

**Bid Pack**

**Attachment 3 – Statement of Requirements**

Contract Reference: WP2236 Payment Provider for GOV.UK Pay

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# **PURPOSE**

The purpose of this competition is to procure a payment service provider for GOV.UK Pay, part of the Government Digital Service.

# **BACKGROUND TO THE CONTRACTING AUTHORITY**

* 1. This work is the responsibility of the Cabinet Office (Government Digital Service (GDS)).
  2. The work will take place in collaboration with GDS staff who work in the GOV.UK Pay team.
  3. Please note, in the future, this contract will be moving to the [Department for Science, Innovation and Technology](https://www.gov.uk/government/organisations/department-for-science-innovation-and-technology) (DSIT), due to machinery of government changes. We will inform you if this occurs during the procurement process or when we are in a contract with the selected winning supplier.

# **BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT**

* 1. GDS is seeking a payment service provider to underpin the GOV.UK Pay platform, specifically for processing credit and debit card payments and pay by bank (open banking) payments made by end users to services operated by local government, police, the armed forces and some other public sector organisations.
  2. GOV.UK Pay ([https://www.payments.service.gov.uk/)](https://www.payments.service.gov.uk/) is a digital payments platform, developed and run by the Government Digital Service (GDS). GOV.UK Pay allows public sector services to take payments from their users.
  3. The payments are taken by the public sector service integrating with a GOV.UK Pay provided API, or creating a standalone hosted payment link using the GOV.UK Pay web interface.
  4. Used by over 1,200 services in 400 different organisations, since 2016 we have processed 98 million payments with a combined value of £6.3 billion. We’ve seen 8.5% growth in payments compared to the previous year and expect to continue to grow. This contract is for a subset of those services and payments.

# **DEFINITIONS**

| **Term** | **Meaning** |
| --- | --- |
| GOV.UK Pay platform account | The account within the Supplier System which allows GOV.UK Pay to manage all Relying service accounts |
| Contracting Authority | Cabinet Office / GDS |
| Relying service | A public sector service who relies on GOV.UK Pay to take payments |
| Relying service account | An account managed by the supplier's system which represents one financial balance and associated transactions for a single relying service. Some suppliers may call this a "merchant account". |
| Supplier system | The technical system managed and operated by the supplier |
| Disputed payment | Sometimes referred to as a ‘chargeback’.  A requirement by (or initiated by) a Card Issuer or Card Scheme where the relying service has to repay a transaction to the paying user (for example if the paying user’s card has been used fraudulently). |

# **SCOPE OF REQUIREMENT**

* 1. Management of multiple relying services within a single platform account, including API-based onboarding, Know-Your-Customer (KYC) and Anti-Money Laundering (AML) compliance checks
  2. Net settlement of fees for relying services
  3. API-driven Merchant Card Acquiring Service to allow GOV.UK Pay to take credit and debit card payments, make refunds, and provide reporting information
  4. Pay by bank (open banking) payments
  5. Functionality to support relying services with payment disputes
  6. Technical support and consultancy during the integration period and over the duration of the contract
  7. Support for migrating existing relying services across from the incumbent supplier

# **THE REQUIREMENT**

* 1. GOV.UK Pay’s existing platform approach requires the supplier to provide a way of managing multiple relying service accounts through the supplier’s API. GOV.UK Pay provides a full abstraction from the underlying supplier, and the relying services have no direct interaction with the underlying supplier. Relying services set up their own account in a self-service way through GOV.UK Pay’s web-based interface, including satisfying all relevant Know-Your-Customer (KYC) and Anti-Money Laundering (AML) legislation. GOV.UK Pay’s interface communicates with the supplier’s systems via API to provide the supplier with this KYC/AML information. The supplier must be able to provide API-based onboarding of relying services within the timeframe specified in the Service Levels (section 14.2) table, in a way that abstracts the relying service from the supplier. This includes API functionality for:
     1. the ability to create and manage relying service accounts
     2. updating relying service bank account information including bank statement descriptor text
     3. viewing and modifying relying service account settings, including optional exclusion of selected card schemes for an individual relying service
     4. provide automated Know Your Customer (KYC) checks and Anti-Money Laundering (AML) checks for relying services
     5. submitting details of the relying service organisation and responsible owner, including identity documents
     6. Sending automated event notifications to GOV.UK Pay relating to onboarding relying services
  2. The supplier must be able to provide net settlement for credit card and debit card payments, including:
     1. making payments into a relying service bank accounts that are net of fees within 2 working days of payment capture
     2. the ability to provide GOV.UK Pay with information about these fees via an API
     3. sending event notifications to GOV.UK Pay if the supplier is unable to collect fees
  3. To provide a full abstraction from the underlying supplier service, GOV.UK Pay will provide the user-facing payment interface where the paying user enters their card details, and will securely send this cardholder information to the supplier’s API for authorisation and capture. The supplier is responsible for any 3D Secure verification, and returning the payment’s success or error status to GOV.UK Pay. GOV.UK Pay will access reporting information using the supplier’s API and display it on GOV.UK Pay’s own reporting interface for relying service users. The supplier must therefore provide an API-driven Merchant Card Acquiring Service, including the following features:
     1. Separate authorisation and capture for card payments, including 3D secure and the ability to cancel an in-progress payment
     2. Refunding a card payment
     3. Management of exemptions to the 3D secure journey, for MOTO card payments and corporate cards
     4. Creating and managing recurring card payments (Continuous Payment Authority)
     5. Support for GOV.UK Pay’s existing wallet payment integrations with Google Pay and Apple Pay
     6. Asynchronous event notifications for a card transaction (for example 3D secure cancellation or expiry)
     7. Reporting/query functionality for all information and status changes related to an individual transaction
     8. Support for the required transaction volumes as specified in the Service Levels table (see section 14)
     9. Support for the required card schemes Visa (including Electron, VPay etc) and MasterCard (including Maestro etc)
  4. GOV.UK Pay plans to accept API-based open banking payments. The supplier must provide API-based open banking payments (as a Payment Initiation Service Provider), either solely or working with a partnership supplier. To maintain the GOV.UK Pay platform’s abstraction from the underlying supplier, paying users must be able to complete their entire journey within the GOV.UK Pay web interface (with the exception of authorising the payment via their banking app) including:
     1. API-based initiation of a payment, authorised by a paying user on the GOV.UK Pay platform, to be transferred to an appropriate settlement account using open banking standards
     2. API-based repayments/refunds for open banking payments
     3. Ability for paying users to cancel their transaction anytime up until the payment initiation is processed
     4. API-based reporting/query functionality for all information and status changes related to an individual payment initiation
     5. Being authorised and registered with the Financial Conduct Authority (FCA) throughout the contract term
     6. Ability to provide a connection to all CMA9 banks at a minimum, with API-based real-time information of which banks are available and which are offline
     7. Compliance with the latest mandatory Open Banking standards (3.1.10 at time of writing)
     8. Where settlement accounts are used, these must be held with fully Prudential Regulation Authority (PRA) or Financial Conduct Authority (FCA) licensed banks with FCSC-protected accounts, and not institutions with E-Money Licences
     9. Willingness to provide technical consultancy and implementation support for GOV.UK Pay in any future offering of non-sweeping Variable Recurring Payments (VRPs)
  5. The supplier must be able to support GOV.UK Pay with the resolution of disputed card payments (we had 729 last year), including:
     1. ability for GOV.UK Pay to submit evidence to the supplier on behalf of a relying service to help them win their dispute, either via an API or web interface provided by the supplier
     2. the processing and analysis of all submitted evidence in a best effort to help the relying service win their dispute
     3. sending automated event notifications to GOV.UK Pay relating to disputes that have been raised, lost or resolved
     4. providing an escalation process for querying card payment disputes
     5. API-based reporting/query functionality for all information and status changes related to an individual disputed payment
  6. GOV.UK Pay is a high volume government service processing multiple transactions per second. The supplier must provide a reliable and performant service, as set out in the Service Levels table (see section 14). This will include:
     1. Providing a high availability service for all API endpoints required for the card payment journey and minimising any downtime
     2. Providing multiple customer service channels to raise support issues (for example phone/email/chat) at the appropriate level of criticality of the issue
     3. Acknowledging and resolving critical and non-critical issues raised by GOV.UK Pay within the stated timeframes
     4. Alerting GOV.UK Pay of critical and non-critical issues discovered by the supplier and resolving these issues within the agreed timeframe
     5. Giving sufficient notice of any planned maintenance that will impact GOV.UK Pay’s ability to take payments within the stated timeframe
  7. The supplier must be compliant as a Payment Card Industry (PCI) Level 1 Service Provider and maintain compliance throughout the duration of the contract.
  8. The supplier should continually improve the way in which they deliver their services throughout the contract duration, including:
     1. provide a sufficient level of resource throughout the duration of the contract in order to consistently deliver a quality service.
     2. presenting improvements and new ways of working to GOV.UK Pay during monthly review meetings
     3. agreeing any changes to the delivery of services with GOV.UK Pay prior to the changes being implemented
  9. The GOV.UK Pay team is responsible for carrying out the integration with the supplier’s platform during the first 12 months of the contract. The supplier should support the GOV.UK Pay team with their integration by providing:
     1. Developer documentation, including API documentation
     2. A feature-complete sandbox/test environment
     3. A minimum support period as stated in the Service Levels table (see section 14) of technical consultancy days from a developer or technical architect where necessary, both prior to the completion of the GOV.UK Pay’s integration and subsequent consultancy days if significant technical changes to the supplier’s platform are introduced
  10. The supplier should support GOV.UK Pay in migrating relying services and their relevant data from the incumbent supplier (the ‘Relying Service Migration’) within the first 12 months of the contract as set out in the Service Levels table (see section 14), including
      1. A plan for the Relying Service Migration, delivered within the first 3 months of the contract start, that includes
      2. Support for transfer and review of any existing Know Your Customer/Anti-Money Laundering information
      3. Transfers of any existing account balance from the incumbent supplier
      4. Transfers of any recurring payment (Continuous Payment Authority) agreements
  11. The supplier should support GOV.UK Pay in offboarding relying services from the supplier at the end of the contract as set out in the Service Levels table (see section 14), including
      1. Support for the transfer of relying service account balances where necessary
      2. Transfers of any recurring payment (Continuous Payment Authority) agreements
  12. The supplier should comply with UK General Data Protection Regulations as they apply to Government Data and as per Schedule 20 on Data Protection.

# **KEY MILESTONES AND DELIVERABLES**

* 1. Milestones and deliverables will be set out in the Contract issued under the Contract.

## 

|  | **Activity** | **Date** |
| --- | --- | --- |
| 1 | Commencement period to allow for initial kick-offs, arranging the required technical consultancy for GOV.UK Pay’s integration and ongoing technical support | Completed within 10 working days of contract award |
| 2 | A test or sandbox environment is made available for GOV.UK Pay developers to begin their integration work | Within 5 working days of contract award |
| 3 | Delivery of security management plan (see 11.6) | Within 20 working days of contract award |
| 4 | GOV.UK Pay integration period | Timing based on plan developed in step 1 |
| 5 | Delivery of the Relying Service Migration plan (see 6.10) | Within 3 months of contract award |
| 6 | Go-live first payment processed for a relying service | Timing based on plan developed in step 1 |
| 7 | All existing relying services transitioned to the new contract | Within 12 months of contract award |
| 8 | API based merchant acquisition, payment processing and open banking payment initiation | From contract start to contract end |
| 9 | API based onboarding and management of relying services | From contract start to contract end |
| 10 | API based transaction reporting | From contract start to contract end |
| 11 | 24/7 365 days (including Bank Holidays) emergency technical and incident support channels and response/resolution for critical (P1) issues | From contract start to contract end |
| 12 | Working hours (9.30am-5.30pm Mon-Fri) customer support channels and response/resolution for non-critical (P2) issues | From contract start to contract end |
| 13 | Offboarding support to transfer any remaining relying services to a new supplier | Up to 3 months after contract end |

* 1. In accordance with the Contract Management provisions (see section 15 – Contract Management), the Contracting Authority and Supplier will jointly review Supplier performance to ensure satisfactory delivery of agreed outcomes.

# **MANAGEMENT INFORMATION/REPORTING**

* 1. The Supplier will be required to deliver reporting requirements as detailed in Contract.
  2. The Supplier must provide the Contracting Authority with regular invoicing costs and forecasts to allow the accurate monitoring of budget.

1. **VOLUMES**
   1. The volumes applicable to this contract will be determined by modelled predictions over the next five years.
   2. There is some uncertainty about the future volume of services utilising Pay. The inputs used for this forecast reflect GDS’ 8 years of experience with the Pay product.
   3. The first financial year (2025/26) would likely see volumes close to 0. This is because we will continue to use the incumbent supplier to process transactions until the integration with the new supplier is complete (estimated up to 12 months after contract start).

# **CONTINUOUS IMPROVEMENT**

* 1. The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.
  2. The Supplier should present a Continuous Improvement Plan as stipulated in the Contract terms.
  3. The Supplier should present changes to ways of working as agreed during monthly review meetings.
  4. Changes to the way in which the Services are to be delivered must be brought to GOV.UK Pay team’s attention and agreed prior to any changes being implemented.

1. **SECURITY STANDARDS**
   1. The Supplier shall ensure that users’ information is kept secure and shall ensure that Payment Card Industry Data Security Standard v4.0 (PCI DSS v4.0) is maintained throughout the contract period and any subsequent extension period set out in schedule 16 Security Schedule.
   2. The Supplier shall protect and maintain personal and transactional data ensuring confidentiality, integrity and availability, including data from card transactions, and Buyer and End User data such as names, addresses and statement information.
   3. The Supplier shall provide the GDS with evidence of their compliance with PCI DSS requirements prior to the award of contract.
   4. The Supplier shall provide the Authority with evidence that they remain compliant with PCI DSS requirements on each anniversary of the contract.
   5. The Supplier will ensure all their staff are aware of their responsibilities around confidentiality and security.
   6. The Supplier to issue a Security Management Plan within 20 working days of contract agreement, as stipulated in the Contract terms.

# **PRICE**

* 1. The Contracting Authority will confirm to shortlisted suppliers how to submit pricing. Attachment 4 (attachment 4a - 4d) – Price Schedule excluding VAT including all other expenses and costs.

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# **STAFF AND CUSTOMER SERVICE**

* 1. The Supplier shall provide a sufficient level of resource throughout the duration of the Contract in order to consistently deliver a quality service.
  2. The Supplier’s staff assigned to the Contract shall have the relevant qualifications and experience to deliver the Contract to the required standard.

# **SERVICE LEVELS AND PERFORMANCE**

* 1. The Contracting Authority will measure the quality of the Supplier’s delivery through Key Performance Indicators (KPIs) which will be agreed with the Supplier prior to contract signature according to the Contract terms. A KPI table will cover the following based on the KPIs set out under 14.2:
* suitable KPI metrics that are clear;
* appropriate performance measures that the Supplier will be expected to meet;
* a measurement methodology setting out how the Supplier’s performance will be measured against the KPIs.
  1. **KPIs - General:**

| **KPI** | **Target** | **Notes** |
| --- | --- | --- |
| Availability - access to supplier’s payment journey APIs, reporting APIs or web interfaces and other critical and non-critical platform functionality, for both card payments and open banking. | 99.9% uptime | 24/7 API uptime, 365 days of the year inclusive of Bank Holiday measured and reported over a rolling 6 month period. Limited to a maximum of 2 occurrences within the same period.  Downtime is defined as the unavailability of supplier APIs or web interfaces or a wait time greater than 15 minutes to access these, without prior notice as defined below |
| Minimum merchant acquiring transaction rate | 60 payment authorisation requests per second | Ability to support card payment authorisation requests from GOV.UK Pay to the supplier’s API measured and reported over a 30 day period |
| Minimum payment initiation transaction rate | 5 payments per minute | Ability to support open banking payment initiation requests from GOV.UK Pay to the supplier’s API measured and reported over a 30 day period |
| Maximum relying service onboarding time | 2 working days | Time between the go-live request and the relying service being able to take its first payment measured and reported over a 30 day period |
| Maximum payout time | 2 working days | Time between payment capture and payment into a relying service bank accounts net of fees measured and reported over a 30 day period |
| P1 - Critical Service Level Failure response time. Defined as more than 50% of service or user access is unavailable | 30 minutes | Maximum time between GOV.UK Pay submitting a support ticket request and a supplier providing a response and acknowledgement. |
| P1 - Critical Service Level Failure resolution time. | 4 hours | Maximum time between GOV.UK Pay submitting a support ticket request and total restoration of payment functionality and service achieved by the supplier |
| P2 - Non-Critical Service Level Failure support response time. Defined as under 50% of service or user access is unavailable | 4 hours | Maximum time between GOV.UK Pay submitting a support ticket request and a supplier providing a response and acknowledgement. |
| P2 - Non-Critical Service Level Failure support resolution time | 24 hours | Maximum time between GOV.UK Pay submitting a support ticket request and total restoration of payment functionality and service achieved by the supplier |
| Permitted maintenance notice - critical services | 20 working days | Any planned maintenance that will any impact on user to access and / or manage their requirements on GOV.UK Pay |
| Permitted maintenance notice - other services | 5 working days | Any planned maintenance for non-payment services (e.g. reporting APIs) or services that have no impact on users accessing or managing their requirements |
| Allowed time for the submission of evidence challenging a disputed payment | 30 days | If GOV.UK Pay submits evidence challenging a disputed payment on behalf of the relying service to the supplier within this timeframe, the supplier must then submit the evidence to the relevant Card Scheme / Card Issuer on our behalf |
| PCI compliance | Annual compliance with v4.0 at minimum | Supplier to provide attestation of compliance at the award of the contract and annually thereafter |
| FCA compliance | Annual compliance throughout the contract term | Supplier to provide evidence of compliance at the award of the contract and annually thereafter |
| Open Banking Standards compliance | v3.1.10 at minimum | Supplier to provide evidence of compliance at the award of the contract and annually thereafter |
| Technical consultancy | 10 working days during integration period  3 working days for any major technical change to supplier platform post-integration | A minimum support period of technical consultancy from a developer or technical architect where necessary, both prior to the completion of the GOV.UK Pay’s integration and subsequently if significant technical changes to the supplier’s platform are introduced |

* 1. We reserve the right to amend and to add further KPI’s and Service Level Agreements at contract draft and subsequently over the life span of the contract.
  2. Where any Supplier is not delivering to the expected quality and performance, the Contracting Authority will seek to resolve the issue by a process of consultation with the Relationship Manager. If the issue cannot be resolved within a reasonable period of time, the matter shall be escalated to the Account Director and a Customer representative of equivalent role and seniority, who shall decide on the appropriate course of action to take. If the matter cannot be resolved by such personnel within 30 days, the matter may be escalated to the Head of Portfolio and a Customer representative of equivalent role and seniority.

# **CONTRACT MANAGEMENT**

# See Schedule 13:Contract Management

* 1. Attendance at monthly Contract Review meetings is required, conducted by video call or in person.
  2. Contract Review meetings will cover any changes, issues, planned critical maintenance or upcoming improvements.
  3. Additional performance monitoring may be carried out according to the Contract terms.
  4. Within 1 month of contract commencement supplier to complete:
     1. a full contract management plan and agree the content with the contracting authority
     2. A full business resumption plan
     3. A full business continuity management plan