ECPA
Employer Covenant
Practitioners Association

News Release

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DB Surplus release: ECPA welcomes direction of travel

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The Employer Covenant Practitioners Association (ECPA) welcomes HM Government's response to the DB Options consultation, which sets a clear direction of travel for scheme run-on and the parameters around which surplus may be released.

Commenting on the DB surplus release, Luke Hartley, Chair of the Employer Covenant Practitioners Association (ECPA), said:

"In particular, we welcome the confirmation that surplus release will remain at the discretion of trustees, with such decision being subject – amongst other things – to the strength of the employer covenant, which as confirmed in the Pensions Regulator's 2025 Annual Funding Statement, remains a key consideration even at 'low dependency' funding levels and beyond.

"We believe that a comprehensive understanding of covenant is a critical element of decisions around surplus release and run-on more generally, providing clarity over the employer's ability to underwrite potential downside risks in the agreed funding and investment strategy. In this regard, the clear framework for the assessment of 'supportable risk' under the new Funding Code would appear to be a key element already in place, with further guidance on surplus release to follow.

"Done properly, covenant assessment should be seen as neither a blocker, nor a facilitator, to surplus considerations but rather as a critical tool in evaluating proposals, and we look forward to working with DWP and the Pensions Regulator as they consult on new draft regulations and guidance for surplus release."

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About the Employer Covenant Practitioners Association (ECPA)

The **Employer Covenant Practitioners Association** was established in 2012 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/