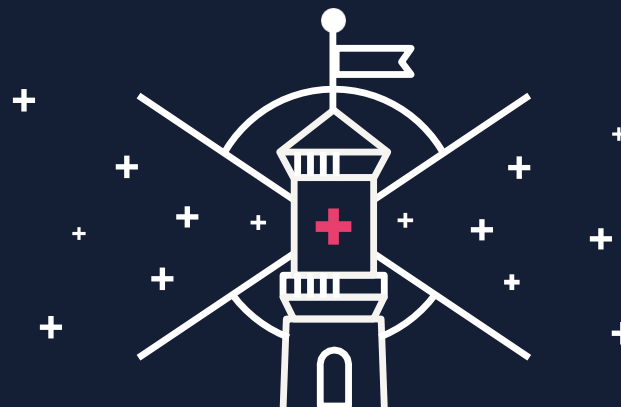


Expert trustee covenant advice for valuations, focused on the key issues for your scheme

LCP's Streamlined Covenant Service

LCP powering possibility



Supporting you in assessing covenant in the new DB funding regime

The new defined benefit ("DB") funding regime applies to all triennial valuations after 22 September 2024.

This requires ALL trustees to assess their covenants when they undertake valuations, regardless of how well funded the scheme is.

Whilst The Pensions Regulator ("TPR") has said that the depth of covenant analysis can be proportionate to the circumstances, its DB Funding Code contains many pages on covenant, and its related Covenant Guidance has nine detailed and extensive modules. This means it can be difficult to know where to begin without taking professional advice.

Trustees may have limited budgets, but will need covenant advice to help them make better informed decisions on risk management, and maybe to simply help them comply with the Statement of Strategy requirements of the new regime.

That's why we've launched LCP's [Streamlined Covenant Service](#), which brings the benefit of the LCP covenant team's wealth of knowledge, but can be delivered proportionately via our segmented approach and consultant led model.

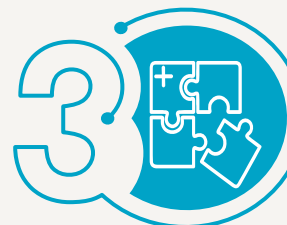
Our model



Tailored: identifying the key characteristics of your scheme and employer



Focused: on the key issues, delivering the advice you need



Cost effective: advice delivery led by experienced consultants, backed by senior partner team



Tailored: identifying the key characteristics of your scheme and employer

Fast track compliant: Low risk / small scheme

- Consideration of available cash flows
- Light touch review of other relevant financial KPIs
- Horizon scanning for risks to inform views on prospects
- Conclude on:
 - Whether the covenant is adequate to support scheme risks

Fast track compliant: No recovery plan

- Consideration of available cash flows and forecast review
- Light touch review of other relevant financial KPIs
- Proportionate assessment of prospects
- Conclude on:
 - Covenant reliability and longevity periods
 - Maximum affordable contributions
 - Whether the covenant is adequate to support scheme risks

Fast track compliant: Recovery plan needed

- Consideration of available cash flows and forecast review
- Balance sheet and liquidity review
- Proportionate assessment of prospects
- Conclude on:
 - Affordability of deficit contributions
 - Covenant reliability and longevity periods
 - Maximum affordable contributions
 - Whether the covenant is adequate to support scheme risks



No two schemes and sponsors are the same. However, we have identified common characteristics for schemes in the new funding regime when it comes to assessing covenant. This has helped us to develop streamlined approaches for schemes in three specific segments.



To ensure that we give you the advice you need, we will provide an initial diagnostic assessment completely free of charge.



To the extent your scheme fits into one of the segments above, we will charge standardised and cost-effective fixed fees, to cover interactions with the management team, data analysis, and the preparation and presentation of a concise report to you – giving you all the outputs you need to both **comply with the new funding regime** and **disclose in the Statement of Strategy**.



As you would expect, our ability to deliver cost effectively is based on a number of assumptions, including only needing to assess one employer entity per review, there being no contingent assets that need to be relied upon, and management having trading and cash flow forecasts available for at least 1 year.



You may need more tailored advice, perhaps for higher risk or complex situations, or where the scheme is taking a bespoke submission route. We will provide more tailored scopes and fee estimates to cater for you if this is the case. We also add on additional advice / support depending on your requirements (eg, supporting in negotiations, consulting on contingent assets).



Focused: on the key issues, delivering the advice you need



Focused scopes and information request lists

Using focused scopes and data requests ensures that we gather only what's necessary.



Sponsor engagement only on key issues

We focus discussions with sponsors on the most material risks and forward-looking factors, keeping meetings efficient and relevant.



Use of technology to streamline processes

We leverage tools to automate data handling and support financial analysis where possible, saving time without compromising quality.



Clear reporting

Clear and concise report templates ensures all key conclusions are clearly covered.



Tailored value-add

Every situation is different. Our experts are there to support you however needed up to your valuation submission. For example, assistance with negotiations or / securing contingent assets



The LCP covenant team expertly guided the Trustees through the new DB funding regime's enhanced covenant requirements, giving us what we needed to engage in productive discussions with our sponsor. They worked collaboratively with the sponsor's management team to gather essential data on cash flows and prospects. Their final report was clear, concise, and delivered practical recommendations, ensuring we are well-positioned for our ongoing valuation and scheme risk management.

Iain Gardner, Trustee of the BOCM PAULS Pension Scheme



Cost effective: advice from experienced consultants, backed by senior partner team

The new regulations and covenant requirements can be complicated. We are experts in this area and have come together as a team to bring our knowledge and experience to support you. Our experienced consultants will lead delivery of our advice, with additional support available from our experienced partners when required.

Streamlined Covenant Service – Delivery leads



Tom Gillespie
Senior Consultant
Covenant Services

tom.gillespie@lcp.uk.com
+44 (0)20 3824 7314



Robin Alexander
Consultant
Covenant Services

robin.alexander@lcp.uk.com
+44 (0)20 7432 3795



George Bassnett
Consultant
Covenant Services

george.bassnett@lcp.uk.com
+44 (0)20 3314 4170

.....backed by an experienced Partner team who will review all reports to ensure quality and providing hands on support where needed



Jon Wolff
Partner & Head of
Covenant Services

jonathan.wolff@lcp.uk.com
+44 (0)20 3824 7301



Helen Abbott
Partner
Covenant Services

helen.abbott@lcp.uk.com
+44 (0)20 3314 4997



Francesca Bailey
Partner
Covenant Services

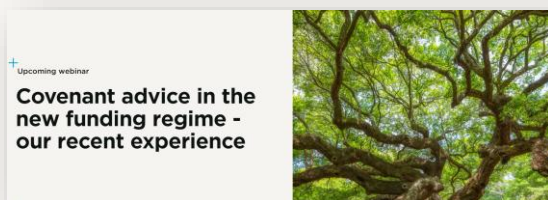
francesca.bailey@lcp.uk.com
+44 (0)20 7432 3084



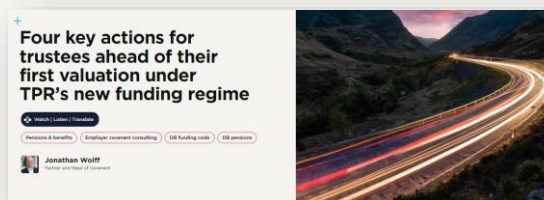
James Silber
Partner
Covenant Services

james.silber@lcp.uk.com
+44 (0)20 3824 7264

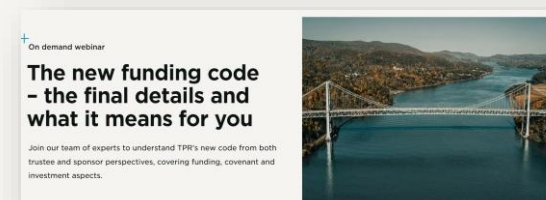
Useful resources



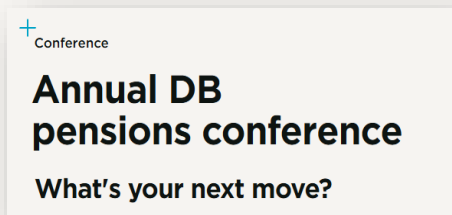
On Demand Webinar – Covenant advice in the new funding regime – our recent experience



Key trustee actions ahead of first valuation under new funding regime



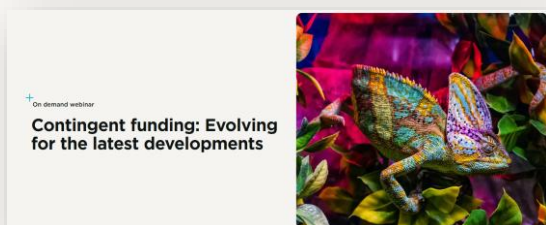
On Demand Webinar – The new funding code – the final details and what it means for you



Register here for LCP's Annual DB pensions conference on 11 November 2025



Contingent Funding Handbook – the Covenant team are key contributors



On Demand Webinar – Contingent funding: Evolving for the latest developments



Statement of strategy – Why both trustees and sponsors need to engage early with the process for documenting their valuation in the new funding regime.

Lane Clark & Peacock LLP is a limited liability partnership registered in England and Wales with registered number OC301436. LCP is a registered trademark in the UK and in the EU. All partners are members of Lane Clark & Peacock LLP. A list of members' names is available for inspection at 95 Wigmore Street, London W1U 1DQ, the firm's principal place of business and registered office. Lane Clark & Peacock LLP is authorised and regulated by the Financial Conduct Authority for some insurance mediation activities only and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

© Lane Clark & Peacock LLP 2025

<https://www.lcp.com/en/important-information-about-us-and-the-use-of-our-work> contains important information about LCP (including our regulatory status and complaints procedure), and about this communication (including limitations as to its use).