Department for Education

FE Commissioner Summary Intervention Assessment Report: South Devon College

10 July 2025

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Background

Name of College	South Devon College
UKPRN	10005977
Name of College Principal /CEO	Laurence Frewin
Name of College Chair	Martin Foulger
Type of provision	GFE
Date of visit	10 July 2025
Type of visit	Intervention Assessment
Trigger for formal intervention	Finance
Further Education (FE) Commissioner team members	Shelagh Legrave, FE Commissioner Sally Challis-Manning, FE Adviser Diane Dimond, FE Adviser Jo Pretty, FE Adviser
Location	Paignton, Devon
Apprenticeship training provider	Yes
Latest Ofsted inspection grade	Good

Conclusion and executive summary

South Devon College is a general further education college that supports over 2,300 learners per year. It was rated Good by Ofsted in April 2024 and has secured a Teaching Excellence Framework rating of Gold for Higher Education. The college has struggled financially for a number of years and the strategy of funding circa £1m capital expenditure annually from cash reserves has depleted cash balances. 2024/25 budget shortfalls have compounded cashflow challenges resulting in operating cash balances falling to three working days in spring 2025 despite active creditor management.

A financial notice to improve was issued in June 2025 and the college was placed in intervention. College leaders implemented a significant restructure in summer 2025 to reduce the cost base and this has enabled them to set a small budget operating surplus for 2025/26.

Recommendations

Recommendation 1:

Develop a financial strategy and recovery plan covering a minimum three-year period, which aligns to the college vision, ambitions, and includes comprehensive cashflow and capital expenditure forecasting, scenario modelling and risk assessment. The recovery plan must demonstrate that the college is financially sustainable.

Target: October 2025

Responsibility: Principal & CEO

Recommendation 2:

Ensure there is adequate and appropriate resourcing of the finance function such that there is sufficient capacity and capability to develop, implement and report progress on the financial recovery plan.

Target date: September 2025

Responsibility: Chair

Recommendation 3:

Implement a whole college approach to delivering and owning financial sustainability.

Target date: October 2025

Responsibility: Principal & CEO

Recommendation 4:

Further integrate finance and MIS systems and functions to ensure consistent and accurate reporting that college managers have confidence in.

Target date: December 2025

Responsibility: Vice Principal Performance & Resources

Recommendation 5:

Develop a high-level communications plan setting out key objectives for financial recovery, growth and sustainability, reinforcing the strategic vision and rationale and to promote a unified forward-looking culture.

Target date: September 2025

Responsibility: Principal & CEO

Recommendation 6:

Introduce a whole college key performance indicator dashboard with specific measurable achievable relevant and time bound (SMART) targets to provide governors and leaders with a sharper focus to drive and monitor performance.

Target date: October 2025

Responsibility: Principal & CEO

Recommendation 7:

The management accounts commentary, cash flow forecasting and capital expenditure reporting all require further development to inform governors' and leaders' decision making. These monthly reports should clearly show operating performance compared to the original budget as well as the reforecast, with significant operating variances analysed on a timely basis.

Target date: September 2025

Responsibility: Senior Director of Finance

Recommendation 8:

Integrate apprenticeships into a timely review and curriculum planning cycle. Use evidence-based data to analyse and inform accurate forecasting of financial and quality metrics.

Target date: October 2025

Responsibility: Vice Principal Curriculum and Quality & Deputy CEO

The FE Commissioner team will support the development of the college's Single Improvement Plan to address these recommendations and conduct an intervention assessment stocktake visit to review progress in October 2025.

Governance and leadership

Governance

The board of governors meets on a termly basis supported by five subcommittees. During 2024/25, additional extraordinary board meetings were convened in April and May to consider the financial position and agree the strategic response.

Current governors have a broad range of relevant skills and expertise. The board is recruiting for three governors, with finance and audit backgrounds, utilising DfE's governor recruitment service, to address recent changes and strengthen expertise in these areas. The board is well supported by the head of governance.

Governors acknowledged the college's current cashflow challenges and recognised the importance of securing future financial sustainability. They felt that financial pressures commenced when cash balances were depleted through capital investment in the Hi-Tech centre, with return on investment slower than planned due to Covid.

Reclassification of further education into the public sector in 2022 meant that the college had to give up its overdraft facility, which it could otherwise have utilised to manage low cash balances and restructuring costs. Governors recognised that the previous strategy of allocating annually from cash reserves for capital expenditure had weakened the college's financial health and reflected on whether they should have stopped this earlier.

Governors agreed that whole college key performance indicators (KPIs), management accounts and strategic financial reports all required further development to provide the clarity required for monitoring and informed decision making. Except for some financial reports, board papers are comprehensive and timely. Governors ask appropriate and probing questions about quality.

The board should agree a new financial strategy and financial recovery plan covering a minimum three-year period that aligns to the college vision and ambitions and demonstrates a return to financial stability. To enhance governors' understanding of the financial outlook and support future decision making, the recovery plan should include comprehensive cashflow and capital expenditure forecasting, scenario modelling and risk assessment.

Leadership

The principal has led the college for six years and has established good relationships with local and subregional stakeholders. The principalship comprises the principal, vice principal quality and curriculum and deputy CEO and the vice principal people and resources. The wider senior leadership team includes four assistant principals and the senior director of finance, the college's strategic finance lead.

College leaders have undertaken a significant restructure to shrink the cost base during summer 2025. This has been successful in delivering a pay cost reduction and has enabled the college to set a small operating surplus budget for 2025/26.

Leaders must now implement a comprehensive internal communications strategy with a focused approach on improving staff morale and ensuring training and support mechanisms are in place to enable staff to resume delivery of high-quality education and skills training and understand the plans to secure future financial stability.

Senior leaders recognised there is a disconnect between management information systems, curriculum planning records and financial reports. This must be resolved, at pace, to ensure college-wide accountability and ownership for financial management in future.

Curriculum and quality improvement

Curriculum and provision overview

Provision is delivered across four main campuses in Torbay and South Devon, with the largest campus located in Paignton. Curriculum is offered at Key Stage 4 within the college's inclusive 14-16 school, through to post-16 and adults. Qualifications include A levels, T levels, vocational qualifications, higher education (HE) and apprenticeships. There is a range of commercial provision and adult learning programmes both accredited and non-accredited. Leaders plan provision against local, regional and national priorities, delivering in priority sectors such as construction, health and social care, electronics and photonics, marine and maritime, tourism, hospitality and leisure. Through collaboration with other Devon colleges, they map their provision for apprentices and adult learning across other local providers, identifying any progression gaps.

In 2023, the college engaged curriculum efficiency and financial sustainability support (CEFSS). Following the visit, leaders set about improving the use of the 4Cast curriculum planning tool, reporting of efficiency and adopting their cuts and splits approach post the autumn enrolment period. At the follow up visit in March 2025, some outstanding work remained to improve financial efficiency, this included planning for apprenticeships.

Apprentice numbers have declined since 2022-23. Curriculum leaders receive different reports for apprenticeships, and they recognise that data tools still require improvement to support them in their roles.

Curriculum planning for apprentices follows an annual review conducted around June, but this review is too late. Earlier planning, underpinned by market analysis is particularly important when making investment and divestment decisions. Previous planning has identified inaccurate income forecasting for apprenticeships, highlighting a need for leaders to better understand carry over and retention data and, better integrate apprentices into the curriculum and financial plan, at key points in the planning process.

A small number of staff from the central apprenticeships team have been redeployed to the management information systems (MIS) and data/compliance team. Their expertise will help improve the timing and accuracy of funding claims, thereby reducing the risk of lost income.

The CEFSS review identified that the curriculum plan was not reconciled with the financial plan and HR systems, a gap in the college's business planning process. This was undertaken fully, for the first time, in setting the budget for 2025/26 and identified the majority of curriculum staffing efficiencies addressed through the restructure.

Quality: self-assessment judgement and effectiveness in managing and improving quality

In May 2024, Ofsted judged the college good overall, with outstanding provision in programmes for young people, high needs, personal development and behaviour and attitudes. Teaching and learning were noted as effective, with staff providing high levels of student support.

The college's quality assurance and improvement strategy focus on teaching and learning. The annual cycle of activity shows the link between evidence-based review and teachers' personal development plans. However, the quality strategy and annual cycle provides limited detail on how quality activity for apprenticeships takes place. The responsibility for apprentice provision has been moved into curriculum areas and the college should review their quality documents to ensure activity related to apprenticeships is embedded into current processes.

In some cases, governors receive text heavy information which may not sufficiently inform them of leaders' analysis and critical reflection. The 2023/24 annual self-assessment (SAR) report is one example of this, whilst highlighting areas of success and promoting the work of the college, it is less analytical. A sharper analysis at the end of the academic year would inform specific target setting for improvement monitoring. A high volume of one-page strategies, info-grams and text may take governors' time away from a financial focus. Considering the volume and content of data will be important when balancing the need for a heightened focus on financial improvement.

The college's quality improvement plan (QIP) shows quantitative targets to improve student outcomes, but the link between actions written in the QIP to these data metrics is not clear. After producing the SAR for 2024/25, leaders should consider how they can sharpen the QIP so that actions are clearly linked to SMART improvement targets. Monthly meetings take place to review department QIPs with senior leaders. Following the recent restructure, leaders and curriculum managers have the capacity to continue their quality improvement journey.

College achievement data for 16-18 students in 2023/24 was slightly below the GFE national average and shows a decline in performance for this age group from the previous year. Achievement for 19+ students in 2023/24 was also below the national average. Leaders are forecasting improved achievement rates for both age groups for 2024/25 year-end.

Overall apprenticeship achievement rates improved in 2023/24 but retention is an area of concern. This is partly due to retention issues for those apprentices requiring additional learning support and SEND. The business development team plays a vital role in strengthening employer engagement, recruitment, and onboarding processes, which are central to reducing attrition and improving longer term retention. The college are considering the use of the Cognassist platform, to identify learning needs and make improvements to personalised learning but there should be regular communication between the business development team and curriculum leaders to ensure the approach taken to improve retention is effective. The college is also developing some pre-apprenticeship programmes to enhance students' resilience and employability skills.

Strategic oversight of apprenticeships remains with the assistant principal for business development and international, but all leaders should remain aware of the sizeable income dependency of apprenticeships to the financial plan, together with the value of apprenticeships to the local economy.

Staff and student views

The staff focus group were able to identify examples of how their individual roles could support the college's financial improvement. The people team now have a rigorous process in place, working with heads of faculties, to check and approve changes in FTE contracts or job roles. In construction, managers have reviewed their curriculum planning and delivery and are working on reducing energy costs by reducing the number of days students attend college buildings. However, in meetings with senior curriculum leaders, it was not apparent that any wider collaboration on ideas for efficiencies had taken place. This suggests that variable practices could take place, impacting on student experience. Collaboration with staff is an opportunity to maintain morale and develop a culture of shared ownership delivering efficiencies balanced to student experience and quality.

Staff discussed the impact of restructure on long standing colleagues. One example shared was the reduction to information, advice, and guidance (IAG) staff, and a need for clarity on how this function is being carried forward. However, they also acknowledged that effective IAG is a responsibility shared across many teams. Leaders are developing a post-restructure communications plan and staff feel, alongside the need to provide at the start of term information on changes to key work areas, that they would like a plan to keep them informed of the ways the college is developing its longer-term sustainability. The detail of the plan might include core messages to internal and external stakeholders, chosen communication channels, plus timing and phasing for short, medium and long-term objectives. Risks and mitigation should be identified along with monitoring processes and evaluation.

It was not possible to meet with students due to the timing of our visit. Further education student satisfaction scores are high with no curriculum area below 90% in 2024/25. The college notes there is more work to do to improve the response rate for the apprentice satisfaction survey.

Finance and audit

South Devon College has grown, in income terms, over several years but had not sufficiently focussed on curriculum efficiency until a recent CEFSS review highlighted potential inefficiencies and opportunities to reduce costs. To stabilise the college's finances, a significant restructure and cost savings exercise has been completed during summer 2025. Staff costs were high in 2024/25 but, following the savings exercise, are forecast to fall by 2026/27.

In recent years, the college invested significantly in capital expenditure utilising both capital grant funding and cash reserves. Cash generated from operating activities has been insufficient to cover self-funded capital expenditure and debt servicing costs resulting in cash balances becoming depleted.

There is a significant budget shortfall in 2024/25 largely due to apprenticeship income delivery falling below plan. This was only picked up and reported in the January 2025 management accounts as part of the reforecast.

Whilst there have been some improvements to the monthly management accounts in recent months, they do not provide governors and leaders with all the information necessary for informed decision making. Operating performance and variances should be reported against the original budget. The management accounts would also benefit from a more comprehensive commentary, analysis of capital expenditure and improved cashflow forecasting.

There is a need for a full review of the structure and skills mix in the finance team, including strategic leadership, management accounting and MIS linkages, with consideration of whether further strengthening is needed. The finance and payroll team comprises 9 FTE including the senior director of finance who undertakes both operational and strategic financial management roles. Plans to recruit a head of finance to the team in 2024 were shelved due to budgetary constraints, although the required level of finance team resourcing was being actively reconsidered by governors and leaders at the time of the intervention visit. The new finance strategy and financial recovery plan will require significant strategic input from the college's senior finance lead and must be appropriately and adequately resourced.

Recent financial history and forecasts for coming years

The college has underperformed against budget in recent years. In 2023/24 it incurred an operating deficit. In 2024/25, the college set a budget operating surplus and, before restructuring costs, is now forecasting an operating deficit, with the apprenticeship income shortfall being the single most significant factor. EBITDA is significantly below the FE Commissioner benchmark of 6%.

Until 2025, the college had not recognised capital grants received in advance as restricted cash. Consequently, the fact that operating cash reserves were lower than total cash reserves was not evident in the management accounts or other financial reporting.

Leaders recognised in spring 2025 that significant cost savings were necessary to set a solvent budget for 2025/26. At that point, the college cash reserves were so low that it could not afford to restructure to enable capital grant monies to be ringfenced, cover the costs of redundancies and provide essential working capital.

As part of funding audit preparedness work, the finance team identified a write off in 2024/25. This has arisen due to 2022/23 and 2023/24 erroneous accrued income assumptions. Moreover, the significant budget shortfall in apprenticeship income was not reported until the January management accounts. These errors and delays in reporting on funding highlight the urgent need for finance and management information systems to be better integrated and for closer working relationships and communication between the teams.

Financial forecast 2025/26-2026/27

The budget for 2025/26, reflecting efficiency savings secured from the restructure and more prudent income assumptions, is for an operating surplus after restructuring costs.

The 2026/27 forecast assumes minimal income growth. Future financial performance will require scrutiny to ensure that any shortfalls or variances are detected and reported on a timely basis so that mitigating actions are implemented, projected surpluses delivered, and operating cash balances built back up.

Audit and risk

The audit committee leads on oversight of risk management. Despite several years of low operating cash balances, financial stability was only uprated to red RAG rating in the risk register in March 2025.

Long term sustainability

The college has a size and diversity of provision that, with a closely monitored strategic financial recovery plan, should be able to return to good financial health within the medium term. Strength and depth in both strategic and operational financial leadership is required to develop and implement the financial strategy and recovery plan. Comprehensive management accounts and financial reporting, plus improved whole college KPI performance monitoring, will better support governors and leaders in ensuring that the financial recovery plan is on track.

Estates and capital plans

South Devon College operates from four main sites across Torbay and South Devon. Most of the provision is delivered at Vantage Point in Paignton. The college estate strategy, which was last updated in 2019, is under review.

A review of estate efficiency undertaken by the college in November 2024 identified that whilst room utilisation had improved on the previous year, there remains significant capacity for increased utilisation of teaching spaces. The college is currently exploring some small-scale asset disposal opportunities.

In recent years, the college has focused capital investment on IT infrastructure enhancements, essential estate repairs and energy efficiency. During 2024/25, the college secured grant funding for development of the green skills academy at the south west energy centre.

Appendix A – Interviewees

Chair of Governors

Vice Chair of Governors

Principal & CEO

Senior Director of Finance

Head of Governance

Vice Principal Quality and Curriculum & Deputy CEO

Assistant Principal Professional Services

Deputy Head of Student Data, Funding & Exams

Vice Principal People & Resources

Chair of Audit Committee

Chair of People and Resources Committee

Heads of Faculty

Senior Leadership Team

Staff Focus Group

Appendix B – Documents reviewed

Minutes and papers of Board, People & Resources, Audit and Curriculum and Quality Committee meetings

Strategic plan

Risk register

Board and committee structure membership with CVs and latest skills audit

Board self-assessment and quality improvement plan

Organisational charts

Senior Leadership Team membership with CVs and CPD record

College Self-Assessment Report

College Quality improvement plan

Staff and student surveys

Costed curriculum plan including contribution analysis by department/curriculum area

Latest management accounts, including cashflow forecast for at least the following 12 months

Details of bank loans and covenant compliance

Details of recent restructuring

Estates strategy

Details of any recent and planned asset disposals

College calendar

Employer and stakeholder engagement and feedback

FT Application data for 2025/26

Approved budget 2025/26, financial forecast 2026/27, accompanying commentary and reconciled cashflow forecast

Department for Education

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