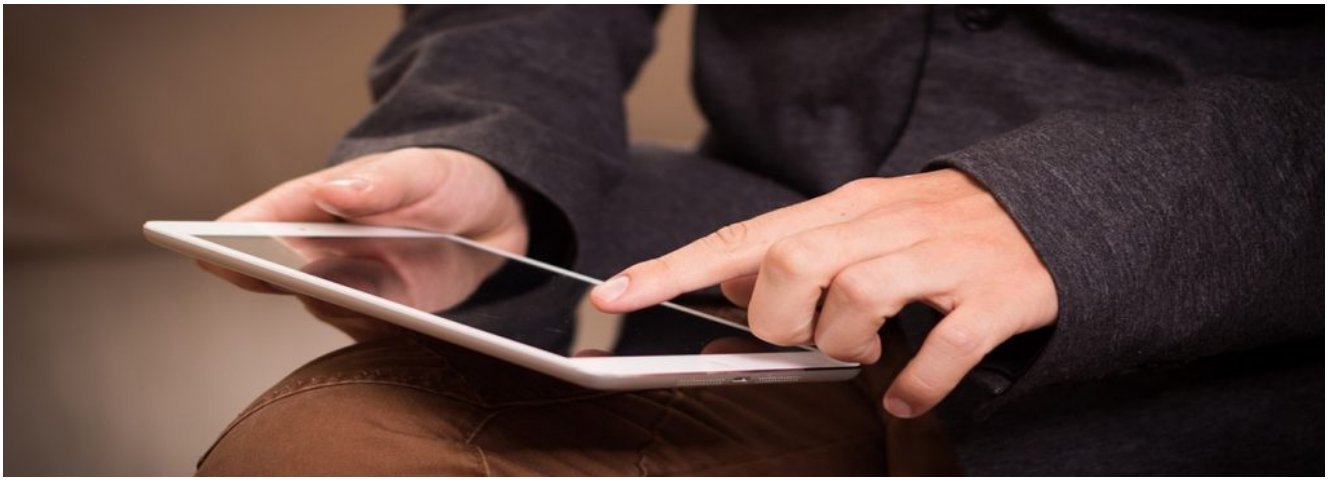
Government Steps In: £1.5m Loan Granted to Rescue Major Academy Trust

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A 24-school academy trust that incurred significant seven-figure losses after providing iPads to staff and pupils has been offered a £1.5 million government loan to stay afloat.

The Department for Education (DfE) granted the Arthur Terry Learning Partnership access to a "draw-down facility" to help it "pay debtors on time."

After depleting reserves in 2022-23 to fund the iPads, rising energy costs, and other expenses, the trust posted an almost £4 million deficit last year and received a notice to improve.

School business manager Hilary Goldsmith suggests this highlights how some trusts have grown "too big to fail."

"Re-brokering schools of this size would be almost impossible," she said. "However, it's concerning that large sums are being loaned to trusts unable to meet their financial targets."

Deficit Hits £6 Million

The trust's 2022-23 accounts revealed a £6 million "in-year deficit on revenue

reserves" caused by rising energy costs, "significant" expenses for supply staff, and changes to IT contracts.

As part of its Learning Futures initiative, the trust also distributed 11,000 iPads to all pupils and staff. Following this, the DfE issued a notice to improve, citing "exceptional financial support."

Recent accounts show this support included £1.5 million in loans from the DfE's "draw-down facility," although only £1 million had been used so far. Documents state that the funding ensures the trust can "pay debtors on a timely basis."

Arthur Terry's leaders anticipate receiving further funds, with discussions ongoing regarding additional draw-downs this year. Loan repayments are set to begin in September 2026 and will span three years.

Despite holding a £1.9 million surplus the previous year, the trust now reports an overall deficit of £3.9 million.

Challenges Facing Schools

The trust attributes its financial struggles to broader social and economic factors, including inflation, the cost-of-living crisis, mental health challenges, and cuts to social services funding.

Stephen Morales, CEO of the Institute of School Business Leaders, said this case "illustrates the significant challenges schools and trusts are facing."

Arthur Terry, led by Richard Gill, chair of the Teaching School Hubs Council, predicts a small surplus within three years despite deficits projected for the next two. Measures include staffing adjustments, reducing operational costs, and increasing income through commercial ventures and sponsorships.

A spokesperson emphasized that no redundancies are planned and that the DfE has expressed confidence in the trust's leadership and three-year recovery plan.

"The ATLP is a respected multi-academy trust. We have made substantial progress in reducing the deficit and are working closely with the DfE to achieve a balanced budget as soon as possible," they stated.

Growth Amid Financial Woes

In 2024, Arthur Terry added three schools to its partnership, with the final school joining just days before the notice to improve was issued.

A member of a DfE advisory board that evaluates academy growth plans questioned the financial scrutiny applied when “a trust has a strong reputation.”

“Trusts should be asked about any emerging issues with their management accounts or balances during the year,” the leader suggested.