

SCHEDULE 1 SPECIFICATION

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Introduction

Central Procurement Directorate (CPD) intends to establish a collaborative Framework Agreement for the provision of Banking Services within Northern Ireland on behalf of Northern Ireland Civil Service (NICS) Departments, Agencies and Non Departmental Public Bodies and other Participating Bodies (the “Framework”). The NICS (see annex A for a list of all organisations who fall under NICS) and Northern Ireland Water will implement the Framework from 1 April 2016, referred to hereafter as the “Phase 1 Clients”. As part of the recent Stormont House Agreement the Executive has agreed that the number of departments should reduce from 12 to 9 following the 2016 Assembly elections. As a result the structures and names of the NICS departments will change. It is expected that those bodies whose banking arrangements will not be impacted by the restructuring will transition to the new arrangements on 1 April 2016. The other bodies will follow as soon as possible thereafter. Northern Ireland Housing Executive intend to award a contract on the expiry of current arrangements in September 2016 on the same basis, subject to requirements at that time as these may be altered by the Social Housing Reform Programme.

1.1 Clients

1.1.1 It is anticipated that the Framework shall be effective from 1 April 2016. Any public body subject to the Northern Ireland Public Procurement Policy (NIPPP) listed in <http://www.dfpni.gov.uk/index/procurement-2/cpd/cpd-policy-andlegislation/ni-pp-policy/cpd-list-of-bodies-public-procurement-policy-applies.htm> may choose to participate in this Framework at any time as a Client. The list of public bodies covered by the NIPPP may change from time to time and any additional bodies may choose to receive the services as a Client. Please note that Health and Social Care and Northern Ireland Fire and Rescue Service will establish their own contract for banking services, and are not covered under this Framework.

1.1.2 In the event that any other public body subject to the NIPPP exercises the option to enter into the Framework throughout the term, the Contractor shall, within 28 days of being notified in writing to do so by the Contracting Authority,

agree a transition plan with the public body in accordance with the terms and conditions of the Framework. The charges for the Services for any new Client under the Framework shall not exceed the charges as per the Pricing Schedule.

1.2 Duration of the Framework & Call Off Contracts

1.2.1 CPD will set up a 4 year single supplier Framework Agreement which will allow public sector bodies covered by NI Public Procurement Policy (NIPPP) to establish a Contract with the successful Contractor to provide their banking services.

1.2.2 Contracts shall be awarded to the successful Contractor on award of the Framework. The Contracts for Phase 1 Clients of the Framework shall commence on 1 April 2016 to 31 March 2021 with the option to extend for a further 3 periods of up to 12 months each. Phase 1 Contracts will be awarded in June 2015 to provide a period of transition up to the Contract Commencement Date. Other public sector bodies will have the opportunity to award a Contract to the successful Contractor throughout the duration of the Framework agreement. To ensure that all Contracts awarded from the Framework end at the same time, the Contract end date for all Contracts awarded (including extensions) shall be the 31 March 2024.

1.2.3 Prior to establishing a Contract from the Framework Agreement, Clients and the Contractor shall obtain agreement from CPD and provide a completed Formation of Call Off Contract (annex B).

1.3 Scope of the Framework

1.3.1 For the purpose of this Framework “Banking Services” will entail the servicing of a range of bank account types, varying payment and receipt methods, local banking facilities and access to an internet banking system. The main details of the banking requirements are described in this document.

1.3.2 This Framework shall be used to procure banking services for Clients. If a Client has a requirement for specific services, which are not covered by the requirements of this Framework, they will seek alternative arrangements to provide these services.

1.3.3 Servicing of the Framework will also be required.

1.3.4 Currently Clients obtain banking services through various different contracts.

1.4 Price Adjustments

1.4.1 With reference to clause 8.7 of the Conditions of Contract, the price index used to determine any price adjustments shall be the Consumer Price Index (CPI).

2. Background to Clients

2.1 Northern Ireland Civil Service (NICS)

The current NICS Banking arrangements cover approximately 62 entities (12 Government Departments and their agencies, 3 Pension Schemes, 5 non-ministerial departments and a number of other public sector bodies), who between them operate 200+ current accounts. These accounts handle some £15 billion of expenditure each year, including 28 million benefit payments worth approximately £4.8 billion. Each body will receive and pay funds using a range of methods including cash and cheques. We will need a contractor who can provide access to both the latest and more traditional banking services to ensure we use the most efficient and effective methods of transacting with citizens and business across Northern Ireland and beyond.

At present 160+ accounts are operated under a 'pool' arrangement whereby balances are aggregated/offset and managed as a total for limit and interest purposes. This allows the level of funding to be drawn down on any given day from the Northern Ireland block grant allocation to be tightly managed, minimising overall balances held outside the Exchequer and contributing towards the reduction of public sector borrowing as a whole. The overall balance in the 'pool' and the daily drawdown of funding from HM Treasury is managed by Government Accounts Branch (GAB) in the Department of Finance and Personnel.

The remaining current accounts under the contract are mainly foreign currency accounts or accounts which are required to sit outside the 'pool' for legal or operational reasons.

In addition there are, on average, 300+ 'interest bearing' accounts primarily holding 3rd party monies operated by bodies under the current contract.

Under this procurement exercise it is likely that a number of smaller bodies will come under the new NICS banking Contract. Based on current estimates these bodies would plan to operate a further 47 current accounts and 29 investment accounts. In addition there is the potential for a further 450+ 3rd party 'client money' accounts to be brought under the contract.

Account NI is the financial processing Shared Service to all 12 Departments and Agencies within the NICS. Account NI processes more than 1 million transactions a year worth over £10 billion through 35 bank accounts which operate under the 'pool' arrangement. As a result Account NI has a significant role to play in the development and operation of the banking requirements.

It is important to note, however, that while some requirements will be standard to all bodies under the arrangement, not all will use the same financial systems and others may have some specific service requirements. Further details of these specific service requirements can be found at SR12. Bodies may operate the banking services differently to one another, and the successful Contractor will be expected to meet these different operational requirements.

As part of the recent Stormont House Agreement the Executive has agreed that after the 2016 Assembly elections the number of Departments should reduce from 12 to 9. While the proposed names and potential structures of the new Departments have been announced these will not be finalised until the relevant legislation is passed. The Contractor will be required to work with the Departments as the proposals develop to achieve a smooth transition to the new organisational structures.

2.2 Northern Ireland Water

Northern Ireland Water (NI Water) is one of Northern Ireland's largest companies delivering essential water and sewerage services to our domestic and non-domestic customers across Northern Ireland. NI Water is a Government owned company in law, but treated as a Non-Departmental Public Body for Public Expenditure purposes.

The company actively manages its cash flow and operates daily cash management processes to manage liquidity requirements. The company operates a number of bank accounts for the receipt of income from customers, government and other parties, payments to suppliers of goods and services and employees and short term investment of available cash balances. The company receives and pays funds using a range of payment methods and requires a banking services provider to support the company with those transactions. The company also manages a large capital investment program to build and maintain its infrastructure across Northern Ireland.

NI Water currently collects large volumes of payments from customers located across Northern Ireland. Billing and collection is mainly undertaken by an outsourced company on behalf of NI Water. All receipts come into a NI Water bank account and this account is managed by the outsourced company on NI Water's behalf. Although receipts currently comprise mainly traditional receipts of cheques and BACS the company may wish to implement further payment methods during the period of the contract.

Should the arrangements for customer billing change during the period of the contract the volumes of customer transactions may vary significantly from the current levels. The banking arrangements will have to cater for potential changes in transaction levels. In addition changes in government policy concerning water and wastewater management may bring the potential for other banking service requirements, although it is not possible at this time to give an indication as to how such changes may impact on the contract.

2.3 Northern Ireland Housing Executive

The Northern Ireland Housing Executive (NIHE) is a Public Corporation, established by the Housing Executive Act (Northern Ireland) 1971.

Under the terms of the Act, NIHE assumed the housing responsibilities of 65 separate authorities and is Northern Ireland's single comprehensive regional housing authority. It consists of a 10 member board, including Chairman and vice-Chairman and is supported by a Chief Executive and over 3,500 staff.

In addition to managing 88,000 houses, NIHE is the Northern Ireland's Home Energy Conservation Authority and also administers the Housing Benefit Scheme, which provides help with rent to people on low income.

From 1 April 2014, following a review by the Office for National Statistics, the accounting classification of NIHE will change from being a Public Corporation. The new definition means NIHE is now seen as comprising of two accounting classification units. Landlord services and functions have been re-classified as a quasi-Public Corporation (which is similar to the previous designation for the entire organisation) while Regional services and functions are now categorised as a Non-Departmental Public Body (NDPB).

In 2014 NIHE had an annual expenditure of £1.2bn with main expenditure items being Housing Benefit, Supporting People funding, Social Housing Development Funding to Housing Associations, Private Sector grants, maintenance expenditure on our housing stock and staff costs. Payments are mainly via BACS with limited requirement for CHAPS and foreign currency transactions. In addition, NIHE collects rents from tenants occupying our 88,000 houses via standing order, direct debit, and third party contracts currently with Paypoint and Allpay for cash network, web and telephone payments.

NIHE aims to minimise funds held in bank accounts and invest surplus funds via the NIHE Money Market Framework.

As a considerable proportion of Housing Benefit is paid by cheque and a significant percentage of tenants do not have bank accounts, NIHE currently has a requirement for cheque encashment facilities at a local level. NIHE intend to initiate an exercise to move Housing Benefit payments to BACS during 2015-16 which will reduce this requirement.

The Social Housing Reform Programme may change the structure of NIHE during the term of the contract. Proposals have not yet been announced, so it is not possible to give an indication of how any changes may impact on the contract.

3. Banking Service Requirements

Clients participating in the Framework Agreement require the following banking services.

3.1 Mandatory Requirements (MR)

Clients require the Contractor to provide the services listed in this section. As part of the tender submission tenderers shall be required to confirm that they can meet these requirements or provide the information requested to demonstrate compliance with the specification.

[MR1] Mandatory Locations

- i. The Contractor shall provide the full range of local banking services including branch and bulk facilities to all Clients in the Mandatory Locations listed in annex C. Where appropriate, partner banks/brands/agency arrangements can be used to give coverage but the service must be uniform for all Clients. The services required are as follows:
 - a) pay in sterling and foreign cheques, payable orders, warrants and postal orders using a pre-printed Bank Giro Credit slip/paying in voucher;
 - b) pay in cash up to agreed limits;
 - c) exchange cash;
 - d) withdraw cash from any branch up to an agreed limit using a facility agreed for all Clients;
 - e) withdraw cash from specified branches to an agreed limit/frequency using a formal open credit arrangement;
 - f) obtain sterling, euro or foreign currency bankers drafts;
 - g) facilities for members of the public to make payments into a Client bank account at no cost to the member of public including using appropriate bank giro credit slips;
 - h) provide a cheque encashment process as per the local rules and procedures operated by Clients; and
 - i) night safe facilities will also be required by some Clients. Locations for night safe deposits will be agreed with the Contractor.

Any Mandatory Location(s) offered as part of this tender or during the life of the Contract for these Services must not attract any additional cost to Clients (other than the costs outlined in the Pricing Schedule) or to the general public.

- ii. The Contractor shall work with Clients to find suitable and agreeable solutions to provide Clients with banking services across NI in other areas not noted as a Mandatory Location listed in annex C as required by Clients.
- iii. The Contractor shall ensure that during the life of the Contract should any agreed Mandatory Locations change (e.g. due to branch closures) the Contractor shall provide sufficient notice and offer an acceptable alternative solution which is agreeable by Clients.
- iv. The Contractor shall provide Clients with the facility for bulk services as required including to:
 - a) pay in high volumes of sterling cheques to a voucher processing centre using an approved courier; and
 - b) pay in high volumes of cash (notes and coin) using an approved carrier.
- v. The Contractor shall accept an indemnity from Clients that allows cheques with names other than that shown as Clients account name to be applied to the relevant Client account as per normal clearing processes e.g. acronyms, previous name of entity etc.
- vi. The Contractor shall provide facilities to withdraw cash from any of the Mandatory Locations using a payable order/cheque, which on occasion may not be account payee crossed, drawn on the account of Clients. The Contractor will agree the identification verification processes to be used by the branch staff with Clients.

[MR2] Information Security

- i. The Contractor shall acknowledge that Clients place great emphasis on the reliability of performance of the Services, confidentiality, integrity, security and availability of information. Consequently, it is essential that a high level of security and effective performance is provided by contractor's Information Security Management Systems (ISMS).
- ii. The Contractor shall be responsible for the security of their systems and shall at all times provide a level of security which;

- a) is in accordance with Good Industry Practice and Law;
 - b) complies with their ISMS;
 - c) meets any specific security threats to the Contractor's system;
 - d) complies with ISO/IEC27001; and
 - e) meets the requirements of the Cyber Essentials Scheme. Further information on the Cyber Essentials Scheme is available at <https://www.gov.uk/government/publications/cyber-essentials-scheme-overview>
- iii. Without limiting paragraph ii, the Contractor shall at all times ensure that the level of security employed in the provision of the Services is appropriate to minimise the following risks:
 - a) loss of integrity of Client data;
 - b) loss of confidentiality of Client data;
 - c) unauthorised access to, use of, or interference with Client data by any person or organisation;
 - d) unauthorised access to network elements and buildings;
 - e) use of the Contractor's system or services by any third party in order to gain unauthorised access to any computer resource or Client data;
 - f) loss of availability of Client data due to any failure or compromise of the Services; and
 - g) Loss of confidentiality, integrity and availability of Client data through Cyber/internet threats.

Information Security Management System (ISMS)

- iv. The Contractor shall develop, implement and maintain an ISMS to apply throughout the duration of the Contract and after the end of the Contract in accordance with the exit plan, which will be approved by Clients. If the ISMS is approved by the Contracting Authority it will be adopted immediately.
- v. The ISMS shall set out key compliance objectives for the ISO27001:2013 standard and aligns Information Systems to other ISO standards such as ISO 9001- Quality Management.
- vi. The ISMS shall set out the security measures to be implemented and maintained by the Contractor in relation to all aspects of the Services and all

processes associated with the delivery of the Services and shall at all times comply with and specify security measures and procedures which are sufficient to ensure that the Services comply with:

- a) the provisions of this contract;
 - b) achievement of the ISO/IEC27001 certification; and
 - c) data protection legislation (EU/UK).
- vii. In the event of any inconsistency in the provisions of the above standards, guidance and policies, the Contractor shall notify Clients of such inconsistency immediately upon becoming aware of the same, and Clients shall, as soon as practicable, advise the Contractor which provision the Contractor shall be required to comply with.
- viii. Where the ISMS references any document which is not in the possession of Clients/Contracting Authority, a copy of the document will be made available to Clients/Contracting Authority upon request.
- ix. The ISMS shall be fully reviewed and updated by the Contractor upon reaccreditation or at least annually, to reflect:
 - a) emerging changes in Good Industry Practice;
 - b) any change or proposed change to the Contractor systems, the Services and/or associated processes;
 - c) any new perceived or changed threats to the Contractor systems; and
 - d) a reasonable request by the Contracting Authority /Clients.
- x. The Contractor shall provide Clients with the results of such reviews as soon as reasonably practicable after their completion and amend the ISMS at no additional cost to Clients.

Compliance with ISO/IEC 27001:2013

- xi. The Contractor shall operate technical, physical, procedural and personnel security measures in an ISMS, compliant with ISO27001. The Contractor shall obtain independent certification of the ISMS to ISO27001 as soon as reasonably practicable but no later than 12 months from the award of contract and will maintain such certification for the duration of the Contract.
- xii. The ISMS shall cover the entire scope of the Services provided to Clients, and shall include any aspects of the Services which are sub-contracted. The ISMS shall operate throughout the life of the Contract.
- xiii. Agreed assurance processes shall cover the entire scope of the Services, including any aspects of the Services which the Contractor has sub-contracted. The Contractor shall carry out such regular security audits as may be required by the British Standards Institute in order to maintain delivery of the Services in compliance with security aspects of ISO 27001 and shall promptly provide to the Contracting Authority any associated security audit reports and shall otherwise notify the Contracting Authority of the results of such security audits.
- xiv. If it is Clients' reasonable opinion that compliance with the principles and practices of ISO 27001 is not being achieved by the Contractor, then Clients shall notify the Contractor of the same and give the Contractor a reasonable time (having regard to the extent of any non-compliance and any other relevant circumstances) to become compliant with the principles and practices of ISO 27001. If the Contractor does not become compliant within the required time then the Contracting Authority has the right to obtain an independent audit against these standards in whole or in part.
- xv. If, as a result of any such independent audit as described in paragraph xiv the Contractor is found to be non-compliant with the principles and practices of ISO 27001 then the Contractor shall, at its own expense, undertake those actions required in order to achieve the necessary compliance and shall reimburse in full the costs incurred by the Authority in obtaining such audit.

Breach of Security

- xvi. Either party shall notify the other immediately upon becoming aware of any breach of security including, but not limited to an actual, potential or attempted breach, or threat to, the ISMS.
- xvii. Upon becoming aware of any of the circumstances referred to in paragraph xvi, the Contractor shall;
 - a) immediately take all reasonable steps necessary to;
 - (i) remedy such breach or protect the Contractor system against any such potential or attempted breach or threat; and
 - (ii) update the ISMS to prevent an equivalent breach in the future.
 - b) as soon as reasonably practicable provide to Clients full details (using such reporting mechanism as may be specified by Clients from time to time) of such actual, potential or attempted breach and of the steps taken in respect thereof. Such steps shall include any action or changes reasonably required by Clients.

Cyber Essentials

- xviii. The Contractor shall obtain Cyber Essentials certification as soon as reasonably practicable but no later than 12 months from the award of contract and will maintain such certification for the duration of the Contract.

[MR3] Financial Standing

- i. The Contractor shall maintain a minimum Tier 1 Capital Ratio of 8% for the duration of the Contract. The Contractor shall provide evidence to the Contracting Authority of its Tier 1 Capital Ratio on an annual basis.
- ii. Throughout the duration of the Contract the Contractor shall inform Clients of any material changes to any of the Contractor's financial information which was submitted as part of the evaluation of this tender, including Tier 1 Capital Ratio. Clients reserves the right to request evidence from the Contractor of their continued financial viability in this respect at any time during the Contract period.

[MR4] BACS Payments

- i. The Contractor shall provide a service which is compliant with the rules of BACS scheme and any legal agreements with BACS Payment Schemes Ltd. The Contractor's systems must be compliant with all technical and operational requirements of the scheme company and its systems.

[MR5] CHAPS Payments

- i. The Contractor shall be compliant with Clearing House Automated Payment System (CHAPS) rules and any legal agreements with CHAPS and will comply with all technical and operational requirements of the CHAPS scheme and systems.

[MR6] Faster Payments

- i. The Contractor shall provide a service which is compliant at all times with the Faster Payment Scheme rules, any legal agreements with Faster Payments Scheme Ltd. and with all technical/operational requirements of the Faster Payment Scheme and systems.

[MR7] Cheques, Payable Orders & Warrants

- i. The Contractor shall provide a service that is compliant at all times with Cheque and Credit Clearing Company Ltd. rules and any legal agreements with Cheque and Credit Company Ltd for the issue of cheques, payable orders and warrants.

[MR8] Technical Requirements

- i. The Contractor shall provide systems and infrastructures support and maintain secure interfaces with Clients and its agents.
- ii. The Contractor shall advise Clients immediately when any service is unavailable and will provide advanced notice of scheduled maintenance. Routine system maintenance should be scheduled outside customer service hours. Where possible the Contractor shall provide schedules of planned system maintenance or changes/upgrades 6 months in advance.

- iii. The Contractor shall provide all bank related interface and statement specifications to Clients.
- iv. The Contractor shall provide ongoing support for any changes including:
 - a) functional and user testing;
 - b) connectivity testing; and
 - c) live proving, including full end to end testing of key transactions within the banking cycle.
- v. The Contractor shall wherever possible provide 18 months written notice, where there will be changes to services, products or interfaces potentially requiring system development/enhancements, to allow Clients to fully impact these changes.
- vi. The Contractor shall, when transmitting a file to Clients that exceeds the limit for exportation, ensure that the file is broken down into smaller components without the loss or detriment to the overall data.
- vii. The Contractor shall provide data to third party suppliers in a standard format when requested and authorised to do so by Clients.
- viii. The Contractor shall inform Clients immediately when any aspect of the file transfer service cannot be provided.

[MR9] Stationery

- i. The Contractor shall provide uniquely numbered/coded standard Bank Giro Credit stationery that is produced by a Cheque Printer Accreditation Scheme (CPAS) accredited printer to facilitate local banking where required e.g. to assist Clients to identify the location/establishment making the deposit.
- ii. The Contractor shall assist with the design and testing of bespoke Bank Giro Credits produced by Clients to ensure compliance with Cheque and Credit Clearing Company standards.
- iii. The Contractor shall provide contact details, when required, for printing service providers who can produce bespoke Bank Giro Credit stationery that is CPAS accredited, to facilitate local banking by Clients.
- iv. The Contractor shall accept and process all types of Bank Giro Credits including those that are encoded and have either single or double counterfoils.

- v. The Contractor shall provide standard cheque stationery that is produced by a CPAS accredited printer where required.

[MR10] ATMs

There are currently ATM facilities at two sites; Rathgael House, Bangor and Castle Building on the Stormont Estate in Belfast. The department responsible is currently considering the feasibility of maintaining the ATMs and may decide at any time during the contract to close either or both ATMs. The Contractor shall ensure ongoing provision of ATM services at these sites for as long as required.

- i. The annual transaction volumes and values are detailed below:

Location	Annual Volume of Transactions	Annual Value of Withdrawals
Castle Buildings	27,022	£1,490,060
Rathgael House	14,093	£904,480

[MR11] Project Bank Accounts

- i. In order to address issues on the prompt payment to sub contractors, Government has introduced a range of measures in its construction contracts. One of these measures is the use of “Project Bank Accounts”.
- ii. A Project Bank Account is a ring fenced bank account from which payments are made directly and simultaneously to a main contractor and members of its supply chain. A Project Bank Account must have trust status which means that the monies held in the account can only be paid to the beneficiaries – i.e. the main contractor and supply chain members. The account is held in the names of trustees who are normally the Contracting Authority, the main contractor and the Named Suppliers.
- iii. The Contractor will support and enable Clients helping businesses (including small and medium sized enterprises in particular) through prompt payment of invoices at all stages of the supply chain, improving payment performance

and promotion of innovative products or services as they may become available.

- iv. The Contractor will work with Clients to implement an appropriate process to administer Project Bank Accounts.
- v. The use of Project Bank Accounts is still being piloted. If at any stage Government decides to end the use of Project Bank Accounts, the Contractor will be required to work with Clients to close any live Project Bank Accounts.

[MR12] Contract Exit

- i. The Contractor shall provide an exit plan to the Contracting Authority within 12 months of award of Contract to ensure a smooth transition to any new contract.
- ii. The Contractor shall submit management information until all services to be delivered under this contract have been completed.
- iii. At least 12 months before the end of the Contract, the Contractor shall provide information as requested by Clients/Contracting Authority and assistance to Clients/Contracting Authority to enable it to re-procure the services.
- iv. In the event of early termination of the contract the Contractor shall act in accordance with the agreed exit plan.
- v. The Contractor shall work with Clients and any incoming supplier to facilitate a smooth transition to the new service provider.
- vi. The Contractor shall maintain contract rates for residual transactions received during a period of 12 months from the contract end date.

3.2. Scored Requirements (SR)

Clients require the Contractor to provide the services listed in this section. As part of the tender submission tenderers will be required to provide a methodology addressing each of the scored requirements.

[SR1] Account Maintenance

- i. The Contractor shall provide a range of accounts to Clients relevant to their business needs including, but not limited to, the following:-
 - a) Standard business current accounts;
 - b) Client monies accounts (interest bearing);
 - c) Interest bearing investment accounts, to include but not limited to instant access, 30 day, 90 day, fixed term deposit; and
 - d) Escrow accounts.

Such accounts shall be opened and closed as required throughout the duration of the contract.

Note: Clients retain the right to have other bank accounts and/or other investment products outside of this Contract.

- ii. The Contractor shall provide accounts in GBP, Euro and US\$ as appropriate. Accounts in other frequently used currencies to be made available when requested and agreed by Clients.
- iii. The Contractor shall allow Clients to hold accounts in a hierarchy that allows manual and/or automatic sweeping between accounts at specified times as required.
- iv. The Contractor shall provide multiple grouping arrangements to sub-divide Clients' accounts for pooling, reporting and overdraft monitoring as required. See further specific requirements for the NICS 'pool arrangement' at SR12.
- v. The Contractor shall have the flexibility to move an account held within a grouping into a different account grouping when required by Clients.
- vi. The Contractor shall operate and maintain panels of Clients' authorised signatories for the operation of their accounts and apply these for all relevant transactions.

- vii. The accounts provided by the Contractor shall support the issue and receipt of payments using all standard industry payment methods both now and in the future.
- viii. The Contractor shall permit the transfer of ownership of Client's accounts from one Client to another due to merger or "Machinery of Government", meaning structures and processes of Government, changes provided the legal authority is supplied by Clients.
- ix. The Contractor shall apply the agreed interest rate to the applicable accounts. For those account types which have not been included on the Pricing Schedule, the Contractor shall agree the interest rate with Clients on opening of the account.
- x. The Contractor shall provide statements of closing balances and other information concerning each individual account when requested by the Clients' auditors
- xi. When requested, the Contractor shall provide debit cards for the accounts provided.

[SR2] Electronic Banking

- i. The Contractor shall provide Clients with access to their electronic banking system via a secure web based browser.
- ii. The Contractor shall provide Clients with an electronic banking service that is capable of handling but not restricted to the value and volume of current transactions (annex D).
- iii. The Contractor shall operate an electronic banking service that has rules, processes and authorisation procedures to ensure segregation of duties and other industry standard anti-fraud measures.
- iv. The Contractor shall provide, as a minimum, industry standard security features to control the access of the electronic banking to authorised persons e.g. PINs, passwords and tokens.
- v. Each Client may have different requirements and the Contractor shall work with each Client to meet these requirements The Contractor shall agree with each Client the parameters within which they can set their electronic banking

authorisation levels, for example but not limited to, the set up of new users, transactions limits etc.

- vi. The Contractor shall provide the facility to enable a parent department or other authorised organisation to access specified accounts to transact and/or view as required.
- vii. The Contractor shall enable Clients to view all transactions undertaken on their accounts and obtain reports to assist their internal processing and reconciliation. These reports will include intra-day balances and overdraft monitoring.
- viii. The Contractor shall have a payment authorisation process for all external electronic payments that requires a minimum of two stages prior to release i.e. input and authorise, with security features to prevent a payment preparer from authorising their own payment instructions. Clients may require additional authorisation levels (i.e. more than two stages).
- ix. The Contractor shall have an authorisation process for all internal transfers which is configurable to allow single or multiple stages of authorisation as required by each individual Client. The default position for accounts within the NICS 'pool' arrangement will be a minimum of two stages. Alternative configurations will only be permitted with the express permission of Government Accounts Branch (GAB) in DFP.
- x. The Contractor shall have a process to provide different user roles allowing the segregation of duties e.g. administrator, viewer, reporter, payment preparer and payment authoriser. There may be a requirement to assign more than one role to individual users.
- xi. The Contractor shall provide a secure electronic system that includes as a minimum:
 - a) access to view account and transaction data in real time 24/7/365 with the exception of pre-agreed periods of maintenance;
 - b) ability to view clearing values from 7am on bank working days;
 - c) payment functionality for individual transactions and bulk files including CHAPS, Faster Payments, Internal transfers, Cross Border transactions and Foreign Exchange transactions;
 - d) encryption of payment instructions prior to transmission;

- e) facilities to upload files of payment instructions for each payment type to the electronic banking system using industry standard formats including but not limited to: SWIFT MT940, SAP MT940, BAI2, and CSV and allow authorisation by file or individual entries;
 - f) the facility to create and use templates for payment instructions following the same authorisation processes as standard electronic payments;
 - g) the ability to process and identify transfers to and from other Clients within the same sort code and process these as internal and book transfers. These transfers should be made at nil cost to Clients;
 - h) access to live statements with search and filter functions, that can be downloaded and exported to Clients' customer's back office systems, using industry standard formats including PDF, CSV, SWIFT MT940, SAP MT940, SWIFT940 and BAI2 in single file per bank account format and/or single file multiple bank account format;
 - i) access to detailed transaction reports/statements in standard template format and the facility to configure reports to meet the needs of the individual Client's business e.g. to show all debits and credits applied to the account since the previous statement, opening and closing balances for a specific statement date etc;
 - j) facilities to search online and download/export statements, or individual transaction details for dates within the previous 12 months;
 - k) facilities to obtain from the Contractor's archived records,(including but not limited to cheques, payable orders and credit slips) statements or individual transaction details for dates within the previous 1-7 years. Where necessary the Contractor will provide Clients with certified copies or original documents during that period; and
 - l) facilities to obtain audit reports including those that show details of user permissions, user activities, activated and de-activated users etc.
- xii. Statements and reports should provide transactional level detail for all credits/debits to assist with manual and auto reconciliation. The following information in a format to be agreed by Clients should be included within the report/statement:
- a) sort code;

- b) account number;
 - c) name;
 - d) monetary amount;
 - e) transaction type;
 - f) reference data (i.e. lodgement slip no, cheque no, identifying information);
 - g) posting date; and
 - h) value date.
- xiii. The Contractor shall provide facilities through the Electronic Banking System enabling Clients to:
 - a) obtain messages about service availability and other important incidents/updates;
 - b) identify their account numbers and sort codes including IBAN and BIC number where appropriate;
 - c) obtain details of account and system user charges;
 - d) place stops on single and multiple payable orders/cheques/warrants;
 - e) order supplies of cheques and Bank Giro Credits including HOCA slips;
 - f) view and print Bank Giro Credit slips/HOCA slips and the associated cheque /payable orders/warrant images* presented for payment;
 - g) view and print copies of cleared cheques/payable orders/warrants*;
 - h) access online user guides and other training material;
 - i) provide administrator privileges to specific accounts to set up individual user access; and
 - j) carry out transactions on a mobile or tablet device.

* These items to be immediately available online for 60 days with the facility to retrieve images from the Contractor's archive for up to 7 years from the date of payment.
- xiv. The Contractor shall ensure that any returned/recalled transactions including foreign payments will be individually visible on bank statements/reports. These entries must include the original reference data provided by the payer.
- xv. The Contractor shall notify Clients of any item that is being held for checking before being cleared.

[SR3] Payments

BACS

- i. The Contractor shall provide assistance to Clients to help them comply with BACS Payment Schemes Ltd. requirements and apply the scheme guidance.
- ii. The Contractor shall support Clients in the set up of BACS services.
- iii. The Contractor shall allow Clients to originate BACS transactions as direct and indirect submitters and will provide the necessary Service User Numbers (SUNs), hardware and software required.
- iv. The Contractor shall sponsor the SUNs of Clients and provide sponsorship for in-house bureau set up by Clients to facilitate payments and receipts.
- v. The Contractor shall have the facility to import SUNs from an existing supplier, if required.
- vi. The Contractor shall facilitate payments via the BACS system up to the value of the industry transaction limit maximum (currently £20m).
- vii. The Contractor shall ensure that all BACS transactions are visible to Service Users and Clients via the Contractor's electronic banking service on Day 3 of the BACS cycle.
- viii. The Contractor shall be able to manage the estimated volume of BACS files/items and deal with any changes in volume over the duration of the contract. Current BACS usage is detailed in annex D.
- ix. The Contractor shall provide a designated BACS Helpdesk for all service users during the Contractor's standard business hours on Working Days.
- x. The Contractor shall provide a configurable Bacstel-IP solution or where appropriate HSM certificates to allow Clients to submit payment files and extract data. The system must have adequate security features to limit access to authorised staff. There should be full audit capabilities with history retained for at least 3 months.
- xi. The Contractor shall provide secure access for service users to obtain BACS transaction details from BACS Payment Services Ltd.
- xii. The Contractor shall ensure that Clients use separate Service Users Numbers for Direct Credit origination and Direct Debit origination.

- xiii. The Contractor shall provide Clients with the full reference information supplied by the payer for all transactions including any returned/recalled items.
- xiv. The Contractor shall provide electronic access to authorised users to the following BACS reports through the BACS Payment Services Ltd website:
 - a) AWACS;
 - b) ARUCS;
 - c) ARUDDS;
 - d) ADDACS;
 - e) input Report for test and live submissions;
 - f) withdrawal reports; and
 - g) any other reports available through the BACS Payment Services Ltd as required.

Direct Credit Origination

- i. The Contractor shall operate a process which ensures file and item limits are agreed and noted against each SUN with the ability to make temporary/permanent amendments when required.
- ii. The Contractor shall contact Clients to obtain authority before processing files where the file or item limit set for a SUN/account is breached. This includes contacting out of hours contacts where the issue arises outside normal working hours.
- iii. The Contractor shall provide an electronic service that will enable Clients to manually recall unlimited individual direct credit items. The Contractor must provide an electronic acknowledgment to confirm receipt of the submitted manual recall. The Contractor shall carry out 100% of Clients' manual recalls submitted prior to 2.00 pm on day 2 of the BACS cycle and act on best endeavours for those submitted between 2.00 pm and the industry cut-off of 3.00 pm.
- iv. The Contractor shall guarantee to refund Clients the values of all accepted recalls on BACS Day 3 and progress recovery of funds directly with the beneficiary bank. The Contractor shall advise Clients of any failed manual recalls on receipt of information via third party banks/building societies.

- v. The Contractor shall post unapplied manual credits individually to assist Clients in reconciling and applying them to their accounts.
- vi. The Contractor shall provide details of all BACS items returned including: name of payee, full reference information (BACS field 9 & 10) and the reason for return (code and description).
- vii. The Contractor shall ensure that all recalled payment notifications contain full referencing information.
- viii. Should a payment be reported missing, the Contractor shall provide a service to trace the payment within 3 working days of the initial report. For example, this should include contacting the recipient bank/building society.
- ix. Where enquiries fail to trace a missing payment, the Contractor shall pursue a response with the recipient bank/building Society.
- x. The Contractor shall have a process to ensure that for all transactions included on the AWACS report the original and amended details and all reference field data is shown.

Direct Debit Payments

- i. The Contractor shall provide a service which allows Clients to set up and operate Direct Debit instructions on their accounts to enable the making of regular payments.
- ii. The Contractor shall assist with the migration of active Direct Debit instructions from Clients' previous supplier bank.
- iii. The Contractor shall provide notification of all new Direct Debit instructions set up on Clients accounts within 24 hours, to allow checks for error/fraud to be carried out prior to any payment being taken.
- iv. The Contractor shall allow Clients to return unpaid any incorrect/fraudulent payments until 2pm on Day 2 of the BACS cycle.
- v. The Contractor shall provide a secure process to cancel Direct Debit instructions.
- vi. The Contractor shall support Clients where erroneous or fraudulent payments have been made to make a claim under the direct debit indemnity scheme.

CHAPS

- i. The Contractor shall assist Clients to be compliant with the CHAPS scheme rules.
- ii. The Contractor shall provide industry standard facilities for the receipt and issue of payments by CHAPS during CHAPS scheme operational hours.
- iii. The Contractor shall provide full transaction data including posting and value date, transaction description and the full reference information provided by the payer for all CHAPS transactions.
- iv. The Contractor shall ensure that CHAPS payment data is available for viewing on the Electronic Banking Service within 30 minutes of the transaction being processed.
- v. The Contractor shall show the full reference information and the reason for return where a CHAPS payment has been returned.
- vi. The Contractor shall assist Clients with the recovery of CHAPS payments issued in error.

Faster Payments

- i. The Contractor shall provide assistance to Clients to help them comply with Faster Payments scheme requirements.
- ii. The Contractor shall provide a faster payments service that can deal with the significant volumes of payments and receipts of Clients customers including at peak processing times/dates. Current volumes are detailed in annex D.
- iii. The Contractor shall make all faster payments transactions available to view on their electronic banking service in real time. The transaction data available must include posting and value date, transaction description and full reference information provided by the payer.
- iv. The Contractor shall allow faster payments to be issued up to the value of the scheme maximum (currently £100,000).
- v. The Contractor shall record all returned Faster Payments in the electronic banking service immediately including the full reference from the original payment and the reason for return.

- vi. All Faster Payment messages issued by Clients shall be progressed into the Faster Payment service without changes to formats or data fields, unless approved by Clients.
- vii. The Contractor shall facilitate the submission of import and authorisation files to the Faster Payment Service Infrastructure where required by Clients.
- viii. The Contractor shall provide the full details of any outgoing Faster Payments returned manually which as a minimum should include:
 - a) payee name;
 - b) reference number(s)/originating Faster Payment ID;
 - c) account number;
 - d) sort code;
 - e) monetary amount;
 - f) credit date; and
 - g) reason for return.
- ix. The Contractor shall trace missing outgoing Faster Payments through the Faster Payment service including where necessary making enquiries with the recipient Bank. All trace and query processes must be conducted with a full audit trail for queries raised. The trace results must be provided to Clients within 3 working days.

Internal/Book Transfers

- i. The Contractor shall facilitate internal/book transfers using standard formats for Clients to move funds between their own accounts and/or to accounts held by other Clients with the same Contractor i.e. not processed through the payment schemes.
- ii. If not processed by Clients through the e-banking system, the Contractor shall process all internal transfer requests submitted by Clients on Working Days up to 5pm. Any items submitted after this time should be dealt with the next working day by the Contractor.
- iii. The Contractor shall ensure that internal/book transfer payments and receipts are visible on the electronic banking service within 30 minutes of the transaction being authorised.

- iv. The Contractor shall ensure that all reference information provided by the payer for internal/book transfers is available to view via the electronic banking service.
- v. The Contractor shall not charge Clients for internal/book transfers.

Standing Orders

- i. The contractor shall facilitate payments by standing order as required by Clients.

[SR4] Receipts

General Requirements

- i. The contractor shall process lodgements comprising a mixture of cheques from Northern Ireland Banks, UK Banks, Euro Cheques, postal orders etc.
- ii. The Contractor shall credit all lodgements to Clients' accounts on date of receipt.
- iii. The Contractor shall advise Clients of any paying-in discrepancies on the day of deposit, or later by mutual agreement.
- iv. The Contractor shall ensure that any cheques returned "unpaid/refer to drawer" etc. are debited to the original account and passed to Clients account holder within 3 working days.
- v. The Contractor shall investigate any receipts which are not readily identifiable and provide any available information within 2 working days of receipt of Clients' request.
- vi. Where transactions are bulked, the Contractor shall provide on a daily basis an analysis of the composition of the transactions as disclosed on the statement e.g. detailed listing of electronic payments received, credit posting report detailing all customer payments including customer reference numbers, reports of cheques clearing through the accounts, lodgement slips for all lodgements to the account, original customer giro slips for payments made through the contractor and other banks.

Direct Credit Receipts

- i. The Contractor shall provide a service to receive payments by BACS Direct Credit and credit them to Clients' accounts.
- ii. The Contractor shall have a process whereby BACS receipts shall be posted individually to Clients' accounts. All items must be posted with the full reference information supplied by the payer.
- iii. Any direct credit receipt items recalled by the payer must be reported to Clients on or before Day 3 of the BACS cycle.
- iv. The Contractor shall accept manual requests to return receipts to the originator on receipt of a written instruction signed in accordance with the mandate by Clients.

Direct Debit Origination

- i. The Contractor shall support Clients in the set up as a Direct Debit originator e.g. validation of Direct Debit Instructions, including support in the implementation and operation of electronic channels such as Automated Direct Debit Instruction Service (AUDDIS), paperless DDIs, Automatic Direct Debit Amendment and Cancellation Service (ADDACS) Direct Debit Indemnity Claim Automation (DDICA) etc
- ii. The Contractor shall provide details of all unpaid Direct Debits including: name of payee, full reference information and the reason for return (code and description).
- iii. The Contractor shall provide a daily file (even if Null) of all unpaid Direct Debits if requested.
- iv. Where a claim is made under the Direct Debit Indemnity Scheme, the Contractor shall provide a full and immediate refund. If a counter-claim is made following an indemnity claim the Contractor must support Clients and liaise with the claiming bank to resolve the matter.

CHAPS Receipts

- i. The Contractor shall ensure that CHAPS receipt data is available for viewing on the Electronic Banking Service within 30 minutes of receipt.

- ii. The Contractor shall request authorisation from the customer to debit the account where they are advised that a payment has been received in error.

Faster Payment Receipts

- i. Where the quoted reference number on an incoming Faster Payment is incorrect or missing, the Contractor shall endeavour to obtain the information within 2 working days.
- ii. The Contractor shall accept manual requests to return Faster Payment receipts to the originator on receipt of a written instruction signed in accordance with the mandate by Clients. These manual returns must be shown as individual items on the relevant Client's account.

Standing Order Receipts

- i. The Contractor shall facilitate receipts by standing order as required by Clients.

[SR5] Foreign Exchange & Foreign Payments

- i. The Contractor shall provide facilities to allow Clients to make and receive payments in foreign currency from their accounts. This should include, but not limited to, manual and electronic methods such as foreign drafts and international money transfers. It will also include the lodgement and processing of foreign currency cheques/drafts into sterling or foreign currency accounts.
- ii. The Contractor shall make the conversion from/to sterling in accordance with the best available market rates at the time the transaction is authorised.
- iii. The Contractor shall ensure that all foreign payments are subject to checking in accordance with the transaction limit rules agreed with Clients and not released for payment without the correct levels of authorisation.
- iv. The Contractor shall provide details on the Electronic Banking System of the conversion rate for all payments involving foreign exchange.
- v. The Contractor shall ensure that any overseas returned transactions are shown as individual transactions and must detail a breakdown of the payment amount, any differences to the originating payment due to Foreign Exchange and any charges that have been applied.

- vi. The Contractor shall provide industry standard facilities for the receipt and issue of cross border GBP and foreign currency transactions during standard industry operational hours.
- vii. The Contractor shall show the full reference information and the reason for return where a Cross Border payment has been returned.
- viii. The Contractor shall work with Clients to implement and facilitate SEPA payments where required.

[SR6] Cheques, Payable Orders & Warrants

- i. The Contractor shall comply with all technical and operational requirements of the Cheque and Credit Clearing Company Ltd scheme and systems.
- ii. The Contractor shall provide a facility to process crossed cheques, payable orders and warrants presented by Clients and Client customers at their banks, in accordance with Cheque and Clearing Company Ltd. standard clearing processes and timescales.
- iii. The Contractor shall act as the interface with UK Payments Administration and Cheque and Credit Clearing Company Ltd. to provide quality assurance on the design of bespoke cheques and payable orders sourced by Clients and/or its customers and ensure they will process through clearing. Cheques and payable orders may be in various formats and sizes including continuous stationery with or without integral remittance advice, cheque book format, sheets for manual completion etc.
- iv. The Contractor shall notify Clients if any changes are made by the scheme company or British Banking Association that would impact on the cheques/payable orders/warrants used.
- v. The Contractor shall allow customers to select 'Account Payee', 'Not Negotiable' or 'Unclassified' cheques/payable orders/warrants (as agreed by Clients).
- vi. The Contractor shall provide advice to minimise fraud and notify customers promptly of any known cases/attempts.
- vii. The Contractor shall undertake regular checks on bespoke cheques/payable orders/warrants to confirm that they continue to be scheme compliant.

- viii. The Contractor shall accommodate any changes made as a result of the introduction of the cheque imaging process.
- ix. The Contractor shall assist customers to reclaim funds on cheques where differences are identified after Day 3 of the clearing cycle.
- x. The Contractor shall retain the original cheques/payable orders/warrants in line with industry guidance.
- xi. The Contractor shall advise Clients of any cheques/payable orders/warrants not meeting the required standards during the clearing process and shall provide support to mitigate any impact.
- xii. The Contractor shall process over and under claims making the adjustment to the appropriate account by 2.00pm on day 4. These adjustments must be individually itemised on the bank statement, with the reference number from the claim form submitted by Clients shown against each item. The Contractor shall supply the necessary stationery, together with instructions for this process.
- xiii. The Contractor shall, when a Client's account needs to be debited due to a cheque/payable order/warrant being lost in the course of clearing, contact Clients for authority. Once the written authority has been provided to the Contractor, these adjustments must be individually itemised on the bank statement.
- xiv. The Contractor shall provide the facility to place stops on single and multiple payable orders/cheques/warrants.

[SR7] Administration & Support

- i. The Contractor must provide a suitably experienced and dedicated Contract Manager and experienced and dedicated Contract Management teams in specified business areas to manage the day to day operational requirements. There should also be back up / holiday cover for these Key Personnel.
- ii. Upon award the Contractor must provide the names of such Key Personnel. During the life of the contract should any of these Key Personnel change then Clients must be provided with as much notice as possible and there must be, where possible, a hand over between the previous and the new staff.
- iii. These Key Personnel will have responsibility for resolving day to day operational queries in a prompt and timely manner. The Contract Manager will

act as a first point of contact for any queries which require urgent and immediate action.

- iv. In addition to the daily operational requirements and also as part of Contract management the Contractor will be invited to attend regular Contract review meetings at which performance and all other issues pertaining to the Contract will be discussed. The frequency of these meetings will be at least bi-annually (twice per annum) or more frequently as required by Clients.
- v. Where Clients experience any issues or problems with the service provided by the Contractor, the Clients and Contractor will try to resolve the issue together. If Clients are not happy with the resolution that the Contractor has provided (or failed to provide) the escalation procedure as per annex E shall be used.
- vi. The Contractor shall provide a designated Helpdesk service, during the Contractor's standard business hours on Working Days, to assist Clients with operational queries regarding:
 - a) account maintenance;
 - b) electronic banking;
 - c) payments and receipts;
 - d) internal transfers;
 - e) local banking including bulk cash/cheque facilities and facilities to withdraw funds from local branches; and
 - f) any other general banking query.
- vii. The Contractor shall ensure that the Helpdesks are suitably staffed in order to address both routine issues and any unexpected problems which may arise. The Contractor shall provide Clients with access to the Helpdesk via direct telephone and email links.
- viii. The Contractor shall provide a general helpdesk for calls outside the Contractor's standard business hours.
- ix. The Contractor shall operate an agreed method of caller identification and verification to ensure only authorised individuals access information about Clients accounts/transactions.

- x. The Contractor shall provide electronic access to all forms required to open, maintain or close accounts, request new products or operate/maintain existing services.
- xi. The Contractor shall be able to apply debit interest, credit interest and charges to the account on which they arise or to another account with the Contractor specified by Clients' customer.
- xii. The Contractor shall provide electronic notification of any bank charges and interest accrued by Clients at least 14 days before taking payments for them.
- xiii. Should Clients dispute any charge the Contractor shall not take payment for the item under dispute. If the dispute cannot be resolved, the escalation process in annex E will be exercised.
- xiv. The Contractor shall provide detailed analysis of charging and interest calculations allowing Clients to drill down to individual transaction level where appropriate.
- xv. The Contractor shall submit invoices quarterly, providing accurate advice of charges and all supporting documentation.
- xvi. The Contractor shall provide information including, but not limited to, account balances, signatory lists, Electronic Banking System user listings and account balances to Clients authorised auditors.
- xvii. The Contractor will provide training to staff nominated by Clients on accessing and using electronic banking system as required during the term of the contract.
- xviii. The Contractor shall provide paper statements as required upon request by Clients.

[SR8] Business Continuity

- i. The Contractor shall provide robust contingency plans and arrangements for all services and will at least once a year test all contingency plans and arrangements in relation to the services. The Contractor shall provide Clients with evidence that tests have taken place and the outcome of these tests.
- ii. When the Contractor suffers a service disruption they shall provide alternative processes and facilities with the capacity to process the same volume of payments

and receipts for same working day that Clients would have processed over the period of disruption.

- iii. The Contractor shall assist Clients to make urgent electronic payments and obtain data if a business continuity incident prevents them doing this themselves ensuring that Clients' customer experience and service is not disrupted.
- iv. The Contractor shall support Clients to access the electronic banking system in contingency situations e.g. to provide access from contingency sites.
- v. The Contractor shall agree with Clients a process to deal with manual payments in contingency situations incorporating security features e.g. random security numbers.
- vi. The Contractor shall provide support for Clients in contingency to facilitate access to the BACS website to retrieve reports. When the service is down at BACS, the Contractor shall liaise with VocaLink to secure urgent resolution and keep Clients and its customers notified of progress.

[SR9] Transition

- i. The Contractor shall work with Clients and any outgoing suppliers to facilitate a smooth transition to the new services.
- ii. The Contractor shall identify and manage any risks associated with transition. Details of these risks shall be shared with Clients.
- iii. The Contractor shall ensure that all forms for completion by Clients are provided before commencement of the contract.
- iv. The Contractor shall ensure all relevant accounts and services required by Clients and their customers are set up and tested prior to go-live.
- v. The Contractor shall provide all training including supporting material in advance of go-live to ensure Clients can make and receive payments and account for them immediately the service commences.
- vi. The Contractor shall, in advance of go live, provide all required stationery and access to the electronic banking system to Clients.
- vii. The Contractor shall manage transition of all Services from the current provider, providing agreed plans to Clients and their IT Providers.

- viii. The Contractor shall work with Clients to ensure all technical requirements are met before implementation. As a minimum testing will include the functional and user testing of:
- a) telecom links;
 - b) electronic Banking;
 - c) certificate exchange, key set up etc;
 - d) compatibility with Clients and Clients customer computer systems;
 - e) speed of transmission;
 - f) security processes and procedures;
 - g) capacity;
 - h) secure email; and
 - i) mapping of fields to bank statements and reports.

[SR10] Contract Reporting & Performance

Management Information

- i. The Contractor shall maintain appropriate management information systems and will prepare and submit quarterly reports to each Client.
- ii. The Contractor shall submit Framework management information to the Contracting Authority on a quarterly basis.
- iii. The Contractor will agree the exact content, format and style of the quarterly reports with Clients and the Contracting Authority. The content, format and style may be amended throughout the contract as required to suit specific needs. Typical management information required will be split between Client and shall include, but is not restricted to:
 - a) name of Client;
 - b) number and types of accounts split by grouping;
 - c) volume and value of BACS, CHAPS, Direct Debits and any other electronic transfers;
 - d) number of transactions including transaction type, volume of cheques, payments made and received etc;
 - e) number of accounts opened and closed;
 - f) total cost of charges for the period;
 - g) details of complaints and incidents with resolution details; and

h) spend comprising any applicable charges under this Framework by each Client for all services.

Performance Management

- iv. Clients shall monitor the Contractor's performance of the Services throughout the duration of the Contract using the following performance assessment criteria:
 - a) quality of service;
 - b) system availability;
 - c) response times; and
 - d) finance & administration.
- v. The Contractor shall be assessed by Clients on these criteria using the supplier assessment form at annex F on a quarterly basis. The Contracting Authority shall obtain Clients' completed assessment forms and these forms, or a summary of their content, will be made available to the Contractor at Contractor performance review meetings.
- vi. Contractors shall attend regular performance management meetings with Clients and the Contracting Authority at least on a bi-annual basis however more frequent meetings may be required and agreed with Clients.
- vii. Poor performance by the Contractor will be dealt with by the procedures set out in the Conditions of Contract and follow the escalation procedures detailed in annex E.

[SR11] Service Improvements/Innovation

- i. The Contractor shall work in conjunction with Clients to explore and introduce innovative solutions to improve the services provided. Any innovations or efficiencies offered will be dependent on the suitability of the solution and must be cost effective, for the Clients.
- ii. Any new solutions offered can only be implemented with the express permission of Clients.
- iii. Clients are investigating other areas of service improvement and innovation outside of this Contract e.g. payment technology solutions, alternative payment solutions/providers etc. The Contractor shall work with any payment provider appointed by Clients throughout the duration of the Contract. Should Clients

appoint any payment technology solution provider then this may have the effect of reducing volumes of transactions, cheques and other transactions during the life of this Contract and this is acknowledged and understood by the Contractor.

[SR12] Specific Service Requirements

NICS Pool Arrangement

- i. Currently the NICS operates a 'pool' arrangement whereby the balances of 160+ accounts are aggregated/offset and managed as a total for limit and interest purposes. This allows the level of funding to be drawn down on any given day from the Northern Ireland block grant allocation to be tightly managed, minimising overall balances held outside the Exchequer and contributing towards the reduction of public sector borrowing as a whole. The overall balance in the 'pool' and the daily drawdown of funding from HM Treasury is managed by Government Accounts Branch (GAB) in the Department of Finance and Personnel. In order to ensure that departments and other bodies hold sufficient but not excessive funds to meet their daily commitments Clients will require the Contractor to operate a pool arrangement. The Contractor must provide a pool arrangement that:
 - a) allows GAB to designate all accounts opened under the Contract as 'pool' or 'non pool' accounts;
 - b) provides GAB with read only access to all accounts within the pool arrangement;
 - c) provides GAB with the ability to export the closing balances of all accounts within the 'pool'. If the balances are not available for export or there are problems with the internet banking, the bank, as a minimum, must provide the previous day's closing balance on the overall 'pool' to GAB on request;
 - d) provides GAB with the ability to carry out online transfers of up to £2 billion between the two accounts controlled by GAB and to make lower value transfers to other bodies within the pool; and
 - e) ensures that no accounts to be added or removed from the 'pool of accounts' without the written permission of GAB.

(Please note no physical sweeping of funds takes place).

- ii. Although the aim is to minimise the overall funds held in the 'pool' it is inevitable that there will be a residual net credit balance remaining at the end of the day. Generally this will be around £5m - £7m in order to cover any unexpected payments or late arrival of anticipated receipts. Contractors should provide details of the rates of interest that will be available on the net credit balance remaining in the 'pool' overnight in the Pricing Schedule.
- iii. Clients would not intend to operate the 'pool' in an ongoing overdraft position as each day GAB will draw sufficient funds from HM Treasury to cover forecasted spend. However, due to timing differences in payments being made from accounts and funds being received during the day the 'pool' may / will go overdrawn temporarily. Generally, the funding is received between 7am and 10am and always before noon unless there is a technical issue. Given the critical nature of many payments made by departments, we would expect payments to be honoured and that no charge would be made for this unless the pool remained in an overdraft position at the close of business. Should any unexpected issue arise GAB will advise the Contractor as soon as staff become aware.
- iv. While every effort will be made to ensure that the pool remains in a credit position, there may be situations which result in the 'pool' closing the day in an overdraft position. In the last year the 'pool' has been overdrawn on 7 occasions – the highest overdraft position was £11m with the remaining occasions around £4m. In 2013/14 the 'pool' was only overdrawn on 4 occasions – £42m, £18m, £3m, and £3m. In 2012/13 the 'pool' was overdrawn 19 times – the balance never exceeded £10m and the average position was £5m. The Contractor shall provide Clients with access to an overdraft facility to cover these potential situations.

NI Courts and Tribunal Services – Courts Fund Office

- i. Within the Northern Ireland Courts and Tribunals Service, the Court Funds Office (CFO) administers monies lodged into court. The underlying legislation requires a number of bank accounts to be maintained in the name of the Accountant General, although some of these accounts are not actively used. CFO currently maintains 33 separate accounts, of which 15 have regular transactions. There is also a legislative requirement to enable other parties to lodge funds and associated paperwork directly with the bank, and for the bank to send a receipt for such lodgements to CFO. Monies may be lodged at the counter of a Belfast City Centre branch or by post to a designated branch/office. These lodgements are generally made by solicitors or insurance companies and are predominantly made by cheque (although they could also be made in cash). Contractor staff will need to determine the correct account to lodge the funds to, depending on the paperwork provided (guidance will be provided by CFO). The paperwork attached to the lodgement must be forwarded to CFO to enable the lodgement to be allocated correctly. On a daily basis the number of transactions of this type will usually be fewer than 10 and is unlikely to be more than 20.
- ii. The Contractor shall provide the CFO with a Service that meets these requirements.
- iii. Clients shall pay the annual rate submitted in the Pricing Schedule for these services.

Police Service of Northern Ireland

Seized Cash

- i. The Police Service of Northern Ireland (PSNI) will require the Contractor to process all monetary instruments defined as cash by the Proceeds of Crime Act 2002, including notes and coins in any currency, cheques of any kind, bankers drafts etc. These 'seized funds' will be lodged in interest bearing accounts. The Contractor will ensure that Clients is able to open and close these accounts as required. There can be 300 - 400 such accounts open at any one time as each individual seizure requires separate interest bearing accounts.
- ii. The seizures will generally be lodged in interest bearing accounts, however, Clients will also require the facility to lodge sealed packages with the Contractor. The contents of the packages may range from cash to gold bars and may be lodged at Contractor branches across Northern Ireland.
- iii. The Contractor shall assist with Client enquiries and facilitate the disposal of contaminated, mutilated and impregnated currency by arranging onward deposit of the monies to the relevant issuing bank. The Contractor shall provide Clients with a receipt detailing breakdown of monies and the date of forwarding.
- iv. The Contractor shall provide facilities to count sterling and foreign currency at a local bank branch at a mutually agreed time. The lodgement must be counted in the presence of a Client employee to ensure an audit trail and a receipt provided.
- v. The Contractor shall maintain a complete audit trail record including seal numbers, deal sheets and lodgement receipts for each individual deposit. This may be used in court proceedings and must be kept for 7 years from the original transaction date to comply with statutory rulings (or longer if required by agreement).
- vi. The Contractor shall provide banknote serial numbers for a seized cash deposit upon request. Advance notice will be given when this is required (note this rarely occurs)
- vii. Clients shall pay the annual rate submitted in the Pricing Schedule for these services.

Cash withdrawal

- viii. As well as the general requirement for the Contractor to provide facilities for all customer bodies to withdraw cash from any branch using a payable order / cheque drawn on the account of the relevant body, PSNI require an open credit facility to withdraw cash from specified locations using agreed processes.

Social Security Agency

The Social Security Agency (SSA) is responsible for the provision of a wide range of benefits and services to the people of Northern Ireland, with a population of some 1.8 million, issuing 28 million Benefit Payments worth approximately £4.8 billion per annum. Although SSA is within the “pool” arrangements, given the critical nature of these payments the Clients require the Contractor to honour all benefit payments. It is critical that benefit payments are paid on time and in order to achieve this, the SSA has put in place a number of processes. These are set out in more detail below. The Contractor must be able to work with the SSA to meet these requirements to ensure the SSA can carry out its business of making benefit payments effectively. The Contractor is required to liaise with other banks on behalf of the SSA during periods of contingency or payment incidents. The provision of file transfer services (including transfer of files and bank statements) to external bodies such as DWP will be required.

Central Processing System

- i. The Central Payment System (CPS) is a key component of DWP and SSA Enterprise IT Architecture, providing a single integrated payment and accounting system which makes payments to customers in a secure, accurate and timely manner and accounts for the Agency's benefit and pension payments. CPS is based on the Oracle 11i E-Business Suite package. The Contractor's systems will be required to provide input into CPS. Generic File Transfer Service (GFTS) is the strategic secure file transfer gateway supporting the transport of restricted data into and out of DWP. It facilitates the transmission of reports from the Contractor into CPS. In summary the role of GFTS is to support the importing of electronic files into CPS to facilitate bank account reconciliation and BACS payment status updates.
- ii. The Contractor shall be required to transfer files to the GFTS gateway which routes to the CPS Integration Backbone via Axway. As a minimum, the following files will be required but not limited to:
 - a) swift MT940 Bank Statement - to enable CPS to receive electronic bank statements in order to perform automatic bank reconciliation;

- b) returned BACS Payments Automated Return of Unapplied Credit (ARUCS) and Recalls - BACS Input Reports;
 - c) the Input Report is used as a confirmation of payments/auto recalls received, accepted and rejected by Voca. This information is used to reconcile BACS payments submitted to VocaLink with BACS payments received by Voca, and to update the statuses of individual payments, which failed validation at Voca, on CPS; and
 - d) BACS Payments (AWACS) - AWACS information is used to correct customer bank account details thus avoiding potential ARUCs.
- iii. The Contractor shall ensure a connection is established between the Contractor and GFTS for file transfer over the public internet. This connection must be established via an encrypted SSL channel.
- iv. Mutual authentication of connections between the Contractor and GFTS for file transfer shall be via the mutual exchange of certificates.
- v. The Contractor shall initiate file transfer with GFTS using Axway Synchrony software.
- vi. File transfer between the Contractor and GFTS shall be via the PeSIT file transfer protocol.
- vii. The Contractor shall push Electronic Bank Statements files to GFTS.
- viii. The Contractor shall support end to end audit logging of file transfers via GFTS.
- ix. The Contractor shall be required to work with the Agency and DWP to introduce and test any changes to CPS.

Faster Payment Service

- i. Currently SSA uses the DWP banking contractor for its Faster Payment transactions. However, SSA may consider using the Contractor to process all Faster Payment Service transactions during the contract period. The decision on whether to use the Contractor for this service will be at the sole discretion of the SSA. Should the SSA decide to process these transactions through the Contractor that Faster Payment volumes could increase significantly; currently SSA processes approximately 220,000 Faster Payments per annum (these volumes are not included in appendix B or annex D). The price for this Faster

Payment Service will be as per the price quoted in the Pricing Schedule if this service is taken up.

Contingency Arrangements

The SSA has contingency arrangements in place to ensure that payments can continue to be made should the usual direct or Faster Payment route be unavailable or delayed for whatever reason. This section provides a background to these contingencies. In the event that payment files cannot be processed successfully there are three key strategic contingencies in place:

- The Payment Protection Service (PPS)
- The Disaster Emergency Payment System (DEPS)
- The Faster Payments Contingency (FPC).

Payment Protection Service (PPS)

- ii. The business continuity arrangement for CPS is the Payment Protection Service (PPS). PPS is provided by VocaLink to DWP on behalf of the SSA to fast-track failed payment files from the BACS service to the Faster Payments Service. PPS is intended to be used where there is a major payment incident. PPS modifies a standard 3 day BACS payment file into a Faster Payment Service (FPS) compliant format that enables payments to be processed through the Faster Payments Scheme rather than the BACS scheme. This facility provides a contingency to avoid customers receiving late payments. PPS involves receipt by VocaLink of the SSA's BACS payment files in BACS Standard 18 format. VocaLink then unpackages and reformats those payment instructions capable of submission into the faster payment service, submits these into the faster payment central infrastructure.
- iii. The Contractor will be required to work with the Agency, DWP and VocaLink by authorising faster payment file submissions of the Faster Payments Scheme before the payments will be processed by the Faster Payment Central Infrastructure.
- iv. The Contractor shall be required to authorise VocaLink, in VocaLink's capacity both as the operator of Faster Payments central infrastructure and as

provider of the PPS, the use of the PKI (Public Key Infrastructure) Security Certificates for the purpose of using PPS.

Reuse of PKI Security Certificates

- i. For normal everyday BACS submissions, the Agency uses PKI (Public Key Infrastructure) subscriber security certificates ("Bank Certificates") issued by the banks trust service, in order to authenticate BACS submissions and provide non-repudiation into BACS.
- i. The Contractor shall be required to authorise:
 - a) The SSA to use the Bank Certificates for submission of late BACS payment instructions into the PPS;
 - b) VocaLink to use the reference data associated with the Bank Certificates in order to complete the PKI handshake; and
 - c) VocaLink to use the existing relying party's certificate which it has been issued by the Contractor, for the purposes of performing certificate validity checks against the Contractor's online certificate status protocol responder.
- ii. Indemnities can be provided to the Contractor in respect of the reuse of the PKI Security Certificates.

Disaster Emergency Payment System (DEPS)

- i. DEPS is a payment contingency service provided by VocaLink for UK payments. DEPS is intended to be used where there is a complete failure of benefit processing IT including total loss or failure of both data centres. The assumption being that the benefit systems would be unavailable for several days to justify DEPS being invoked. DEPS service would be used to generate and submit BACS payments for either individual benefits or the entire service when systems are unavailable to make payments.
- ii. All direct payments made by the Central Payment System (CPS) are processed by VocaLink through their BACS Service. VocaLink's access to this existing flow of DWP payment data has enabled the use of DEPS as a contingency allowing DEPS to capture, analyse and store direct payment data sent by CPS to BACS. DEPS retains the payment data for up to six payments per customer

in readiness for invocation where algorithmic calculation would generate forecast customer payments.

- iii. The contractor will be required to work with the Agency and DWP in the delivery of DEPS if invoked.

Faster Payment Service Contingency Facility

- i. The SSA requires a Faster Payment Service contingency facility via the Contractor which may be used on an ad hoc basis if required. In the event of SSA system downtime the SSA require a mechanism to make customer payments via an upload facility to accommodate multiple customer payments. For this manual contingency the Contractor must ensure that Clients can upload payment data in CSV format for Contractor processing for this service. The price for this Faster Payment Service will be as per the price quoted in the Pricing Schedule if this contingency service is used.

Future Requirements

- i. Going forward the Agency will continue to prepare for the delivery of proposed changes to the Social Security system in particular with the introduction of the Welfare Reform Bill and Stormont House Agreement.
- ii. Given the fundamental requirements for payments system updates, the introduction of new benefits for universal credit (UC) and personal independence payment (PIP), some processes will be automated and the Contractor will be required to work with the Agency to provide and transfer files (as required) to the GFTS gateway such as automation of ARUC and AWACS reports (the full scope of change is not yet determined as the new benefits are currently in development). The Contractor shall be required to fully participate in respect of testing, migration of accounts and meeting timescales, etc.
- iii. The contractor will be required to work with DWP and SSA to assist in development and testing of initiatives that can modernise systems e.g. digital transformation.

The contractor will be required to assist in testing on an annual basis in relation to Business as Usual, including Contingency, Welfare Reforms and Stormont House Agreement, etc

Compensation Service (CS)

- i. The Compensation Service (CS) is responsible for holding in trust compensation awarded to a minor until the child reaches the age of 18. These accounts are not part of the current NICS banking arrangements but the CS may wish to move these accounts to the contractor during the life of the new contract.
- ii. The minors' accounts must be interest bearing and have a facility for making advanced payments, although the presumption should be that the majority of the deposit will remain in the account until the minor becomes 18.
- iii. The number of accounts open at any one time will vary. Currently CS are managing approximately 500 accounts holding £4.1m. In 2013/14 £526,000 was transferred into these accounts and £799,000 transferred out. No transactional charges are currently levied against these accounts.
- iv. As these accounts are held in the name of each child, CS would expect the funds belonging to each to have individual protection under the Financial Services Compensation Scheme.
- v. The Contractor shall provide the CS with a Service that meets these requirements.