Employer Covenant Practitioners Association

News Release

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ECPA welcomes Regulations that embed covenant in legislation for first time.

30 January 2024 – The Employer Covenant Practitioners Association (ECPA) has responded to the DB Funding Regulations issued yesterday.

ECPA Chair, Guy Mander, commented:

"We welcome the long-awaited revised Regulations, embedding covenant in legislation for the first time. We also note that a number of the areas we focused on in our response to the original consultation (and which we suggested should be revised to avoid unintended consequences) have been amended in the revised Regulations.

"In particular, we note the inclusion of:

- the sponsor's forward-looking position, a fundamental component in assessing covenant strength;
- the impact on an employer's sustainable growth plans when considering affordability or preparing recovery plans; and
- additional flexibilities with respect to scheme specific issues, for example open schemes.

"As with the consultation process, it is however concerning that there is a jigsaw-type effect with the revised Code and as yet unseen covenant guidance yet to be released by TPR. We hope these documents will follow shortly and complement the revised Regulations in time to be effective for actuarial valuations from 22 September 2024 onwards."

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About the Employer Covenant Practitioners Association (ECPA)

The **Employer Covenant Practitioners Association** was originally established in 2012 as the Employer Covenant Working Group (ECWG) to discuss issues relevant to providing financial advice to clients on matters connected with the employer covenant, to participate in discussions with bodies such as the Pensions Regulator and Pension Protection Fund and to raise standards in the employer covenant financial advisory industry generally.

As well as making representations to Government and other bodies on covenant issues arising from proposed changes in regulation and legislation, the Association has produced a number of guides for advisers and sponsors, including principles of covenant assessment for scheme valuations; guidance on transactions in distressed and non-distressed environments and developing best practise on Integrated Risk Management. All guides and a list of members are available at the Association's website https://ecpa.org.uk/