



Department
for Education

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Date: 10 November 2025

Sharon Tilki
Chair of Trustees
Mercian Educational Trust
The Grove Primary School
Pickersleigh Grove
Malvern
WR14 2LU

Company Number: 07698974

By email: [REDACTED]

Dear Ms Tilki

Notice to improve: Mercian Educational Trust

We are writing to you in your capacity as the Chair of Mercian Educational Trust (the trust), to inform you that the Department for Education (the department) has assessed that the Trust's breaches of the Academy Trust Handbook (ATH) relating to financial management are significant enough to warrant a Notice to Improve.

Specifically, we are concerned that the Trust has breached the following paragraphs of the ATH covering 2023 to 2025:

1.36. The accounting officer must take personal responsibility (which must not be delegated) for assuring the board that the Trust is complying with the funding agreement and handbook. (ATH 2023: 1.35)

1.39. The board must appoint a chief financial officer (CFO) to whom responsibility for the Trust's detailed financial procedures is delegated. (ATH 2023: 1.38)

2.1 Trustees and management must maintain robust oversight of the academy trust.

2.2 The Trust must take full responsibility for its financial affairs, stewardship of assets and use resources efficiently to maximise outcomes for pupils.

2.6 The academy trust must have sound internal control, risk management and assurance processes.

2.7 The control framework must:

- ensure delegated financial authorities are complied with
- co-ordinate the planning and budgeting process

- apply discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations
- ensure regularity, propriety and value for money in the organisation's activities
- deliver independent checking of controls, systems, transactions and risks

2.18 The Trust must prepare management accounts including an income and expenditure account identifying variations to the budget, cash flow forecasts and balance sheet every month, setting out its financial performance and position.

2.19. Management accounts must be shared with the chair of trustees every month and the board must consider these when it meets and be assured that it has appropriate oversight of the Trust's financial position.

2.29 The Trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100k, in £10k bandings, for the previous year ended 31 August.

3.1 All academy Trusts must have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls, and risk management procedures are operating effectively.

3.2 Internal scrutiny must focus on:

- evaluating the suitability of, and level of compliance with, financial and non-financial controls
- offering advice and insight to the board on how to address weaknesses in financial and non-financial controls
- ensuring all categories of risk are being adequately identified, reported and managed.

3.3 The Trust must identify on a risk-basis (with reference to its risk register) the areas it will review each year

3.20 The Trust must submit its internal scrutiny summary report to DfE by 31 December each year when it submits its audited annual accounts. The Trust must also provide DfE with any other internal scrutiny reports, if requested

4.4 The audited report and accounts must be:

- submitted to DfE by 31 December
- published on the Trust's website by 31 January

4.9 DfE will consolidate each academy trust's accounts into a sector annual report and accounts (SARA). As each trust is a component of the SARA, the Trust must prepare the financial information requested by DfE for this purpose

6.6 All trusts must complete the school resource management self-assessment checklist and submit their completed checklist to DfE by the specified annual deadline

Under the terms of the funding agreement (FA) between the Secretary of State and the academy trust, Mercian Educational Trust must adhere to the requirements of the

Academy Trust Handbook (ATH). We understand that this decision may be disappointing and want to assure you that we recognise the positive action the Trust has taken to date to address the concerns. However, these repeated failures and continued non-compliance indicate systemic weaknesses in financial management and governance and raise serious concerns about the Trust's ability to meet its statutory and regulatory obligations.

We are issuing this letter and its annexes as a written Notice to Improve financial management at the Trust (Notice to Improve or "the Notice"). It reflects continued concerns on governance and oversight of financial management by the Board.

The Trust is required, pursuant to the provisions of the ATH and the Funding Agreement (FA), to comply with the terms of this Notice. These terms are set out in Annex A and Annex B.

Being issued with a Notice means that certain delegated authorities, as defined in the ATH, are revoked. All transactions previously covered by these delegations, regardless of their size, must now be approved in advance by the department, specifically:

- special staff severance payments
- compensation payments
- writing off debts and losses
- entering into guarantees, indemnities or letters of comfort
- disposals of fixed assets beyond any limit in the funding agreement
- taking up a leasehold or tenancy agreement on land and buildings of a duration beyond any limit in the Trust's funding agreement
- carry forward of unspent GAG from one year to the next beyond any limit in the funding agreement
- pooling of GAG

If the Trust seeks retrospective approval from the department this will be deemed a breach of the ATH. Further details of the approval process will be forwarded to the Trust's Accounting Officer upon acknowledgment of receipt of this letter. These delegated authorities shall be returned to the Trust once we are satisfied that the requirements of the Notice have been, and will continue to be, complied with to the satisfaction of the Secretary of State.

The department will monitor progress made towards meeting the requirements of this Notice and will keep us updated through regular case reviews. A decision to lift the Notice will be taken when we are satisfied the requirements set out in the Annexes have been met in full.

We will support the Trust as it implements the required changes through regular contact and clear routes of escalation to resolve any questions or queries you might have. However, if the Trust is unable to deliver the necessary improvement and fails to make sufficient progress against the original conditions, we reserve the right to issue a revised Notice and add further specific conditions. Should it become evident that the Trust is unlikely to fulfil the conditions and / or requirements set out in this Notice and / or within the agreed timescales, we will explore the contractual intervention options available.

In the event that the Trust fails to meet the requirements of this Notice to our satisfaction, it will be considered to have failed to comply with the terms of the ATH. Failure to comply will be deemed a funding agreement breach and may lead to termination.

If continued non-compliance with the ATH occurs, we may also refer the case to the Charity Commission and/or Insolvency Service for further investigation, as deemed appropriate in the circumstances.

We should be grateful if you would acknowledge receipt of this letter by email within three working days of the date of this letter to [REDACTED] ([REDACTED]), who will be your main point of contact related to this Notice to Improve. In line with the requirements set out in our publishing policy, the Trust has 10 working days to offer any final comments on factual accuracy to DfE colleagues before publication. The Trust is required to publish the Notice on its website within 14 days of it being published on gov.uk and retain it there until the Notice is lifted.

We recognise that this may be an uncertain time for the Trust and its staff. We are mindful of creating additional pressures on individuals involved. Therefore, we ask the Trust to ensure appropriate provision is in place to support all its staff, as necessary. You may find the Education staff wellbeing charter (<https://www.gov.uk/guidance/education-staff-wellbeing-charter>) helpful.

We will continue to keep clear and regular lines of communication open with you. As such, [REDACTED] will be in contact shortly to answer any questions you may have, and to discuss the next steps in more detail including any support the Trust may require to drive the necessary improvements.

We look forward to hearing from you.

Yours sincerely



Sue Lovelock
Regional Director for West Midlands, Department for Education



Lindsey Henning
Director, Schools Financial Support & Oversight, Regions Group, Department for Education

CC. Dafydd Lawday, Accounting Officer
Gen Willis, Member
Kayleigh Mapstone, Member
Laura Rawlins, Member
Wdat, Corporate Member (12a)

Notice to Improve

This Notice to Improve (the 'Notice') is a consequence of Mercian Educational Trust (the 'Trust')

- breaching the following paragraphs of the ATH: 1.36; 1.39; 2.1; 2.2; 2.6; 2.7; 2.18; 2.19; 2.29; 3.1, 3.3, 3.3; 3.20; 4.4; 4.9; 6.6.
- serious failures of financial governance

Conditions

1. The Trust is required to comply with all of the conditions set out in Annex B.

Financial management and governance requirements

2. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified and return to compliance with the ATH.
3. The Trust should take all appropriate actions to ensure the action plan agreed with the department is fully implemented.
4. The department must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Monitoring and progress

5. The Trust is required to submit the evidence for the specific conditions to the timescales outlined in Annex B to enable the department to monitor compliance and progress.
6. Should it become evident that the Trust is unlikely to fulfil the conditions and / or requirements set out in this Notice and / or within the given timescales, the department will begin to consider and explore the contractual intervention options available.

Compliance and the end of the notice period

7. As outlined in Annex B, the Trust is required to submit evidence to demonstrate compliance with the conditions of this notice, which the department will use to monitor the Trust's progress. Annex B sets out the detail of the evidence required to fulfil the condition and the timescales to submit this evidence to the department.
8. When the Trust meets all the conditions outlined in this Notice, is fully compliant with the most recent edition of the ATH and no other breaches have been identified, we will write to the Trust to confirm that the Notice has been lifted.

Annex B

Mercian Educational Trust

Table of conditions

The table below summarises the conditions that have been placed upon Mercian Educational Trust ("the Trust"). It sets out the evidence the Trust must provide, and the timescales the Trust must meet, to show that they have complied with the Notice to Improve ("the Notice"). All conditions set out in the table must be met before the Notice can be lifted.

Condition 1	The Trust is required to comply with the funding agreement requirement to submit all audited reports, accounts and statements to the department on time and without qualification.
Evidence required to show compliance with condition 1	The department receives the Trust's audited financial statements, management letter and Internal Scrutiny Report by 31 December 2025, The department receives the Trust's Academy Accounts Return by the specified annual deadline The department receives the Trust's 2023/24 School Resource Management Self-Assessment Checklist by end November 2025 and the 2024/25 by the specified deadline.
Timescale for condition 1	As above.

Condition 2	The Trust must request approval from the department, in advance, for any actions under the revoked freedoms in 6.18 of the Academy Trust Handbook. These requests should be sent using the Customer Help Portal. Retrospective approval will be deemed as a breach of the Academy Trust Handbook.
Evidence required to show compliance with condition 2	The Trust must submit a request for approval for any actions relating to the delegated freedom revoked under the terms of the Notice.
Timescale for condition 2	Until the Ntl is lifted.

Condition 3	<p>The Trust is to develop monthly management accounts that are fully compliant with the 2025 Academy Trust Handbook (ATH). These should include:</p> <ul style="list-style-type: none"> • an income and expenditure account identifying variations to the budget, • cash flow forecasts • balance sheet.
Evidence required to show compliance with condition 3	Monthly management accounts demonstrating ATH compliance to be submitted to the department for November 2025 – January 2026.
Timescale for condition 3	Until end January 2026

Condition 4	The Trust to submit evidence of internal scrutiny for 2024/25, ensuring there is adequate financial control and governance.
Evidence required to show compliance with condition 4	<p>The Trust to submit interim internal scrutiny reports together with relevant committee trustee board minutes to show these have been sighted and discussed.</p> <p>2024/25 Internal Scrutiny report to be submitted to the department by 31 December 2025.</p> <p>Evidence that a programme of internal scrutiny has been discussed and agreed for 2025/26</p>
Timescale for condition 4	By 5 December 2025

Condition 5	The Trust to agree to a School Resource Management Advisor deployment, with focus on financial governance and control, and act upon recommendations to ensure future compliance to the Academy Trust Handbook.
Evidence required to show compliance with condition 5	SRMA report and a plan of any actions taken as a result of this.

Timescale for condition 5	Deployment to have been commissioned by December 2025
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Condition 6	External Review of Governance.
Evidence required to show compliance with condition 6	External Review of Governance Report, commissioned by the Trust in July 2025 to be submitted to the department.
Timescale for condition 6	Submit report, together with the terms of reference, to the department by end November 2025.

Condition 7	Trust to provide the department with evidence that it has actioned all recommendations from the External Review of Governance and SRMA or provided a rationale for not actioning. In addition, evidence that all breaches identified within this notice have been addressed.
Evidence required to show compliance with condition 7	Submit evidence to the department, as agreed in ongoing discussions. Progress and completion of each action point to be discussed at regular engagement meetings with the department in line with the timescales set.
Timescale for condition 7	Until all actions have been completed.