes rapidly evolving technologies and the increasing use of social media as a way of connecting and communicating – both diminishes and yet also enhances the role of faith in a young person’s life. That is, young people see the church and its teachings as disconnected from the world in which they live, and yet at the same time, faith offers a real and lasting answer to the negative aspects of this world.

 Schools are increasingly aware of the importance of the role they can play in shaping a young person’s experience in positive ways.

5.5 The Lutheran education sector is very small compared with other non-government education sectors including the Catholic education sector, independent schools and other systemic faith-based schools.

 This is seen as both a positive and a negative – in many ways, the Lutheran sector is ‘punching above its weight’ (as one participant put it) in terms of its positive reputation and reach – but the challenges of maintaining enrolments and managing financial viability and a specifically Lutheran culture as a consequence remain.

5.6 The Lutheran Church is experiencing a decline in membership, as are most mainstream churches in Australia. The recent Census bears out the diminishing number of people who profess to hold a religious faith and who attend church regularly. This is well in evidence in Lutheran congregations where numbers of regular attendees are declining.

 For Lutheran schools, this means that there are a similarly diminishing number of people who are able to take up positions of leadership on school governing bodies, and in schools themselves. The current policies of the LCA require principals, and a requisite number of those serving on school governing bodies, including the chair, to be active, communicant members of the Lutheran Church, and, as the available pool of such people declines, schools are searching for ways in which this issue can be addressed.

5.7 Although the total number of Lutheran students has declined slightly over the past two decades, these enrolments have remained fairly constant. There has however been a significant change in the percentage of Lutheran students compared with that of all students (53% in 1983 compared to 14% in 2017). Similarly, the number of Lutheran teachers employed by Lutheran schools is significantly less than in years past: In 2017, 31% of teachers were Lutheran (as compared to 74% in 1983).

 There are a range of factors contributing to this reality and, equally, a range of responses – some view the importance of a teacher holding a Christian faith as outweighing the need for a specifically Lutheran teacher, while another view is that teaching staff who are Lutheran are fundamental to preserving the Lutheran ‘ethos’ and identity of a Lutheran school. In any case, there is universal acknowledgement of the significance of this as a factor influencing Lutheran schools’ future planning and priorities.

 Additionally, the pool of teachers aspiring to and equipped to take up leadership positions is an issue that needs to be recognised and addressed. Over the period 2014-2018, 42 principals left the Lutheran education sector. Of these, 18 retired, six moved from the principal role to another leadership position and two are still serving in a Lutheran school but not as principal.

5.8 The LCA as a whole is the final bearer of risk (financial, legal, and reputational) although individual regions / districts have governance responsibility for some specified areas (eg loan approvals, school establishment / closure).

 This is a critical issue for the church in the context of the ‘disconnect’ between financial and risk management at the local level and the LCA’s ultimate responsibility for any risk and its consequences.

**6. RECOMMENDED ACTIONS**

Against the background noted above, and in the light of the identified findings, the following recommendations are put forward in the spirit of collaboration and ongoing dialogue with all partners in Lutheran education.

The joint working group acknowledges the significant positive contribution that the LCA’s schools and early childhood centres (ECCs) make to the mission and ministry of the Lutheran church in Australia. At the same time, the joint working group believes that work remains to ensure the ongoing viability of the Lutheran education community as it seeks to provide quality educational outcomes and enhance the spiritual life of students, in the context of a Christ-centred and Gospel-focused Lutheran education.

To this end the recommendations provided below are designed to build on the strengths already existing within the Lutheran education community, and to enable further and ongoing dialogue between the various partners in education – the LCA’s schools, ECCs, school governing bodies, the regions, districts, LEA and ALC – to ensure a Christ-focused education for our young people into the future.

Such dialogue will need to occur in the context of a mutable and unpredictable educational landscape – for example, in the context of Federal government funding allocation and how this will be determined by current and future governments – where the need for a unified Lutheran educational sector is paramount. While it is the case that there is a single Lutheran education sector across Australia, it will be increasingly important for regions and districts, together with the BLEA and GCC, to work in harmony to achieve shared goals.

The joint working group therefore offers the following recommendations as a basis for further collaboration and dialogue.

6.1 That Synod celebrates Lutheran education in its many forms across Australia, welcomes the mission and ministry opportunities that the LCA’s schools and early childhood centres provide, and commits the church to supporting on-going improvements in collaborative ministry, governance and relevant administration.

6.2 That Synod acknowledges and affirms:

* the strong commitment of the Lutheran education sector as a whole to mission and ministry through the LCA’s schools, teachers, staff and leaders;
* the strong commitment of the Lutheran education sector as a whole to upholding and growing Lutheran identity and culture through a Gospel-centred focus on the education and development of young people;
* the commitment of the Lutheran education sector as a whole to a vibrant, sustainable Lutheran education sector into the future, underpinned by strong relationships and a desire to work together for shared goals and outcomes.

6.3 That Synod directs GCC and BLEA to develop and resource action plans to support the collaborative engagement of schools, congregations, districts and the LCA in mission and ministry.

 ***Justification****: Mission and ministry underpins the work of the LCA through its congregations, boards, committees and departments. The mission of the church, and its ministry to all, is best served through collaboration, engagement and communication.*

6.4 That Lutheran Education Australia (LEA) becomes the system authority for Commonwealth government funding, as the authorised body for the distribution of Commonwealth funds.

 ***Justification****: Ensuring a single authority for distributing Commonwealth funding will contribute to enhanced financial risk management going forward.*

6.5 That Synod celebrates and welcomes the governance authority of the BLEA in the following five key areas of responsibility, and commits to enabling the BLEA to enact its authority and develop strategic direction for the whole Lutheran education body by working collaboratively with each of the education regions:

* setting strategic direction and policy for Lutheran education;
* strengthening Lutheran identity;
* risk oversight (legal, financial and reputational, including engaging with the Commonwealth government and, in collaboration with the districts, approval of school opening and closure);
* formation, leadership succession and development;
* culture (including facilitating and driving greater collaboration across the Lutheran education body)

***Justification****: GCC has affirmed the authority of BLEA for Lutheran education across Australia in specified focus areas (ref. p. 3), and this affirmation for the identified focus areas has been endorsed by the regions throughout the consultations. The recommended action identifies BLEA’s governance authority for these specific areas while acknowledging the governance authority of regions / districts for other areas of Lutheran education.*

6.6 That Synod affirms the role of education regions as part of the national Lutheran education body and requests GCC and BLEA to work with the districts and the education regions to define the scope of the entities within the Lutheran education body and set the relevant boundaries by:

* relieving DCCs of their governance responsibilities, thereby allowing their focus to be on mission and ministry within their schools and ECCs;
* clarifying governance and management accountabilities and responsibilities at regional and local levels, including relevant reporting arrangements

 ***Justification****: It is acknowledged that it is good practice to have decision making aligned to where operations are occurring.*

6.7 That regional and national governing boards be aligned to comply with LCA policy about being skills-based and to ensure appropriate separation between governance and management (eg employees of the system are not board members but may be consultants).

 ***Justification****: Synod has resolved that all national boards be skills-based to ensure an appropriate match of skills and responsibilities for effective governance. Employees of the Lutheran education system should not be members of boards that directly govern them.*

6.8 That flexibility be provided for local school governing bodies to allow for increased participation by non-Lutheran members, whilst maintaining a majority of Lutheran members, and allowing for a model where a governing body may have oversight over more than one school.

***Justification:*** *The review highlighted the challenge being felt in some areas to source sufficient numbers of suitably skilled Lutherans to fill places on school governing bodies.*

6.9 That BLEA and other relevant bodies determine a streamlined loans approval and guarantee process.

 ***Justification****: BLEA has been affirmed by GCC as the responsible governance authority for fiscal oversight and management.*

6.10That all relevant LCA Constitutions are re-written to enable the agreed changes in structure to be addressed.

 ***Justification****: The governance authority of BLEA, as affirmed by GCC, for the specified focus areas will be enabled by re-writing the relevant Constitutions.*

6.11 That regular reports on progress of the above recommended actions be submitted to GCC by all relevant stakeholders / parties.

 ***Justification****: To ensure accountability and to measure achievement against goals.*

**7. CONCLUSION**

The preceding report and its findings and recommended actions seek to address the key themes and issues in a way that will ensure a sustainable and vibrant Lutheran education sector for the future. Key to this will be establishing ongoing collaboration and connection between all areas and bodies of the LCA – the education and spiritual development of young people in our Lutheran schools is a critical area of the church’s mission and ministry and as such requires the commitment of all, united in common purpose.

To this end, the joint working group acknowledges that this review is in effect a starting point for further and ongoing dialogue and collaboration between all entities that make up the Lutheran education community in the LCA, including the LEA and its board, the education regions and DCCs, schools and school governing bodies, and ALC and its board. The recommendations presented in this report should be seen as enabling mechanisms for the further work required to achieve long-term sustainability and the ongoing health of the Lutheran education sector in Australia.

It is noted that in at least two districts similar governance review processes are underway. The joint working group endorses any findings from these reviews that lead to improved governance and skills-based and independent boards within the LCA.

The joint working group acknowledges the time and commitment given to this governance review by all participants who freely, openly and honestly expressed their views and thoughts on Lutheran education, in the spirit of unity and a shared commitment to Lutheran teaching and theology.

The joint working group thanks all of the participants for their contribution to this review and for their participation in the spiritual and educational development of our young people through the work of the Lutheran education system.

1. The report, *Lutheran Church of Australia, Governance and Administration Review Final Report 20 February 2015*, by Dr Maureen Cleary of Governance & Management Pty Ltd was presented to the General Convention of Synod by GCC in September 2015. This report contained 27 recommendations, including the recommendation “*That GCC enters into serious dialogue with the LEA Board about their desired governance structure*”, which was accepted by GCC. This resulted in the first review of Lutheran schools and early childhood services undertaken in 2015-16. [↑](#footnote-ref-1)