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Pipeline

Short Term Payment Contingency Service (STPC)

Department for Work & Pensions

UK1: Pipeline notice - Procurement Act 2023 - [view information about notice types](#)

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Scope

Reference

P-1061

Description

This procurement focuses on the provision of Payment Contingency Services for the Department for Work and Pensions (DWP) and will be structured into two distinct Lots:

Lot 1: Short Term Payment Contingency Service

Lot 2: Sponsor Bank Service

These services are interdependent and, collectively, enable the Department for Work and Pensions to meet its statutory obligations on behalf of the Secretary of State, while also maintaining public confidence in the timely delivery of benefit and pension payments.

Lot 1: Short Term Payment Contingency Service

This service is required in exceptional circumstances where an internal DWP payment system disruption causes a delay in the release of Bacs payment files, consequently posing a risk to the timely disbursement of funds. These files contain critical payment information relating to various benefit types or pensions, along with the details of the responsible paying department.

To mitigate such risks, DWP requires a contingency service to ensure that customers receive their entitlements on their payment due date. This service is essential for maintaining service continuity.

Lot 2: Sponsor Bank Service

The Sponsor Bank plays a critical enabling role in the operation of the Short Term Payment Contingency Service. It provides the necessary banking infrastructure and support to process Faster Payments on behalf of the DWP. Without this component, the contingency service cannot operate, making the Sponsor Bank a critical element in the successful delivery of the overall solution.

This procurement is essential to ensuring that the Department for Work and Pensions can respond in a timely and effective manner to payment system disruptions, helping to safeguard customer entitlements and maintain public trust in its services.

In summary the end-to-end solution consists of two distinct but interdependent components, structured into separate Lots:

This specific note outlines the planned procurement activity for:

Lot 2 – Sponsor Bank Service: A Sponsor Bank responsible for the settlement of funds with the Bank of England, enabling the operational functionality of the contingency service.

The DWP processes approximately 2.5 million payments per day, amounting to over £5.8 billion per week. Given the scale and importance of these transactions, the contingency service plays a vital role in ensuring resilience and reliability across payment operations.

The current contracts are due to expire on 30 June 2026, both with a 12-month extension option available up to 30 June 2027.

Suppliers may submit a bid for either Lot 1 or Lot 2 individually, or for both Lots.

The Buyer does not require the supplier awarded Lot 1 to manage or coordinate the delivery of services under Lot 2. Each Lot will be contracted and managed independently.

Please Note: The Buyer reserves the right to end the tendering process at any time and not to award a contract. Any costs incurred in the preparation and submitting of a bid and any subsequent activity connected to this tender exercise will be met by the Supplier, not the Buyer.

Contract dates (estimated)

- 1 July 2027 to 30 June 2032
- Possible extension to 30 June 2034
- 7 years

Main category

Services

CPV classifications

- 66000000 - Financial and insurance services

Contract locations

- UK - United Kingdom

Submission

Publication date of tender notice (estimated)

8 June 2026

Contracting authority

Department for Work & Pensions

- Public Procurement Organisation Number: PJCP-7274-TLRQ

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Region: UKI32 - Westminster

Organisation type: Public authority - central government