

# DHCW SHA Extraordinary Board Meeting

Thu 16 April 2026, 09:00 - 09:30

## Agenda

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### 09:00 - 09:05 **1. PRELIMINARY MATTERS**

5 min

#### **1.1. Welcome and Introductions**

*For Noting*          *Chair*

#### **1.2. Apologies for Absence**

*For Noting*          *Chair*

#### **1.3. Declarations of Interests**

*For Noting*          *Chair*

### 09:05 - 09:30 **2. MEETING BUSINESS**


25 min

#### **2.1. Strategic Procurement Report**

*For Approval*          *Interim Director of Finance*

- Microsoft Enterprise Agreement

 2.1 DHCW-Board-and-Committee-Report-April 2026 EO Board.pdf (6 pages)

 2.1i Appendix i DHCW Board Approval Paper - P159.07 New Microsoft EA 2026-2031.pdf (9 pages)

### 09:30 - 09:30 **3. CLOSING MATTERS**

0 min

#### **3.1. Date of Next Meeting: 28 May 2026**

# IECHYD A GOFAL DIGIDOL CYMRU DIGITAL HEALTH AND CARE WALES STRATEGIC PROCUREMENT REPORT

Eitem ar yr Agenda: Agenda Item:	2.1
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Enw'r Cyfarfod: Name of Meeting:	SHA Board
Dyddiad y Cyfarfod: Date of Meeting:	16 April 2026

Cyhoeddus neu Breifat: Public or Private:	Private
IF PRIVATE: please indicate reason: OS YW'N BREIFAT: Nodwch reswm:	Commercially Sensitive

Noddwr Gweithredol: Executive Sponsor:	Chris Moreton, Acting Director of Finance
Paratowyd gan: Prepared By:	Laura Panes, Strategic Commercial Manager
Cyflwynwyd gan: Presented By:	Chris Moreton, Acting Director of Finance

Pwrpas yr Adroddiad: Purpose of the Report:	For Approval
Argymhelliad: Recommendation:	SHA Board is being asked to
To <b>APPROVE</b> one (1) Contract Award Paper, as set out below:	
i. <b>P159.07 Microsoft Enterprise Agreement</b>	



# 1 ASESIAID O'R EFFAITH / IMPACT ASSESSMENT

<b>CENHADAETH STRATEGOL STRATEGIC MISSION</b>	All missions apply
<b>RISG GORFFORAETHOL (cyf, os yw'n briodol) CORPORATE RISK (ref if appropriate)</b>	N/A
<b>ASESIAID O'R EFFAITH AR ANSAWDD (cyf, os yw'n briodol) QUALITY IMPACT ASSESSMENT (ref if appropriate)</b>	N/A
<b><u>DEDDF LLESIAINT CENEDLAETHAU'R DYFODOL WELL-BEING OF FUTURE GENERATIONS ACT</u></b>	A Healthier Wales
Os oes mwy nag un safon yn berthnasol, rhestrwch nhw isod: If more than one standard applies, please list below: A Globally Resilient Wales A Prosperous Wales A Resilient Wales A More Equal Wales	
<b><u>SAFONAU ANSAWDD IGDC DHCW QUALITY STANDARDS</u></b>	ISO 20000 - IT Service Management Systems
Os oes mwy nag un safon yn berthnasol, rhestrwch nhw isod: If more than one standard applies, please list below: ISO27001	
<b><u>GALLUOGWR Y DDYLETSWYDD ANSAWDD DUTY OF QUALITY ENABLER</u></b>	Whole Systems Approach
<b><u>PARTH ANSAWDD DOMAIN OF QUALITY</u></b>	Effective
Os oes mwy nag un galluogwr/parth yn berthnasol, rhestrwch nhw isod: If more than one enabler / domain applies, please list below:	
<b><u>DATGANIAD ASESIAID O'R EFFAITH AR GYDRADDOLDEB EQUALITY IMPACT ASSESSMENT STATEMENT</u></b>	Dyddiad cyflwyno: Ddim yn berthnasol Date of submission: N/A
Choose an item.	Outcome: N/A
Datganiad: Statement:	



ASESIAD O'R EFFAITH / IMPACT ASSESSMENT	
<b>ANSAWDD A DIOGELWCH</b> GOBLYGIADAU/EFFAITH <b>QUALITY AND SAFETY</b> IMPLICATIONS/IMPACT	No, there are no specific quality and safety implications related to the activity outlined in this report.
<b>CYFREITHIOL</b> GOBLYGIADAU/EFFAITH <b>LEGAL</b> IMPLICATIONS/IMPACT	Yes, please see detail below To the extent as set out in the Procurement and Contracting activity within this report. 5 year contract for M365
<b>ARIANNOL</b> GOBLYGIADAU/EFFAITH <b>FINANCIAL</b> IMPLICATION/IMPACT	Yes, please see detail below To the extent as set out in the Procurement and Contracting activity within this report. Impact on NHS Wales Organizations budgets from costs of new M365 contract
<b>AR Y GWEITHLU</b> GOBLYGIADAU/EFFAITH <b>WORKFORCE</b> IMPLICATION/IMPACT	Yes, please see detail below Benefits of using M365 products under the renewed contract
<b>ECONOMAIDD- GYMDEITHASOL</b> GOBLYGIADAU/EFFAITH <b>SOCIO ECONOMIC</b> IMPLICATION/IMPACT	No, there are no specific socio-economic implications related to the activity outlined in this report.
<b>YMCHWIL AC ARLOESI</b> GOBLYGIADAU/EFFAITH <b>RESEARCH AND INNOVATION</b> IMPLICATION/IMPACT	Yes, please see detail below We foresee a positive impact on research and innovation across NHS Wales from the procurement of a small number of Copilot licences

## 2 LLWYBR CYMERADWYO & CRAFFU / APPROVAL & SCRUTINY ROUTE

Y Person / Pwyllgor / Grŵp sydd wedi derbyn y papur hwn cyn y cyfarfod hwn Person / Committee / Group who have received this paper prior to this meeting		
PERSON, PWYLLGOR NEU GRŴP PERSON, COMMITTEE OR GROUP	DYDDIAD DATE	CANLYNIAD OUTCOME
Chris Moreton, Acting Director of Finance	10/04/2026	APPROVED

Acronymau Acronyms			
CCS	Crown Commercial Services	DHCW	Digital Health and Care Wales
CTP	Cloud Transition Programme	COTS	Commercial Off the Shelf
EA	Enterprise Agreement	MOU	Memorandum of Understanding
SHA	Special Health Authority	SFIs	Standing Financial Instructions



### 3 SEFYLLFA & CEFNDIR / SITUATION & BACKGROUND

- 3.1 The Commercial Services Team, within the Finance and Business Assurance Directorate, in Digital Health and Care Wales (“DHCW”) manages a range of contracts supporting both National services and the internal requirements of the organisation itself. The procurement of these contracts is also led by the Team, which includes several specialist procurement staff from the NHS Wales Shared Services Procurement Service.
- 3.2 In accordance with the scheme of delegation in DHCW’s Standing Financial Instructions (“SFI’s”), Contracts to be awarded with a total contract value which exceeds £750,000 (excl. VAT) will be presented for the Board’s approval. In addition, the Board will also be required to approve any contracts which are to be extended either outside their initial term and/or in excess of the executed contract value.
- 3.3 For special Agreements such as Memorandum of Understanding (“MOU”), and other inter Authority Agreements, these are Approved by the Management Board and presented to the SHA Board for Noting. In the event of these Agreements over £750,000 excl. VAT, these will also require SHA Board Approval.

## 4 MATERION PENODOL I'W HYSTYRIED / SPECIFIC MATTERS FOR CONSIDERATION

### 4.1 Contract Awards

Appendix 1 sets out one (1) Contract Award APPROVAL required by the Board. An overview of the contractual activity is provided below:

#### i. P159.07 Microsoft Enterprise Agreement

**Contractor:** Trustmarque Solutions  
**Term:** 1<sup>st</sup> July 2026 to 30<sup>th</sup> June 2031. There is no option to extend beyond this initial five (5) year term.  
**Value:** Total Contract Value for NHS Wales for the five (5) year period is £189,082,310.00 excl. VAT, which is £226,898,772.00 incl VAT.

Please note:

The value of M365 licence costs attributed to DHCW is £4,049,449.00 excl. VAT, which is £4,859,339.00 incl VAT.

DHCW manage the Primary Care M365 licence costs of £18,237,096.00 excl. VAT, which is £21,884,515.00 incl VAT.

**Funding:** Each NHS Organisation is liable to DHCW to pay the value as set out in the Commitment to Participate paper (please see *Appendix i(a)*.) Approvals provided by all participating organisations in March 2026.

DHCW has a substantive budget to cover the costs through its Core funding allocation and GMS budget allocation for Primary Care.

**Approval Requested:** Contract Award

#### **Context/Background:**

4.2 DHCW is seeking approval to execute a new All-Wales Microsoft Enterprise Agreement ("EA") covering all NHS Wales organisations for a five (5) year period, from 1<sup>st</sup> July 2026 to 30<sup>th</sup> June 2031. The establishment of a new Microsoft EA is not only essential to maintaining safe, resilient digital services across NHS Wales, it also delivers improved commercial value, including key legacy discounts as set out in *Appendix i(a)* Commitment to Participate paper. Similarly to the previous EA, DHCW will manage the agreement centrally to minimise administrative burden and ensure compliance. Each year, a single national purchase order will be raised on behalf of all organisations.

4.3 Working in collaboration with the national taskforce, the user volumes have been reviewed and agreed, with the new EA covering 137,570 users, which is a reduction in users compared to 2025. The new EA also sets out a minimum requirement of 3,100 M365 Copilot licences and initial evaluation work within NHS Wales demonstrates productivity gains from utilizing this licence functionality. In order to ensure NHS Wales achieves further benefits, DHCW M365 Centre of Excellence is leading a structured adoption plan.



4.4 Due to the value of the Enterprise Agreement each NHS Organisation will be required to countersign the Commitment to Participate, which commits their Organisation to their associated costs under the new EA. Papers were issued to each NHS Organisation in advance of their March Boards. At the time of writing, all approvals have been received, with the exception of the National Imaging Academy (“NIAW”). The total 5-year value awaiting approval is £97.3k (incl VAT) and the approval is expected imminently.

## 5 RISGIAU ALLWEDDOL & MATERION I'W HUWCHGYFEIRIO / KEY RISKS & MATTERS FOR ESCALATION

5.1 No risks to escalate.

## 6 ARGYMHELLIAD / RECOMMENDATION

Argymhelliad:  
Recommendation:

SHA Board is being asked to

To **APPROVE** one (1) Contract Award Paper, as set out below:

- ii. **P159.07 Microsoft Enterprise Agreement**

**COMMITMENT OF EXPENDITURE EXCEEDING  
CHIEF EXECUTIVE'S LIMIT / BUSINESS JUSTIFICATION**

<b>Scheme Title</b>	P159.07 MICROSOFT ENTERPRISE AGREEMENT ("EA")
<b>Total Contract Value</b>	Total Contract Value for NHS Wales for the five (5) year period is £189,082,310 (excl. VAT) which is £226,898,772.00 incl VAT.
<b>Contract Period</b>	Contract Period of Five (5) Years, to commence 1 <sup>st</sup> July 2026 and conclude 30 <sup>th</sup> June 2031. There is no option to extend beyond this term.
<b>Supplier</b>	Trustmarque Solutions
<b>Contract Awarded for Use by</b>	All NHS Wales Organisations
<b>Terms and Conditions</b>	NHS Wales Terms and Conditions (Services)
<b>Date Prepared</b>	9 <sup>th</sup> April 2026
<b>Prepared By</b>	Laura Panes, Strategic Commercial Manager
<b>Scheme Sponsor</b>	Sam Lloyd, Executive Director of Operations and Chris Moreton, Acting Director of Finance

All proposals must be consistent with the strategic and operational plans of Digital Health and Care Wales ("DHCW").

**1. DESCRIPTION OF GOODS / SERVICES / WORKS**

**Background and Context**

Digital Health and Care Wales ("DHCW") has collaborated with NHS Wales organisations to evaluate the renewal of the existing All Wales Microsoft Enterprise Licencing Agreement ("EA").

NHS Wales has operated a Microsoft estate for more than twenty (20) years and has moved in-line with changes to Microsoft's licensing model to a Microsoft 365 subscription. Microsoft software is used extensively throughout all NHS Wales Organisations to allow staff to carry out their work duties (e.g. The Windows 10/11 Operating System is used on almost all PCs, Microsoft Word is used to create Patient Letters, Microsoft Exchange/Outlook is used for email, etc). It also included a range of security tools and the underlying infrastructure software to support national critical services such as the Welsh Laboratory Information Management System ("WLIMS") and the Welsh Patient Administration System, to name just two (2).

Since 2008, NHS Wales has had a single Microsoft 'domain' and this continued in the form of a single Microsoft 365 'Tenant' when Microsoft 365 ("M365") services were initially adopted in 2017. In 2019/2020 all organisations moved to use M365, to enable effective cross-organisational collaboration, realise resourcing synergies and increase collective purchasing power. This approach underpinned the current Microsoft 365 EA. The current EA is based on the previous Microsoft/ Crown Commercial Service Memorandum of Understanding ("MoU") known as the Digital Transformation Agreement 2021 ("DTA21").

The current EA covered the period of 1st July 2022 to 30th June 2026, with an option to extend for a further year (Year 5) up to 30th June 2027. However, in order to ensure that NHS Wales secures the optimum contractual and commercial framework to meet its current and future needs over the medium term, a strategic decision was made to appraise alternative contractual and commercial options with Microsoft via the Microsoft Reseller Framework Agreement with Trustmarque (Contract Ref: P159.07).



### New Enterprise Agreement Licence Volume Commitments

The new Enterprise Agreement will provide licences for 137,570 Users in Wales. This is a decrease of 2,278 users compared to the number of user licences purchased in July 2025. The required licence volumes have been provided and verified by a dedicated Taskforce with representatives from all organisations.

Collectively the NHS Wales Organisations are committed to purchasing volumes in year 1 as set out in table 1 below:

**Table 1 – Year 1 NHS Wales annual purchase volumes:**

Product	Quantity
<b>M365 E5 Full User Subscription Licence</b>	18,647
<b>M365 E5 with Software Assurance Benefits</b>	31,222
<b>M365 F3</b>	87,701
<b>M365 F5 Security +Compliance</b>	87,701
<b>M365 Apps for Enterprise</b>	65,631
<b>Power Apps Per User Frontline Worker</b>	11,000
<b>Power APPS per Premium Sub per User</b>	27,272
<b>Exchange Online P1</b>	15,321
<b>Co-pilot</b>	3,100

These volumes are the minimum volume commitment from an All-Wales basis for Year 1 of the EA, commencing from 1<sup>st</sup> July 2026. Beyond Year 1, there is no minimum volume commitment for future years for E5, F5 and F3 licences, however, we must ensure that NHS Wales remains compliant and fully licenced. The negotiated position on volumes is a key differentiator from the previous EA and will provide organisations the ability to ‘true-down’ as well as ‘true-up’ their licence volume numbers in line with their workforce requirements.

There is a small minimum volume commitment required which relates to Windows 365 Cloud based PCs, reserve licences and PowerApps Per User Frontline Worker add on licences which ramp up from 11,000 in year 1 to 44,000 in year 5. The total cost of the minimum commitment volumes is c. £5m excl. VAT (c. 2.6% total contract value) and the cost is distributed in line with the requirements of all NHS Wales organisations.

There is also a minimum commitment of 3,100 licences of M365 Copilot, the AI companion to M365 services. The cost of these licences is c. £3.5m excl VAT over 5-years (1.9% total contract value) with the costs distributed in line with requirements of NHS Wales organisations. This is an increase of around 1,200 licences from those currently being used. Based on data captured from a previous Copilot evaluation in NHS Wales, there is an expected return on investment for these licences in the form of increased productivity assumed to be 26 minutes per user per as identified in the UK Government Digital Services Report published in June 2025. Work to identify ways of exploiting Copilot M365 AI capabilities and train staff across NHS Wales organisations is already underway by the DHCW M365 CoE, supported by Microsoft, and it is anticipated that the benefits from these licences will be realised quickly with CoE support.

As part of the negotiations, it has been agreed that NHS Wales will keep the Software Assurance (SA) benefits for a further five (5) years in the form of additional discounts to 31,222 E5 licences. Each NHS Wales Organisation will have a pro-rated share of the licences available from SA Benefits in relation to the percentage it contributes to the total Welsh volume of E5 user licences.

The DHCW negotiation team have modelled scenarios which compare the 'proposed negotiated EA' with 'using Government negotiated SPA24 pricing discount in the likely worst-case reduction of users', and adopting the proposed EA remains advantageous for NHS Wales.

### Contracting Arrangements

DHCW will be the named Authority entering into the new EA on behalf of NHS Wales. The NHS Organisations that contribute to this Enterprise Agreement have benefit of the terms and conditions of the EA and all the relief enacted via its concessions.

The EA does not constitute a purchase of licences but will create a pricing agreement with Microsoft which will be transacted through our reseller agreement with Trustmarque.

The Purchase of licences will be made annually via a single Purchase Order processed on behalf of NHS Wales by DHCW, with the first PO anticipated to be issued in May 2026, prior to the commencement of the new EA in July 2026. Subsequent orders shall be placed in the month prior to the start of anniversary of the EA, i.e., every June, for the sum identified in each Anniversary's True-Up/down Briefing.

### Commitment to Participate and Approvals

On 27<sup>th</sup> February 2026, DHCW issued the Commitment to Participate paper to each NHS Wales Organisation setting out the scope of the EA including licence volumes and financial commitments each organisation would be responsible for.

Before the new EA can be executed, each NHS Wales Organisation will be required to sign and return a copy of the Commitment to Participate Paper to confirm acceptance of its responsibilities to DHCW. Only upon confirmation of all approvals being present and notified to the Chair of the DHCW SHA Board and DHCW Chief Executive Officer ("CEO"), will the new EA commencing on 1<sup>st</sup> July 2026 be approved, executed and purchase orders raised.

Please Note: At the time of writing, all approvals have been received, with the exception of the National Imaging Academy ("NIAW") which is expected imminently.

<b>1.1 Nature of Agreement:</b> Please indicate with a (x) in the relevant box	First time <input type="checkbox"/>	Contract Extension <input type="checkbox"/>	Renewal <input checked="" type="checkbox"/>
<b>1.2 Period of contract including extension options:</b>			
<b>Expected Start Date of Agreement</b>	1 <sup>st</sup> July 2026		
<b>Expected End Date of Agreement</b>	30 <sup>th</sup> June 2031		
<b>Extension Options (E.g. maximum term in months)</b>	Not Applicable – No option to extend		

## 2. STRATEGIC FIT

### 2.1 VISION AND OUR STRATEGIC OBJECTIVES

This scheme should relate to at least one of the SHA's five strategic objectives. Please mark with a (x) in the box the relevant objectives for this scheme.

<b>Mission 1:</b> Provide a platform for enabling digital transformation	<input checked="" type="checkbox"/>
<b>Mission 2:</b> Deliver high quality digital products and services	<input checked="" type="checkbox"/>
<b>Mission 3:</b> Expand the digital health and care record and the use of digital to improve health and care	<input checked="" type="checkbox"/>
<b>Mission 4:</b> Driver better value and outcomes through innovation	<input checked="" type="checkbox"/>
<b>Mission 5:</b> Be the trusted strategic partner and a high quality, inclusive and ambitious organisation	<input checked="" type="checkbox"/>

### 2.2 INTEGRATED MEDIUM-TERM PLAN

Is this scheme included in the SHA's Integrated Medium Term Plan?	<b>Yes</b>	<b>No</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
If not, please explain the reason for this in the space provided – Not applicable.		

### 2.3 SHAPING OUR FUTURE WELLBEING OBJECTIVES

By 2035, digital innovation will support a more sustainable and equitable future for all in Wales. To help realise this ambition, we aim to achieve the objectives set out below. This scheme should relate to at least one of the SHA's wellbeing objectives. Please mark with a (x) in the box the relevant objectives for this scheme.

Achieve net zero emissions across all of our operations and supply chain by 2035 and apply circular economy principles to minimise electronic waste.	<input checked="" type="checkbox"/>
Provide digital and data services that deliver economic, social, environmental and cultural value and meet population needs now and in the future.	<input checked="" type="checkbox"/>
Leverage clinical data, in combination with a diversity of data sources, to identify actionable insights which support prevention, population health, equity and well-being.	<input checked="" type="checkbox"/>
Enable the safe, effective and ethical deployment of Artificial Intelligence and digital innovation more broadly across Wales.	<input checked="" type="checkbox"/>
Put people first as a diverse, equitable and inclusive employer by offering meaningful work, paying the real Living Wage as a minimum and developing digital skills.	<input checked="" type="checkbox"/>

### 2.4 FIVE WAYS OF WORKING (SUSTAINABLE DEVELOPMENT PRINCIPLES) CONSIDERED

Please mark with a (x) in the box the relevant principles for this scheme.

Click [here](#) for more information

Prevention	<input checked="" type="checkbox"/>	Long Term	<input checked="" type="checkbox"/>	Integration	<input checked="" type="checkbox"/>	Collaboration	<input checked="" type="checkbox"/>	Involvement	<input checked="" type="checkbox"/>
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### 3. PROCUREMENT ROUTE

3.1 How is the contract being procured? Please mark with a (x) as relevant.	
<p><b>Competition</b></p> <p>Three (3) Quotes <input type="checkbox"/></p> <p>Formal Tender Exercise <input type="checkbox"/></p> <p>Mini Competition <input type="checkbox"/></p> <p>Find a Tender <input type="checkbox"/></p> <p>(Procurement Act 2023 applies)</p>	<p><b>Single source</b></p> <p>Single Quotation Action <input type="checkbox"/></p> <p>Single Tender Action <input type="checkbox"/></p> <p>Direct call off Framework <input checked="" type="checkbox"/></p> <p>MoU <input type="checkbox"/></p>
3.2 Please outline the procurement procedure.	
<p>The new EA will be transacted via the DHCW Sole Supplier Framework Agreement for the Microsoft Reseller Provider ("MRP") ref P159.07. This Framework was established by DHCW's Commercial Services Team with the expressed provision of transacting the EA and annual purchase orders.</p>	
3.3 What has been the approximate timeline for procurement?	
<p>Not Applicable – This is a Direct Call-Off from an existing DHCW Framework.</p>	

### 4. BENEFITS (Quantifiable / Non-Quantifiable)

4.1 Outline benefits of preferred option
<p>As part of the new EA negotiations, it was identified that whilst year 1 of the new EA costs more than opting to take the fifth-year extension of the current EA, the costs of this proposed new EA is 15% lower over the five (5) years. Furthermore, by acting collectively, NHS Wales Organisations will continue to leverage discounts and concessions.</p> <p>For comparison, if each NHS Wales organisation were to procure its own agreement via Crown Commercial Services DTA (note an Enterprise Agreement would not be possible to disaggregated low volumes) the equivalent cost would be £223.3m (ex VAT). Therefore the execution of a new EA for NHS Wales will result in a total cost avoidance saving of £34.2m (ex VAT) over the full 5-year term.</p> <p>Further benefits were identified in the business case as follows:</p> <ol style="list-style-type: none"> <li><b>Operational continuity and resilience:</b> M365 remains the backbone of everyday work – devices can be used, Office apps are available, communication and collaboration function reliably across all organisations. Users are able to work as normal.</li> <li><b>Essential security and compliance:</b> Unified controls, identity governance and advanced protection reduce risk and support compliance with UK and NHS standards. A strong Secure Score reflects a mature posture that is harder to sustain under fragmented approaches.</li> <li><b>Collaboration and mobility by default:</b> A single tenant eliminates barriers to cross organisational teamwork, enables consistent experiences for staff, and supports integrated care pathways.</li> </ol>

- 4. Economies of scale and cost avoidance:**  
Central licensing, common tooling and 'Once for Wales', and reuse/ reduce total cost to serve, avoid duplication and accelerate time to value.
- 5. Scalable innovation and adoption (Power Platform and Copilot):**
- **Power Apps/Automate:** national applications show measurable savings and accuracy gains; managed environments and Application Lifecycle Management assure quality and compliance as adoption scales.
  - **M365 Copilot/Copilot Chat:** reduces administrative burden, improves communication and accelerates document, email and meeting workflows; adoption can be targeted to high impact personas to maximise benefit.

As part of DHCW's commitment to Social Value, further work is being pursued with Microsoft as part of our partnership approach to identify areas for collaboration on Digital skills and inclusion and environmental and social value measurement.

## 5. RISKS & MITIGATION

5.1 Please state risks of not proceeding with the scheme	5.2 Please state any mitigation to reduce the risk if the scheme is not approved
<p>Should the new EA not proceed on 1st July 2026, due to timescales, NHS Wales would be forced to proceed with the Year 5 extension and re-negotiate a new EA to commence in July 2027, which would come at a considerable increase cost.</p> <p>There is also the risk that the Year 5 extension would not be processed in time which would result in all NHS Wales email accounts may become inoperable as licences for all Microsoft Office and Windows would expire rendering all email, teams and system access inactive.</p> <p>Many clinical systems and servers would no longer be protected by Microsoft security features leaving sources of data open to unauthorised intrusion and DHCW and all NHS Wales Organisations open to sanctions by the Information Commissioner's Office ("ICO").</p>	<p>The P159.07 Microsoft agreement remains available for individual NHS Wales organisations to place orders for Microsoft products and services. In the event that this new EA is not approved then individual organisations have a commercial vehicle to secure licence continuity and a licence model for each organisation has been established.</p> <p>This mitigation will incur significant additional costs which may be avoided should the EA be approved.</p>

## 6. FINANCIAL ANALYSIS

<b>Maximum expected whole life cost relating to the award of contract</b>	<b>Excluding VAT (£) £189,082,310.00</b>	<b>Including VAT (£) £226,898,772.00</b>
<b>The nature of spend</b>	<b>Capital</b> <input type="checkbox"/>	<b>Revenue</b> <input checked="" type="checkbox"/>
<b>How is the scheme to be funded?</b> Please mark with a (x) as relevant.		
Existing budgets	<input checked="" type="checkbox"/>	
Additional Welsh Government funding	<input type="checkbox"/>	
Other	<input type="checkbox"/>	

The following table sets out expenditure over 5 years, **excluding** VAT.

EXPENDITURE CATEGORY	Year 1 excl. VAT	Year 2 excl. VAT	Year 3 excl. VAT	Year 4 excl. VAT	Year 5 excl. VAT
NHS Wales Annual Costs July to June	£36,514,054	£36,900,716	£37,156,860	£39,174,329	£39,336,351
<b>NHS Wales – Overall Total Costs excl. VAT</b>	<b>£189,082,310 excl. VAT</b>				
DHCW M365 Costs	£796,693	£797,314	£798,225	£828,310	£828,906
Primary Care & GPs	£3,491,100	£3,545,494	£3,580,054	£3,799,358	£3,821,090
DHCW incl. Primary Care & GPs – Annual Costs Jul to Jun	£4,287,793	£4,342,808	£4,378,279	£4,627,668	£4,649,996
<b>DHCW incl. Primary Care &amp; GPs – Overall Total Costs excl. VAT</b>	<b>£22,286,544 excl. VAT</b>				

The following table sets out expenditure over 5 years, **including** VAT.

EXPENDITURE CATEGORY	Year 1 incl. VAT	Year 2 incl. VAT	Year 3 incl. VAT	Year 4 incl. VAT	Year 5 incl. VAT
NHS Wales Annual Costs July to June	£43,816,865	£44,280,859	£44,588,232	£47,009,195	£47,203,621
<b>NHS Wales – Overall Total Costs incl. VAT</b>	<b>£226,898,772 incl. VAT</b>				
DHCW M365 Costs	£956,032	£956,777	£957,870	£993,972	£994,687
Primary Care & GPs	£4,189,320	£4,254,593	£4,296,065	£4,559,230	£4,585,308
DHCW incl. Primary Care & GPs – Annual Costs Jul to Jun	£5,145,352	£5,211,370	£5,253,935	£5,553,202	£5,579,995
<b>DHCW incl. Primary Care &amp; GPs – Overall Total Costs incl. VAT</b>	<b>£26,743,853 incl. VAT</b>				

## 7. DECLARATION OF COMPLIANCE

<b>7.1 Procurement Approval</b>	
The Head of Commercial Services / Delegated Authority has approved the procurement route and confirms that policies and procedures have been followed.	
<b>Head of Commercial Services:</b>	Laura Panes, Strategic Procurement Lead, Commercial Services, DHCW
<b>Signature:</b>	<p>X</p> <hr/> <p>Laura Panes Strategic Commercial Manager</p>

<b>7.1 Director Approval</b>	
The Lead Director, by providing email confirmation, to seek Board approval is making a declaration that all procurement rules, standing orders and standing financial instructions have been complied with. DHCW's Commercial Services Team retain this confirmation electronically in the tender file.	
<b>Lead Director Name:</b>	Sam Lloyd, Executive Director of Operations
<b>Signature:</b>	<p>X</p> <hr/> <p>Sam Lloyd Executive Director of Operations</p>
<b>Directorate:</b>	Operations

<b>Executive Director of Finance Approval</b>	
The Director of Finance, by providing email confirmation, to seek Board approval is making a declaration that all budgetary and financial matters in respect of this decision have been considered and complied with.	
<b>Lead Director Name:</b>	Chris Moreton, Acting Director of Finance
<b>Signature:</b>	<p>X</p> <hr/> <p>Chris Moreton Acting Director of Finance</p>
<b>Directorate:</b>	Finance and Business Assurance
<b>Date:</b>	

## 8. APPROVALS AND ASSURANCE RECEIVED

List and include date of approvals and assurance received in support of this scheme.

	Date of Meeting	Outcome
Management Board	16/04/2026	For Noting Only
Special Health Authority (SHA) Extraordinary Board	16/04/2026	TBC

## 9. CONFIRMATION OF DHCW BOARD APPROVAL

Where approval by the Board is granted, signature by the Chair of the Board of this document is required as the formal record of such approval and is to be witnessed by at least one (1) Independent Member.

The Digital Health and Care Wales Board has approved the award of this agreement for the durations and values (including extensions and options) as set out in this paper at its meeting of 16<sup>th</sup> April 2026.

<b>Chair of DHCW Board:</b>	
<b>Signature:</b>	<p>X</p> <hr/> <p>Chair of DHCW Board</p>
<b>Date:</b>	

<b>Independent Member:</b>	
<b>Signature:</b>	<p>X</p> <hr/> <p>Independent Member</p>
<b>Date:</b>	

<b>Chief Executive Officer:</b>	
<b>Signature:</b>	<p>X</p> <hr/> <p>Helen Thomas Chief Executive Officer of DHCW</p>
<b>Date:</b>	