HM Revenue & Customs

HMRC Tier 3 Model ICT Contract
Version 2.0 (April 2019)

SCHEDULE 2.1 | Services Description

OFFICIAL – SENSITIVE - COMMERCIAL

Schedule 2.1 | Services Description

1 DEFINITIONS

In this Schedule, the following definitions shall apply:

"API"	means Application Programming Interface;
"BACS"	means Bankers Automated Clearing System;
"CoP"	means Confirmation of Payee;
"JSON"	means JavaScript Object Notation
"PII"	means Personally Identifiable Information
"PSP"	means Payment Service Provider
"PSR"	means Payment System Regulator
"TLS"	means Transport Level Security
"TPS"	means Transactions (Requests) per Second

1 INTRODUCTION

1.1 Her Majesty's Revenue and Customs (HMRC) (the "Authority") is seeking to establish a single supplier Contract for the provision of Confirmation of Payee (CoP) services for the Authority and other Service Beneficiaries.

1.2 The Contract will be managed by the Authority however should a named Client Organisation utilise the Contract it will undertake responsibility to manage its transactions and administrative tasks directly with the Supplier.

1.3 The duration of the Contract is two (2) years (24 Months), with a possible extension period of one (1) year (12 Months).

2 BACKGROUND

2.1 HMRC is the UK's tax, payments and customs authority. We collect the money that pays for the UK's public services.

2.2 Our strategic objectives to help us achieve this, and become a world-class organisation, are:

- Maximise revenues and bear down on avoidance and evasion;
- Transform tax and payments for our customers; and
- Design and deliver a professional, efficient and engaged organisation.

2.3 Focusing on these objectives the Authority wishes to procure the provision of the Service to use Confirmation of Payee (CoP) to make it easier for our customers to make bank transactions to and from the Authority.

2.4 Individuals and organisations can transact with the Authority via a growing number of online internal and external services, many of which require the user to supply bank account details. These online services currently use industry standard checks, sort code data and third-party APIs to validate bank account details.

2.5 The addition of CoP service shall allow the Authority to improve this validation process, which consequently will make these online services easier to use and provides additional means for preventing and detecting fraud.

3 SCOPE OF THE SERVICE

3.1 The Authority requires the Supplier to deliver a service that implements the Payment System Regulator's (PSR) Confirmation of Payee API standard and provides an active connection to the CoP production network for the purpose of performing outbound checks.

3.2 As per current CoP rules, the Supplier must confirm that it has an existing relationship with a sponsor who has Open Banking credentials and possess access through an authorised participant bank before the Effective Date.

3.3 The Supplier shall utilise the APIs of all Payment Service Providers (PSP) that are active participants of the CoP network. Any additional PSPs that are enrolled throughout the life of the Contract shall be made accessible for the Authority.

3.4 An active connection to the Supplier's test implementation shall also be delivered. The test implementation shall be backed by the Supplier's stub equivalent of the CoP network.

3.5 The Supplier shall supply the Authority with a specification of its API and sufficient test data to cover the range of responses implemented by the API.

3.6 The Authority shall seek to work with the Supplier to provide further insight from the account-matching process to differentiate suspect behaviour from accidental error.

4 MANDATORY SERVICE REQUIREMENTS

4.1 As a minimum, the API shall implement the PSR's CoP API standard, namely:

- The API shall receive an account type, sort code, account number and name then route the data to the correct payee bank and respond with appropriate data (e.g. actual account name) and reason code conforming to the Pay.UK scheme.

- Within the request lifecycle, the API shall relay the given information to the CoP API of the bank that owns the given sort code (where that bank is part of the CoP network).
- The API shall receive the bank's response and process it into the API's own response that indicates if a match was made on sort code and account number, if the account type was correct, and if the name matched.
- If the name didn't match or was a close match, the actual name on the account may be provided in the response if available from the bank.
- The API response shall indicate if a matching account was found but is not able to process a transaction (e.g. it is a closed account, so couldn't receive a BACS payment nor make a Direct Debit).
- The API response shall indicate if a matching account could not be found due to the sort code being for a bank not part of the CoP network.
- The match status shall be informed by a combination of one or more booleans, status codes or enumeration values.

4.2 The API shall use JSON with UTF-8 encoding for requests and responses.

4.3 If the API is overloaded and cannot process requests, its response shall be a 429 status code.

4.4 The API shall accept and provide interaction identifiers that can be used by the Authority and the Supplier to correlate requests.

5 SERVICE BENEFICIARIES

5.1 Central government strategy is moving towards 'Government as a platform'. The Authority, like other major departments, are at the centre of this activity. As a result, the Authority needs to ensure that it is not limited in how it makes its services available to other government bodies and the wider public sectors.

1. The Supplier must permit the Authority to perform checks on behalf of all Ministerial and Non-Ministerial UK Government Departments, including their Executive Agencies and other subsidiary bodies and the Wider public sector (Service Beneficiaries).

2. The Supplier must not commercially limit or restrict the Authority's ability to perform checks on behalf of other government bodies, except to the extent that is required to meet any regulatory approval measures for the Confirmation of Payee service.

3. In addition to the Authority performing checks on behalf of Service Beneficiaries, there must be provision for each of the Service Beneficiaries to manage its own transactions and administrative tasks directly with the Supplier, such as, but not

limited to, invoicing and payments. The Authority as the principal Buyer would be provided with full MI covering the use of the Service in total, including its own and the Service Beneficiaries.

4. The Supplier shall invoice directly to the Service Beneficiaries and will need to follow the Service Beneficiary's invoicing process.

6 VOLUMES AND PERFORMANCE

6.1 The volumes provided are indicative and for information only. To assist the Supplier in designing its solution for the Authority, volumes can be found in Table 1.

6.2 No guarantee can be given as to the volumes of demand for the Services and the Supplier must have the flexibility to be able to cope with any changes in volumes.

6.3 The Authority requires the Supplier to have the capability and flexibility to be able to respond to fluctuations to volumes. This may also be required due to unforeseen events that may occur.

Table 1 – HMRC Historic and forecasted volumes*

Volumes for year without CV-19	Personal	Business	Total
2020	8,790,639	6,217,938	**15,008,577**
2021	11,000,000	7,900,000	**18,900,000**
2022	11,000,000	7,900,000	**18,900,000**

**Please note:* This information has been prepared solely with the purposes of enabling tenderers to assist in the preparation of their bid. The Authority (and/or Service Beneficiaries) gives no undertaking to meet specific volumes during the contract period.

6.4 In 2019, the Authority's services performed approximately 7 million personal bank checks, with the peak month of January seeing 1.7 million. The 2020 volumes were exceptionally high due to the pandemic of covid-19, though year-on-year business as usual growth still occurred.

6.5 The service shall cope with significant variation in request volume: 2020's peak month for personal bank checks was August, which saw 2 million requests. June was peak month for business bank checks, which saw 1 million requests. The peak combined month was August, which saw almost 3 million requests.

6.6 Prior to the Authority's pandemic services going live in April 2020, usage was up 130% comparison to April 2019. Based on this growth, it is estimated that in 2021 and 2022, normal usage could be approximately 11 million personal bank checks and 8 million business bank checks per year. The Service shall therefore be capable of serving approximately 20 million requests per year.

6.7 Across the volumes described in section 6 Volumes and Performance, the latency of a single CoP request shall be less than 1.5 seconds and the cut off time is 3.5 seconds.

6.8 The Service shall tolerate a peak load of 100 TPS, for at least 20 minutes.

6.9 It is recognised that banks within the CoP network will be the bottlenecks at high volumes (10-50 TPS). Because of this, it is acceptable for the Supplier's service to implement throttling to prevent overloading the backend systems. Throttling shall take the form of responses with a 429 status code.

6.10 At this stage the volumes required by Service Beneficiaries can't be accurately predicted. The maximum contract value, including the Authority and any other Service Beneficiaries, will be £9million over the contract period of two (2) years plus a possible one (1) year extension. The Authority's specific requirement for the Services as a share of the maximum contract value is anticipated to be £6million over the contract period.

7 HOURS OF OPERATION AND SUPPORT

7.1 The Authority's online services are in use 24x7, all year round so the Service shall be available 24x7 and shall not require downtime for maintenance purposes.

7.2 Support for the Service shall be required during Mon - Fri 08:00 to 18:00, with additional hours by arrangement for a few, exceptional, key business events where peak times occur outside of these hours. For example, the annual Self Assessment deadline on 31st January sees requests rising exponentially from late December up to midnight of 31st January. Ahead of this event, the Authority would discuss with the Supplier what additional support (if any) would be required during this period such as but not limited to having an on-call engineer available outside of business hours for the last few days of January.

7.3 The Supplier's service shall conform to the Payment System Regulator's rules and standards on availability and support, which may vary over time.

8 SECURITY

8.1 The Service shall conform to the Payment System Regulator's security requirements, which may vary over time.

8.2 The Service shall be secured using an OAuth 2.0 client credentials grant flow.

8.3 As a minimum the Service shall use TLS 1.2 via a public Certificate Authority.

8.4 The Service shall use IP whitelisting to limit which clients it can receive requests from.

8.5 The Service shall not leak Personally Identifiable Information (PII) in error responses.

9 DATA SECURITY

9.1 The Supplier shall permit the Authority and Service Beneficiaries that use the Service to store API responses for up to seven (7) calendar years from receipt of the response, using the Authority's and Service Beneficiaries storage services, in line with relevant departmental requirements. For example, the Authority is required to meet statutory retention periods for Taxpayer information. Under the Authority's statutory powers, the data once stored, may be used for any function of the Authority.

9.2 The Supplier shall permit the Authority and Service Beneficiaries that use the Service to display the actual account name within internal digital services (i.e. accessible only within the relevant department). Public facing services shall be permitted to display the actual account name to the user in the event of a close match (i.e. account details match exactly, but the name is slightly different).

10 SOCIAL VALUES

10.1 On 1st January 2021, Procurement Policy Note (PPN) 06/20 launched a new model to deliver social value through government's commercial activities. The Authority will take account of the additional social benefits that can be achieved in the delivery of this Contract on the theme of "Tackling economic inequality", using policy outcome "Increase supply chain resilience and capacity (3.3 modernising delivery and increasing productivity)". More information can be found from The Social Value Model link.

10.2 The Supplier shall support the development of scalable and future-proofed new methods to modernise delivery and increase productivity.

10.3 Activities that demonstrate:

- Understanding of scalable and future-proofed new methods to drive greater modernisation of delivery and increase productivity.
- Approach to organisational learning and continuous improvement.
- Creation of a design and tendering environment that is conducive to the development of scalable and future-proofed new methods to modernise delivery and increase productivity. ***Illustrative examples:*** outcomes-based specifications enabling alternative approaches to be offered; co-design with users and communities; approaches that invite innovative approaches to be proposed and developed; activities that promote collaboration to access new technologies/green technologies and/or approaches.