



## **Management of the BBC's critical projects**

Report by the Comptroller and Auditor General  
presented to the BBC Trust Value for Money Committee,  
29 April 2016





**BRITISH BROADCASTING CORPORATION**

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BBC's critical projects**

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Auditor General presented to the  
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29 April 2016**

*Presented to Parliament by the Secretary of  
State for Culture, Media & Sport  
by Command of Her Majesty  
May 2016*

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# BBC Trust response to the National Audit Office value for money review: Management of the BBC's critical projects

## BBC Trust response

The BBC Trust welcomes the National Audit Office's conclusion that the BBC has strengthened its oversight of critical projects. The NAO has noted that the BBC is confident that it will deliver the planned outcomes for all but one of the eight projects included in the review. For these projects, successful delivery and realisation of benefits appears feasible.

As the governing body of the BBC, the Trust is responsible for ensuring that the licence fee is spent efficiently and effectively. One of the ways we do this is by making sure the NAO has full access to all relevant information when conducting value for money reviews such as this one. For this report, the BBC shared with the NAO sensitive commercial and editorial data on projects, as well as documents and datasets which were not the subject of a request, but which the BBC thought would aid the NAO's understanding. The Trust believes that the resulting report demonstrates that the existing arrangements balance scrutiny, accountability, and the BBC's independence.

## Oversight of critical projects has improved in recent years

As well as noting the BBC's confidence ratings of each project, the NAO also reviewed the BBC's oversight of the critical projects portfolio.

First, they found that experienced staff from the BBC's project management office now review and challenge submissions from project teams prior to reporting this information upwards. This process provides additional assurance that projects will deliver their expected benefits on time and on budget.

Second, they found that the speed of project reporting to the Executive Board and the BBC Trust had improved. Project reporting now takes less than half the amount of time that it took three years ago. As a result, problems are raised and dealt with much quicker, reducing the risk of project failure.

Third, they reviewed the new assurance arrangements which have been implemented over the past three years. These include increased frequency of project reporting to the Executive Board, a single point of accountability for each project, and integrated approvals and assurance plans which set out the approvals and reviews that will take place. The NAO found that, on the whole, these reforms have been well implemented across the portfolio.

## **Project benefits and ownership need to be more consistently defined**

It is important that projects define measurable targets and performance indicators so that the successful delivery of their benefits can be tracked; the NAO noted that on the whole this is done well. However one project – myBBC – did not define its expected benefits upfront; instead an overall strategic direction was approved by the Executive Board as part of the business case. The Trust understands this is because the project is an ‘agile’ project where benefits were to be defined as the project progresses. The Executive have assured us that a complete set of benefits have now been defined and measurement has begun, however we agree with the NAO that this should have happened earlier.

In six out of the eight projects reviewed, the NAO reported that there was a clearly identified single point of accountability, responsible for the project’s benefits and outcomes. However, the NAO also found a lack of documented clarity on the remaining two projects – myBBC and End-to-End Digital. For myBBC, the separate roles and responsibilities of the Executive Sponsor and the Business Sponsor were only clarified in June 2015, while on End-to-End Digital, the scope of the project – and therefore the scope of the sponsor’s responsibility – was not fully documented.

While End-to-End Digital is forecast to deliver £42.8 million of savings, the BBC Trust is clear that this success is not an excuse for failing to be crystal clear about who is responsible for delivering what. The BBC Executive has agreed to ensure that the NAO’s recommendation on consistent use of the term “sponsor” is properly implemented.

## **Trading off cost, time, and performance within projects**

Inevitably in a portfolio of large, complex projects at different stages of planning and delivery, there have been a number of challenges the BBC has had to overcome. Managing these challenges has involved trading off cost, time and benefits for some projects to minimise the impact on the licence fee payer. The Trust supports the BBC Executive’s decisions to avoid cost increases by re-examining planned costs and the approach to delivery.

With regard to Project Smart, we note the NAO’s finding that the BBC responded quickly to emerging problems – revisiting the business case and approving proposals to split the project and delay part of it. The BBC Trust approved this course of action at the time, and we recognise that much of the extra cost will be met by external suppliers.

## **The Executive Board have an opportunity to play a bigger role**

The NAO has recommended that the BBC’s Executive Board should play a larger role in determining which projects are to be included in the critical projects portfolio. The Trust agrees with this approach. We also support the NAO’s suggestion that more consistent portfolio-level information on costs, benefits, and how projects contribute to strategic objectives would help the BBC better manage the delivery of all critical projects. We will monitor this and the implementation of the NAO’s other recommendations closely over the coming months.

# BBC Executive response to the National Audit Office value for money review: 'Management of the BBC's critical projects'

## BBC Executive response

The BBC welcomes this report, and notes with satisfaction the positive conclusion on value for money which recognises both the BBC's strengthened capability to oversee and deliver complex projects and the good health of the projects the NAO reviewed.

These projects represent significant strategic change, are inherently complex to implement and continue to be subject to pressures and risks. The framework the BBC has established reinforces clear accountability for project outcomes, maximises the chance of success and provides an assurance and performance reporting framework that ensures, through a timely and robust assurance and performance reporting system, that any issues are identified early and addressed as quickly as possible.

Since the NAO concluded their fieldwork, the critical projects continue to be delivered, maintaining good levels of confidence:

- W12, E2E, SMART have all closed as projects and have been transitioned to business owners accountable for further benefits realisation and product management.
- Detailed design and procurement is underway for WBH, E20 and NCS. The project teams are working closely with the business, suppliers and partners to optimise the design and implementation plans and ensure the BBC realises creative and financial benefits from

new facilities in Wales and Elstree as well from the core system enabling world-class journalism.

- Aurora and the HR Transformation programmes continue to drive change to internal services and strategic partnerships, building strength and delivering significant efficiencies.
- MyBBC is delivering new audience-facing capabilities such as the recently launched new Music app, sign-in for News app, mySports site, personalised recommendations, notifications and favourites on iPlayer. Audience response is very positive with over 5 million active signed-in users, growing substantially month on month. The project continues to have close Executive attention whilst detailed integration plans are developed across the digital products.
- The Critical Projects Portfolio (CPP) is continuously reviewed to ensure it reports on those projects which require strong attention from the Executive Board. Since the end of the NAO's fieldwork, new projects have joined the portfolio: the integration of our Technology divisions, the establishment of BBC Studios and a review of the Licence Fee Unit.

Building on the strengths recognised by the NAO report, but recognising there is always room for further improvement, the BBC will incorporate its findings into continuous improvement plans coordinated by the BBC PMO and Corporate Finance teams, sponsored by the Managing Director, Finance & Operations.

In particular, the following actions will be taken to implement the NAO's recommendations.

### **Recommendation a**

**We will communicate widely our existing guidance and terminology for the different project roles, particularly for the Sponsor who is the single point of accountability (SPOA) for the project outcomes. This will include clarification of the relationship between project roles to ensure consistent use of the same vocabulary. We will review how this is applied in the ongoing projects.**

Going further, the Executive Board will ensure that, at the start of each critical project, the Sponsor (SPOA) receives a letter of accountability that clearly defines their role as sponsor and sets out the key parameters of the project or programme; budget, timetable, measures of success, outcomes they are accountable for and delegated authorities.

### **Recommendation b**

**The report recognises the strengthened assurance and performance reporting arrangements, though in some instances inconsistencies in reported key performance indicators were identified. The structure of performance reports will be reviewed to ensure consistency in the information provided on all projects, in particular as regards key performance indicators for cost (project and life), time, progress and benefit measures.**

### **Recommendation c**

**The BBC has previously focussed improvement on benefits management practices, with success. Detailed benefits realisation plans are routinely prepared, and then monitored, for most projects but we agree that when full determination of these benefits is not possible at the start of the project, we need to ensure this is done as soon as possible.**

We will require all new CPP programmes to have appropriately detailed benefits realisation plans. Where programmes are at an early stage and need to develop capabilities before benefits can be fully defined, greater focus will be placed on leading indicators and the timetable for establishing the benefits realisation plans in the project definition and subsequent monitoring by the PMO.

### **Recommendation d**

**The Executive Board monitors very closely the progress of critical projects both through investment cases, the PMO reports as well as through ad-hoc papers it requests. We welcome the recognition that this has led to more timely intervention by the BBC when needed. We agree however there is scope for more discussion on the selection of these projects, and will ensure the composition of the portfolio is reviewed with the Board when appropriate and in any case twice a year as part of the business cycle.**

The BBC will continue to build on the good practice recognised by the report to strengthen its ability to deliver value for money for licence fee payers.





National Audit Office

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British Broadcasting Corporation

# Management of the BBC's critical projects

Report by the Comptroller and Auditor General

This report has been prepared under Clause 79 of the Broadcasting Agreement, as amended, between the Secretary of State for Culture, Media & Sport and the BBC dated July 2006

Sir Amyas Morse KCB  
Comptroller and Auditor General  
National Audit Office

15 April 2016

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This report examines the performance of the BBC's critical projects and the effectiveness of the BBC's oversight following the changes it made to project governance and reporting in 2014.

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The National Audit Office study team consisted of:  
Julie Bouchard, Richard Gauld,  
Claire Hardy, Alex Kaiser,  
David Mannion, Fatima-Zohra Yaagoub,  
under the direction of Peter Gray.

This report can be found on the  
National Audit Office website at  
[www.nao.org.uk](http://www.nao.org.uk)

For further information about the  
National Audit Office please contact:

National Audit Office  
Press Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Tel: 020 7798 7400

Enquiries: [www.nao.org.uk/contact-us](http://www.nao.org.uk/contact-us)

Website: [www.nao.org.uk](http://www.nao.org.uk)

Twitter: @NAOorguk

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## Key facts

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|  |   |   |
|--|---|---|
| <b>8</b>                                       | <b>£885.1m</b>  | <b>£1.9bn</b>   |
| the number of critical projects examined by us | estimated total cost of seven of the eight projects in the portfolio (at February 2016). This estimate excludes one project where contracts have not been let | the BBC's estimate of the total financial benefit, over their expected lifetime, of delivering the eight critical projects examined by us |

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**£3.7 billion** overall funding for the BBC in 2014-15

**6 out of 8** number of critical projects where the BBC had rated successful delivery as 'probable' or 'highly likely' as at February 2016

**1 out of 8** number of critical projects where the BBC had rated successful delivery as 'feasible' as at February 2016

**1 out of 8** number of critical projects where the BBC had rated successful delivery as 'in doubt' as at February 2016. In March 2016, the BBC informed us that it expected the outstanding issues to be resolved quickly.

**66 days** time it took reports on project progress to reach the Executive Board in 2013

**27 days** time it took reports on project progress to reach the Executive Board in 2015

# Summary

**1** The BBC is the UK's main public service broadcaster. It receives public funding from television licence fees, totalling £3.7 billion in 2014-15. In return, the BBC provides a range of public broadcasting services, including nine television channels, ten UK network radio stations, 40 radio stations for nations and regions, 28 international language services and BBC Online.

**2** The media sector in which the BBC operates is changing rapidly because of technological developments, new competition and shifting consumer behaviour. The BBC needs to adapt to these changes and achieve its strategic vision by improving its services, delivering them in new ways and simplifying how it is run. The BBC expects these improvements to enable it to serve audiences better while cutting costs.

**3** Projects and programmes are an important part of the BBC's strategic response to change. The BBC has grouped what it considers to be its most strategically important, complex and high-risk projects into a portfolio of 'critical projects', for enhanced attention by its Executive Board. There is also a larger portfolio of associate projects monitored by the BBC's central project management office. The BBC's list of critical projects changes over time as new projects start and existing ones are completed. The list of critical projects as at March 2015, which formed the focus for this study, is shown at **Figure 1** on pages 6 and 7.

**4** Some of our previous reports on individual BBC projects have highlighted examples of success, such as the BBC's completion of a major project to relocate several departments to Salford. But we have also reported on examples where there have been shortcomings in the BBC's oversight and delivery of projects. The most serious issues were associated with the BBC's Digital Media Initiative project. Weaknesses in oversight of the Digital Media Initiative included the lack of a single point of accountability, weaknesses in the internal assurance arrangements, a lack of clarity over what was to be delivered at each stage, and a lack of clear and timely reporting to the Board on performance. The BBC cancelled this project in May 2013, more than four years after starting it, after concluding that £98.4 million of the £126 million spent on it had been wasted.

**Figure 1**

## The BBC's critical projects

At March 2015, the BBC had eight critical projects<sup>1</sup>

| Project                  | Description   | Cost at February 2016 (£m)                       |
|--------------------------|---|--|
| End-to-End Digital       | <p>This programme is intended to enable digital production, archiving and playout of BBC content to move from videotape to digital. It includes a number of sub-projects comprising a mix of in-house development and procurement from third parties. Major components include:</p> <ul style="list-style-type: none"> <li>• Digital Delivery and Archiving – the service which will receive and archive digital files (previously tape) and enable the BBC to search and retrieve programmes from their complete back catalogue. This part of End-to-End Digital includes elements that were part of the Digital Media Initiative project.</li> <li>• Playout – is a reprourement of a managed service which will deliver programmes to audiences as branded, linear TV channels that are compliant with the BBC's editorial and technical standards.</li> </ul> | <p>39.9<sup>2</sup></p> <p>176.8<sup>2</sup></p> |
| W12                      | This project involves relocating staff from parts of the BBC's estate in West London to other locations, including Manchester and Birmingham, and selling or subletting vacated space.  | 151.4  |
| Wales Broadcasting House | This involves designing and building a new BBC broadcasting and production centre in Cardiff for BBC Wales, co-located with S4C. It aims to improve capability and deliver efficiency savings by reducing space, and providing modern technology in a new purpose-built building with integrated systems.   | 100 <sup>3</sup>                                 |
| Newsroom Computer System | This will replace an existing newsroom system with a new one to maintain quality, keep pace with industry change and improve efficiency. It aims to provide an integrated news management system for preparing scripts and setting the programme running order. It is intended to enable journalists at the scene of stories to upload content, access information and contribute to stories more effectively.  | 105.2 <sup>2</sup>                               |
| MyBBC                    | This project aims to create a set of nine capabilities for use by BBC online services including iPlayer and the BBC news website. It is intended to allow the BBC to collect more accurate data on audiences and provide programmes that reflect their preferences. The project uses an agile methodology.  | 75.2   |
| E20                      | This project will replace the external film set and core infrastructure for EastEnders at BBC Elstree with a new set on the existing site. The existing set was built in 1985 and has passed the end of its useful life. The set is to be replaced because film technology has advanced beyond the set's capability and because of health and safety issues. The BBC plans to enlarge the set to provide new locations.   | Contracts subject to negotiations <sup>4</sup>   |
| Smart                    | The BBC established this project to replace and integrate business systems and software used by finance, procurement, human resources and the BBC Academy to reduce costs and improve processes.  | 55.7 <sup>2</sup>                                |

**Figure 1 continued**

## The BBC's critical projects

| Project      | Description  | Cost at February 2016 (£m) |
|--------------|--|----------------------------|
| Aurora       | This project aims to procure and integrate IT services across the BBC. It is intended to move the BBC from a single-supplier to a multi-supplier model for IT services, coordinated by an in-house service integration and management function.  | 31.9                       |
|              | One of the procurement contracts signed in early 2016 is for the connectivity service, comprising all video, audio, data and telephony circuits available in BBC public services buildings in the UK, circuits to its partners for playout and distribution, and circuits to its overseas bureaux. | 149.0 <sup>2</sup>         |
| <b>Total</b> |  | <b>885.1</b>               |

**Notes**

- 1 A ninth critical project (BBC Store) was being undertaken by a commercial subsidiary of the BBC, which is not funded by the licence fee. We do not have rights of access to examine activities carried out by the BBC's commercial subsidiary that does not use public money, and that project was therefore excluded from our study.
- 2 These figures include operating costs: Digital Delivery and Archiving (6 years); Playout (10 years); Newsroom Computer System (12 years); Smart (5 years); and Aurora connectivity service (10 years).
- 3 The projected cost for Wales Broadcasting House are expected to be in the order of £100 million. Contracts are yet to be let and therefore an exact figure is not yet available.
- 4 Contracts for E20 are subject to commercial negotiations. Due to the limited number of potential suppliers, the cost of the E20 project remains commercially sensitive.

Source: National Audit Office review of BBC project documentation

**5** In response to the failure of its Digital Media Initiative project the BBC took steps to overhaul its reporting and oversight arrangements for critical projects. It reported in June 2014 that it had introduced simpler and stronger corporate governance arrangements for projects. In its response to the Committee of Public Accounts' report on the Digital Media Initiative, the BBC confirmed that all critical projects had been allocated a single point of accountability. This individual was to be equivalent to the senior responsible owner in government departments. The BBC defines the sponsor as "the individual for whom the project is undertaken and who is accountable for its benefits and outcomes", in its internal guidance.

### Scope and approach

**6** This report examines the performance of the BBC's critical projects and the effectiveness of the BBC's oversight following the changes it made to project governance and reporting in 2014. We examine:

- the performance of the BBC's portfolio of critical projects, as reported to the Executive Board and the BBC Trust (Part One); and
- what the BBC does to check that performance information on its critical projects is accurate, clear and up-to-date, and that the projects are on course to deliver planned benefits to time and cost (Part Two).

## Key findings

### Project delivery

**7 The BBC's performance reporting to its Executive Board and the BBC Trust indicates that by February 2016 it rated delivery of six of the eight critical projects to be 'probable' or 'highly likely'.** The BBC rated successful delivery to be feasible for one project (Aurora), and 'in doubt' for another (MyBBC). In March 2016 the BBC informed us that it expected the outstanding issues on MyBBC to be resolved. The BBC rated achievement of planned outcomes as 'probable' or 'highly likely' for seven projects and 'feasible' for one (E20) (Figure 4).

**8 The BBC has been optimistic about timetables for completing projects when approving business plans.** Five of the eight projects in the portfolio have been delayed compared with the timetable approved in the outline business plan, which suggests optimism bias at the business plan stage. One project has been delivered early. Where delays have occurred, delays have tended to happen during the early stages of projects. In one delayed case, delaying the procurement, based on BBC estimates, has led to an increase in expected benefits. Overall, the BBC has sought to remain within approved budgets by re-examining planned costs and its approach to delivery. In only one case (Smart, which aimed to replace and integrate systems used for finance, procurement, human resources and training) were delays associated with significant cost increases, from £39 million to £55.7 million, during implementation. In this case forecast benefits increased by £12.4 million (Figure 8).

### Project oversight

**9 The BBC has strengthened its oversight arrangements for critical projects in response to the lessons learned following the failure of the Digital Media Initiative.** The BBC has increased the remit and capability of its central project management office, which now provides guidance, support and assurance for projects and challenges the information supplied by critical project teams. It has increased the frequency of reporting on project performance to the Executive Board from quarterly to monthly. It has also reduced the time taken to get performance information to the Board, from 66 days on average between January 2010 and March 2013 to 27 days between October 2014 and September 2015. Increasing the frequency of reporting and reducing the time taken to produce reports has helped the Executive Board to recognise and respond to problems more quickly than before (paragraphs 2.12 to 2.14).



**10 The assurance arrangements have worked well where projects have been clearly defined, but there remain some weaknesses in defining responsibilities and expected benefits.** Six of the projects we examined had a clear scope, defined benefits, and it was clear from the documentation who was accountable for delivery. For the most part, the assurance arrangements were effective in challenging potential weak points in those projects. For MyBBC, responsibilities and expected benefits were less clearly defined early in the project, and for End-to-End Digital, project documentation was not clear on the extent to which accountability for the programme included accountability for the delivery of significant components of the programme, including their expected benefits (paragraphs 2.15 to 2.17).

### **MyBBC**

- **Project documentation for MyBBC did not delineate sufficiently between the responsibilities held by senior people within the project.** Project documentation, including monthly reports to the Executive Board, named the 'business sponsor' as the single point of accountability. BBC guidance normally regards the 'executive sponsor', a different person, as the single point of accountability. In this instance, the evidence suggests that the executive sponsor had chaired the MyBBC steering group meetings. However, in the investment case the BBC named the 'business sponsor' as the single point of accountability, whereas the accompanying summary document named the 'executive sponsor' as the single point of accountability. In August 2015 the BBC clarified senior responsibilities and published an assurance plan, which clearly defined senior project roles.
- **The BBC set targets for MyBBC in terms of numbers of registered users but did not create a plan to measure benefits until late in the project.** MyBBC is an 'agile' project that was designed to define benefits as the project progressed, but two years into the project it still was not clear what the BBC expected MyBBC to achieve overall. In January 2016 the BBC produced a paper that showed how it was tracking and measuring benefits. The BBC informed us that it hoped to have the full benefits plan signed off by the Executive Board in April 2016. So far the MyBBC project has delivered new capabilities, including the ability for users to sign in when accessing services via digital devices and the ability to make recommendations to these users tailored to individual preferences on iPlayer, news and sport.

### **End-to-End Digital**

- **The BBC designated a single person, at Executive Board level, as accountable for delivery of End-to-End Digital, but it was not clear from the documentation what this accountability encompassed.** End-to-End Digital is, in effect, a portfolio of project activities. However, project documentation was not clear on the extent to which accountability for the programme included accountability for the delivery of significant components of the programme, including their expected benefits. The project included a re-procurement of the BBC's Playout technology which the BBC expects will result in savings of £42.8 million compared to the cost of the previous contract, which involved a videotape-based process. The lack of clear documentation covering the scope of accountability for this project does not seem to have undermined the procurement process in this instance; however, such a weakness repeated on other projects could create risks for successful delivery.

### **Strategic outcomes**

**11 There is scope for the BBC to focus greater attention on how far the portfolio as a whole supports progress towards delivering the BBC vision.** The BBC's critical project portfolio has helped focus the attention of the Executive Board on vital projects. However, the Board needs a greater top-down focus on how the projects as a portfolio are performing against delivering the BBC vision. In particular (paragraphs 2.21 to 2.25):

- **Board review of the critical project portfolio:** The Executive Board, as a group, does not routinely review the composition of the critical project portfolio. The BBC expects the critical projects portfolio to support corporate decision-making by enabling the Executive Board to prioritise proposals and monitor performance collectively. The BBC informed us that the Managing Director of Finance and Operations reviewed the composition of the portfolio on behalf of the Executive Board. But the evidence we collected suggests there is scope for board members to take a more active role in reviewing which projects are the most critical to achieving the BBC's strategy, and therefore should be included in the critical projects portfolio.
- **Delivering benefits:** While the BBC has managed interdependencies between projects in terms of their potential to impact on delivery timetables, it has paid less attention to whether the portfolio as a whole will deliver those benefits crucial to the delivery of the overall BBC vision. The technological changes being implemented by the BBC are intended to enable it to become a more integrated business. As part of its vision, for example, the BBC is aiming to work more closely with other organisations, and to make more use of locally generated and user-generated content. As a result, projects will increasingly need to provide infrastructure that is integrated and supports delivery of the overall BBC vision. There is scope for the Executive Board to increase its focus on how the BBC projects work together to achieve strategic goals.

## Conclusion on value for money

**12** The BBC has strengthened oversight of its critical projects following the serious shortcomings that we identified in the oversight and delivery of its Digital Media Initiative project. It now reports more frequently on project performance to the Executive Board and has reduced the time taken to prepare reports. For the six projects that had clear milestones and quantified benefits, improved reporting and oversight have helped bring issues to the Board's attention more quickly than before and supported timelier decisions about whether to change or delay projects.

**13** While progress has been made, further concerted action is needed. The BBC's assurance arrangements cannot give confidence that projects will achieve value for money if performance and expected benefits are not defined and reported clearly from the start. The BBC needs to do more to manage its critical projects as a coherent portfolio. This will be crucial if the BBC is to achieve value for money from its assurance arrangements.

## Recommendations

- a** **The BBC should ensure that it is consistent in how it describes project responsibilities.** In one case there was potential for confusion around the roles of various sponsors. In a second case the scope of the executive sponsor's responsibility was unclear in the project documentation. This was not helped by inconsistent use of terminology to describe the various roles.
- b** **The BBC should ensure that reporting on critical project performance to the Executive Board and the Trust is always clear and comprehensive.** We found that reporting to the Executive Board was unclear in two instances about progress against plans, about what more needed to be done and the link between what the projects were delivering and how much had been spent on them.
- c** **The BBC should prepare benefits realisation plans for all of its critical projects at an early stage and monitor progress against them.** We have previously emphasised the importance of projects setting out the intended benefits at the outset and developing benefits realisation plans as projects progress. For projects where the desired outcome and outputs may be difficult to specify at the outset, the assurance arrangements should be sufficiently robust to ensure intended outputs and outcomes are defined sufficiently quickly.
- d** **The Executive Board should discuss the composition of the critical projects portfolio routinely and collectively.** We consider that there is scope for all members of the Executive Board, including non-executives, to take a more active role in deciding which projects are included in the portfolio.

# Part One

## Background

**1.1** The BBC is carrying out a series of projects to help achieve its vision to serve audiences better and improve the way it works. In this report we focus on the BBC's 'critical projects'. These are projects assessed by the BBC as the most strategically important, complex and high-risk.

**1.2** This Part covers:

- the BBC's role, organisation and funding;
- the role of critical projects; and
- our previous reports on BBC projects.

### **The BBC's role, organisation and funding**

**1.3** The BBC is a public corporation that operates under a fixed-term royal charter. The charter sets out the BBC's public purposes and duties. The current 10-year charter, which expires in December 2016, places a duty on the BBC to promote six public purposes (**Figure 2**). The BBC promotes these through services that include nine television channels, ten UK network radio stations, 40 stations for UK nations and regions, 28 international language services and the BBC iPlayer. It provides its services alongside private sector companies in fast-moving and highly competitive markets.

**1.4** The BBC is overseen by the BBC Trust. The Trust is responsible for setting the BBC's overall strategic direction. It is also responsible for holding the BBC's Executive Board to account for fulfilling the BBC's public purposes and providing value for money. The Executive Board, chaired by the BBC's Director General, is responsible for providing services in line with priorities set by the BBC Trust, and for the operational and financial management of the BBC. Individual BBC divisions manage specific services, functions and geographical areas.

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## Figure 2

### The BBC's public purposes

The BBC's royal charter requires the BBC to promote six public purposes:<sup>1</sup>

- Sustaining citizenship and civil society.
- Promoting education and learning.
- Stimulating creativity and cultural excellence.
- Representing the UK, its nations, regions and communities.
- Bringing the UK to the world and the world to the UK.
- In promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television.

#### Note

1 These public purposes were, at the time of this report, being re-assessed as part of the review of the BBC's charter.

Source: The BBC's royal charter

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**1.5** The BBC is funded mainly by income from television licence fees. In 2014-15 this totalled £3.7 billion. Some licence fee income is used to fund activities other than the BBC's core public broadcasting services, such as the roll-out of rural broadband and local television. The BBC also generates income from commercial activities. These are carried out mainly by its wholly owned commercial subsidiary BBC Worldwide Limited. BBC Worldwide returned £226.5 million to fund public service broadcasting in 2014-15.

## The role of critical projects

**1.6** In September 2015 the BBC's Director General outlined the BBC's strategic vision for the next charter period. The three main elements are to make the BBC more open, allow it to thrive in an internet age and to create a leaner and simpler organisation:

- **Make the BBC more open:** The BBC plans to enter new partnerships with cultural and educational institutions to curate and showcase UK output. The BBC also wants to make more use of user-generated content and work with local newspapers to provide comprehensive news services across the UK.
- **Allow the BBC to thrive in an internet age:** Linked to its plans to make the BBC more open, the BBC intends to show original content from other UK broadcasters on its iPlayer service. It also plans to launch a new video-on-demand service for children. Core to its vision is offering personalised services for its online audiences that meet their individual needs.
- **Create a leaner and simpler organisation:** The BBC intends to make further efficiency savings and prioritise its resources and services in the face of new financial pressures.

**1.7** The BBC has several hundred projects and other activities that together aim to help it respond to the changing environment and achieve its strategic vision. It has grouped its most strategically important, complex and high-risk projects into a portfolio of associate projects, and a portfolio of 'critical projects'. The portfolio of critical projects are those designated for additional executive oversight, and are the focus of this study.

**1.8** The BBC's list of critical projects changes over time as new projects start and existing ones are completed. We used the list of eight critical projects that the BBC had at March 2015 (**Figure 3** on pages 15 and 16).<sup>1</sup> The projects are designed to:

- develop new ways of providing services that serve the BBC's audiences better;
- replace outdated technology and business processes with modern, integrated systems that serve content-producing areas and corporate functions better;
- modernise the BBC's estate so that it is fit-for-purpose, supports new ways of working and meets audience needs better, while disposing of surplus space; and
- improve the way the BBC contracts for services to provide greater flexibility and value for money.

**1.9** BBC reporting shows that the forecast cost of seven of the eight critical projects that we examined was £885.1 million at the end of February 2016.<sup>2</sup> Appendix Three provides further information on the BBC's estimates of the costs and benefits of each project.

## **Our previous coverage of BBC projects**

**1.10** The BBC has had some success in delivering major projects in the past. In April 2013 we reported that it had successfully completed the complex challenge of relocating some of its vital services to Salford without disrupting them.<sup>3</sup> We found that it had made good progress in setting out the benefits it expected to achieve. Factors contributing to this success included focusing on efficiency so that the project could get the most out of the BBC's resources, setting clearly defined targets, and being quick to adapt to changing needs.

1 A ninth critical project (BBC Store) was being undertaken by a commercial subsidiary of the BBC. We do not have rights of access to examine activities carried out by the BBC's commercial subsidiaries, and that project was therefore excluded from our study.

2 These figures include operating costs: Digital Delivery and Archiving (6 years); Payout (10 years); Newsrooms Computer System (12 years); Smart (5 years); and Aurora connectivity contract (10 years).

3 Comptroller and Auditor General, *The BBC's move to Salford*, National Audit Office, May 2013.

**Figure 3**

## The BBC's critical projects

At March 2015, the BBC had eight critical projects<sup>1</sup>

| Project                  | Description   | Start date     | Target or actual completion date  | Cost as at February 2016 (£m)                    |
|--------------------------|---|----------------|---|--|
| End-to-End Digital       | <p>This programme is intended to enable digital production, archiving and playout of BBC content to move from videotape to digital. It includes a number of sub-projects comprising a mix of in-house development and procurement from third parties. Major components include:</p> <ul style="list-style-type: none"> <li>● Digital Delivery and Archiving – the service which will receive and archive digital files (previously tape) and enable the BBC to search and retrieve programmes from their complete back catalogue. This part of End-to-End Digital includes elements that were part of the Digital Media Initiative project.</li> <li>● Playout – is a re-procurement of a managed service which delivers programmes to audiences as branded, linear TV channels that are compliant with the BBC's editorial and technical standards.</li> </ul> | May 2013       | <p>October 2016 (started receiving digital files in October 2014)</p> <p>April 2017</p> | <p>39.9<sup>2</sup></p> <p>176.8<sup>2</sup></p> |
| W12                      | This project involves relocating staff from parts of the BBC's estate in West London to other locations, including Manchester and Birmingham, and selling or subletting vacated space.  | April 2012     | January 2016  | 151.4  |
| Wales Broadcasting House | This involves designing and building a new BBC broadcasting and production centre in Cardiff for BBC Wales, co-located with S4C. It aims to improve capability and deliver efficiency savings by reducing space, providing modern technology in a new purpose-built building with integrated systems.   | May 2014       | November 2019   | 100 <sup>3</sup>                                 |
| Newsroom Computer System | This will replace an existing newsroom system with a new one to maintain quality, keep pace with industry change and improve efficiency. It aims to provide an integrated news management system for preparing scripts and setting the programme running order. It is intended to enable journalists at the scene of stories to upload content, access information and contribute to stories more effectively.  | September 2013 | February 2019   | 105.2 <sup>2</sup>                               |
| MyBBC                    | This project aims to create a set of nine capabilities for use by BBC online services including iPlayer and the BBC news website. It is intended to allow the BBC to collect more accurate data on audiences and provide programmes that reflect their preferences. The project uses an agile methodology.  | June 2013      | March 2017  | 75.2   |

**Figure 3** *continued*

## The BBC's critical projects

| Project      | Description   | Start date    | Target or actual completion date | Cost as at February 2016 (£m)                  |
|--------------|---|---------------|----------------------------------|--|
| E20          | This project will replace the external film set and core infrastructure for EastEnders at BBC Elstree with a new set on the existing site. The existing set was built in 1985 and has passed the end of its useful life. The set is to be replaced because film technology has advanced beyond the set's capability and because of health and safety issues. The BBC plans to enlarge the set to provide new locations. | December 2013 | October 2020                     | Contracts subject to negotiations <sup>4</sup> |
| Smart        | The BBC established this project to replace and integrate business systems and software used by finance, procurement, human resources and the BBC Academy to reduce costs and improve processes.  | July 2012     | October 2016                     | 55.7 <sup>2</sup>                              |
| Aurora       | This project aims to procure and integrate IT services across the BBC. It is intended to move the BBC from a single-supplier to a multi-supplier model for IT services, coordinated by an in-house service integration and management function.   | July 2012     | April 2017                       | 31.9   |
|              | One of the procurement contracts already signed is for the connectivity service, comprising all video, audio, data and telephony circuits available in BBC public service buildings in the UK, circuits to its partners for playout and distribution, and circuits to our overseas bureaux.   |               |                                  | 149.0 <sup>2</sup>                             |
| <b>Total</b> |   |               |                                  | <b>885.1</b>                                   |

**Notes**

- 1 A ninth critical project (BBC Store) was being undertaken by a commercial subsidiary of the BBC, which is not funded by the licence fee. We do not have rights of access to examine activities carried out by the BBC's commercial subsidiary that does not use public money, and that project was therefore excluded from our study.
- 2 These figures include operating costs: Digital Delivery and Archiving (6 years); Playout (10 years); Newsroom Computer System (12 years); Smart (5 years); and Aurora (connectivity service) (10 years).
- 3 The projected cost for Wales Broadcasting House are expected to be in the order of £100 million. Contracts are yet to be let and therefore an exact figure is not yet available.
- 4 Contracts for E20 are subject to commercial negotiations. Due to the limited number of potential suppliers, the cost of the E20 project remains commercially sensitive.

Source: National Audit Office review of BBC project documentation



**1.11** The BBC's Digital Media Initiative, in contrast, exhibited weaknesses in project management. In January 2014 our memorandum on the BBC's management of the Digital Media Initiative, a technology-enabled transformation project, identified failings in project delivery.<sup>4</sup> This project had aimed to allow BBC staff and partners to develop, create, share and manage video and audio content and programming on their desktops. The BBC's Executive Board had approved the final investment case for the project in April 2010. The Board cancelled it just over three years later, in May 2013, after concluding that £98.4 million of the £126 million the BBC had spent on it had been wasted. Our report concluded that a number of weaknesses had contributed to this failure:

- The BBC had not appointed a senior responsible owner to act as a single point of accountability and had not coordinated the different parts of the project.
- Confusion about what each stage of the project would deliver made it difficult to track what progress had been made and what more still needed to be done to complete the project.
- Reporting arrangements were not fit for purpose. The BBC did not provide timely or clear reporting to the Executive Board or the BBC Trust on progress against plans, the cost of completing the project or the benefits.
- The Executive Board did not scrutinise the project sufficiently. For more than a year, the project was not subject to any audit or assurance reporting beyond reports prepared by the BBC's project management office. The Executive Board did not recognise the severity of the issues in the reports that it received.
- The BBC did not revisit the business case, despite significant changes to the project's timetable and projected benefits.

**1.12** In the next part, we examine how far the BBC's approach to managing its critical projects portfolio has addressed the lessons from past projects. We also consider whether the BBC uses the critical projects portfolio to help it monitor progress towards achieving its strategic vision.

<sup>4</sup> Comptroller and Auditor General, *Memorandum on the BBC's Digital Media Initiative*, January 2014.

## Part Two

### Performance and assurance for critical projects

2.1 This Part examines:

- the reported performance of the BBC's critical projects portfolio;
- the action the BBC has taken to strengthen its assurance arrangements for critical projects following the cancellation of the Digital Media Initiative;
- the extent to which performance reported to the BBC Executive and BBC Trust presents a transparent and consistent picture of performance; and
- the extent to which the critical projects portfolio is being used to track progress towards the BBC's strategic vision.<sup>5</sup>

#### Performance of critical projects

2.2 The BBC has rated its overall confidence in delivering each project. It applies a 'red' rating when delivery appears unachievable, and 'red-amber' when delivery is in doubt. It uses 'amber' for projects that have significant but resolvable issues. The BBC rates projects as 'amber-green' or 'green' where it considers successful delivery to be probable or highly likely.

2.3 The BBC's ratings show that in February 2016 it rated delivery of six of the eight projects to be 'probable' or 'highly likely'. Delivery for one project (Aurora) was rated 'feasible' and one project (MyBBC) was 'in doubt' (**Figure 4**). The delivery rating for MyBBC was amber-red in February 2016 due to action needed on the benefits realisation plan, the target operating model, and data privacy and security. The rating report noted that the delivery of the audience-facing features and increased numbers of users were encouraging, and that given strong progress on benefits and user recruitment, delivery confidence was likely to improve. In March 2016 the BBC informed us that it expected the outstanding issues for MyBBC to be resolved quickly. The BBC separately rated its confidence in achieving planned benefits for each project. It rated benefits for seven of the eight projects as 'probable' or 'highly likely' to be delivered successfully, and 'feasible' for one (E20) (Figure 4).

5 Appendix Four provides individual assessments for each project of performance, reporting and assurance arrangements.

**Figure 4**

The BBC's confidence in completing its projects and achieving their benefits:

By February 2016 the BBC rated delivery on six of the eight projects to be 'probable' or 'highly likely', with issues to be resolved on the remaining two

| Critical projects               | Confidence in delivery, February 2016 | Confidence in benefits, February 2016 |
|---------------------------------|---------------------------------------|---------------------------------------|
| MyBBC                           |                                       |                                       |
| Aurora                          |                                       |                                       |
| E20                             |                                       |                                       |
| W12                             |                                       |                                       |
| Newsroom Computer System        |                                       |                                       |
| Smart <sup>1</sup>              |                                       |                                       |
| Wales Broadcasting House        |                                       |                                       |
| End-to-End Digital <sup>2</sup> |                                       |                                       |

The BBC defines its ratings as follows:

- Successful delivery outcomes appear to be unachievable.** There are major issues which at this stage do not appear to be manageable or resolvable. Re-baselining or overall viability to be re-assessed, or both.
- Successful delivery is in doubt** with major risks or issues apparent in a number of vital areas. Urgent action is needed to address these issues.
- Successful delivery appears feasible** but significant issues already exist requiring management attention. These appear resolvable if addressed promptly.
- Successful delivery appears probable.** Constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
- Success appears highly likely** and there are no major outstanding issues at this stage that appear to significantly threaten delivery.

**Notes**

- 1 The rating shown for Smart relates to April 2015. The Smart project was closed after this date and part of the project was moved into a new project, the HR Transformation project. The other part of Smart became the Finance and Procurement project, which was delivered in January 2015. At January 2016 the HR Transformation was rated amber.
- 2 The delivery rating shown for End-to-End Digital relates to March 2015. End-to-End Digital was closed in April 2015 and constituent parts of the project were transferred into BBC divisions. The rating for realising the benefits of the End-to-End Digital project was recorded in April 2015 as green.

Source: BBC

## Strengthening project assurance

**2.4** Recent projects have been subject to new project assurance arrangements in the wake of the cancellation of the Digital Media Initiative. The changes announced included:

- from December 2013 critical projects started reporting more often to the Executive Board. As the principal decision-making body, the Executive Board has overall responsibility for overseeing the delivery of critical projects. The BBC Trust receives quarterly reports on the performance of critical projects;
- from October 2013 the BBC introduced a requirement that all critical projects should have a single point of accountability; and
- from December 2013 the BBC introduced a requirement that all critical projects should have an integrated approvals and assurance plan. These plans show when approvals and reviews will take place during the project's lifecycle.

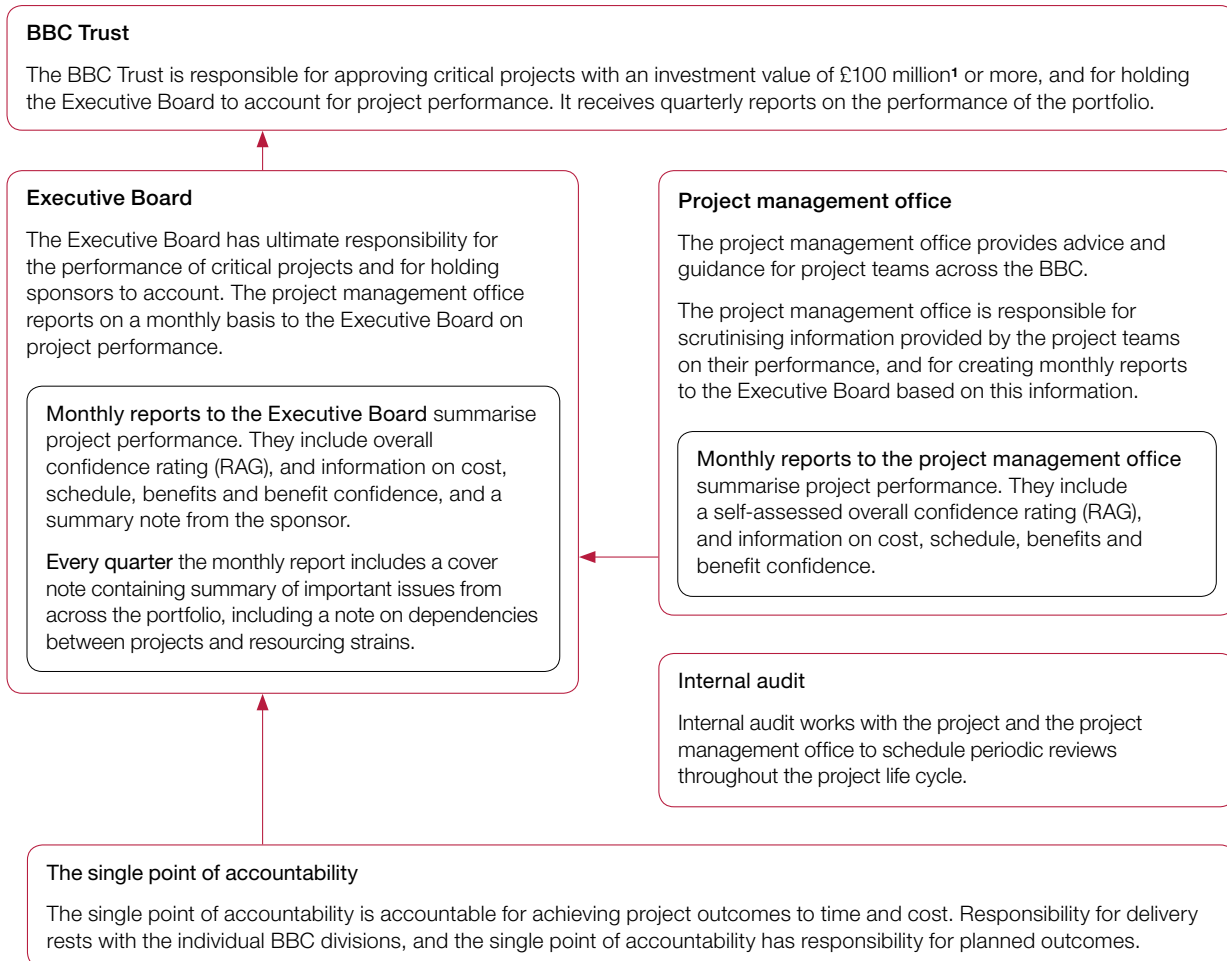
**2.5** In addition, the BBC strengthened its project management office's role in scrutinising and assuring projects. The project management office has nine staff with experience of project delivery and training in project management methodologies. It is responsible for managing the BBC's critical projects portfolio, helping teams to deliver their projects, checking that projects are being managed well and building project management capability within the BBC. Since the end of 2013, the project management office has reviewed and challenged information on performance from project teams before it is submitted to the Executive Board and the BBC Trust. **Figure 5** summarises roles and responsibilities within the BBC for the oversight and delivery of critical projects.

### Timeliness

**2.6** Our examination indicated that the BBC has increased the frequency and timeliness of reporting to the Executive Board. The Executive Board now receives reports on the performance of critical projects monthly, rather than quarterly as before. The BBC has also reduced the time taken to get performance information to the Executive Board. Our report on the Digital Media Initiative found that between January 2010 and March 2013 the Executive Board received critical project reports, on average, 66 days after the end of the period covered by the reports. More recently, in the period October 2014 to September 2015, this had fallen to 27 days. **Figure 6** on page 22 illustrates recent reporting trends.

**2.7** We identified examples where the Executive Board had used these reports to respond quickly to emerging problems, such as on the project to replace outdated ICT and business systems for finance, procurement, training and human resources. For example, in August 2014 the steering group for this project identified that technical problems had put at risk plans to launch new systems for finance, procurement, human resources and training. The Executive Board received a report the following month. As a result, the Executive Board revisited the business case for the project and approved a proposal to delay part of it. This is an improvement on reporting weaknesses identified previously on the Digital Media Initiative. Our 2014 report found that problems on the Digital Media Initiative were not reported for six months at a critical point in the project.

**Figure 5**  
Reporting, assurance and scrutiny arrangements for critical projects



**Note**

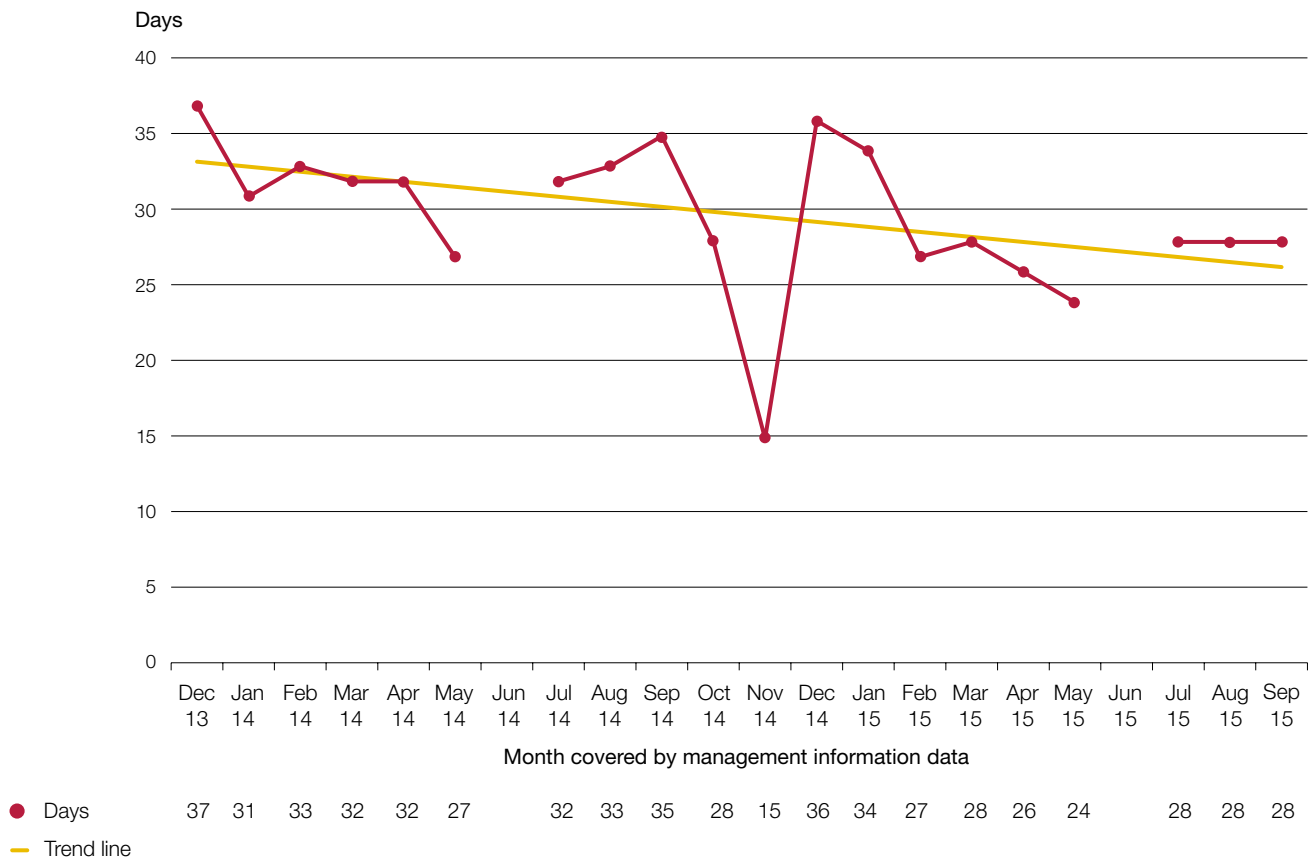
<sup>1</sup> This excludes investment in content or sports rights. The threshold is £150 million for renewals or re-tenders of existing contracts.

Source: National Audit Office analysis of BBC documents

**Figure 6**

The time in days between the end of the month covered by project information and the report to the Executive Board

The number of days between the dates covered by management information and that information being formally reported to the executive board



**Note**

1 There were no Executive Board meetings in August 2014 and August 2015. Management information was produced in June 2014 and June 2015 but not formally reviewed by the Executive Board.

Source: National Audit Office analysis of BBC reporting

## Transparency of reporting

**2.8** We examined whether routine reporting to the Executive Board and the BBC Trust gave a clear and consistent view of project performance. We would expect reports to reflect agreed budgets and milestones, provide a clear picture of any changes in performance from month to month, and be consistent with underlying data.

**2.9** Monthly reporting to the Executive Board and quarterly reporting to the BBC Trust on critical projects includes information about schedules, costs and benefits. In all but one case, reporting to the Executive Board and the BBC Trust provided a clear statement of the approved budget and the BBC's latest estimate of the cost of completing each project. However, in one case, monthly reporting on the total estimated cost was incomplete because the costs reported to the Executive Board only covered one component of the ongoing work, not the cost of all ongoing activity (**Figure 7** on pages 24 and 25).

**2.10** Reporting to the Executive Board and the BBC Trust generally gave a clear account of delays against the most recently approved schedules. As **Figure 8** on page 26 shows, five of the eight projects had experienced delays, and one project delivered early. In the case of the End-to-End Digital project and the MyBBC project, the BBC reported changes to individual milestones by exception, and did not clearly show the impact of changes on final milestones or project costs.

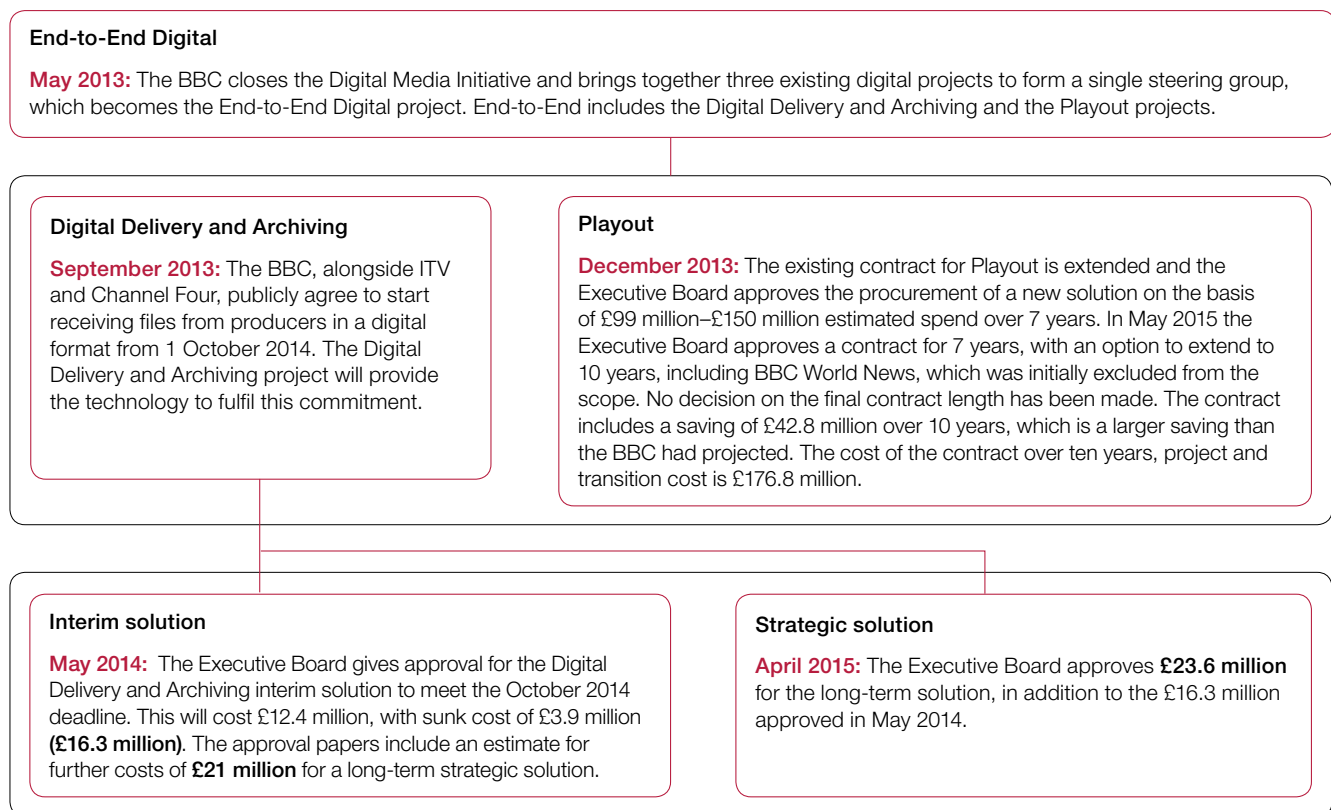
**2.11** The main impact of delays has been to delay the realisation of benefits. In only one case (Smart, which aimed to replace and integrate systems used for finance, procurement, human resources and training) did costs increase significantly, from £39 million to £55.7 million, as a result of delays during the implementation phase. In April 2015 the BBC reported that it expected to achieve financial benefits of £49.9 million across the whole project, compared with the £37.5 million it expected in the May 2013 business case. In the case of one project (Aurora) the BBC expects to deliver increased benefits as a result of changing its delivery approach, which included moving the completion date back.

**Figure 7**

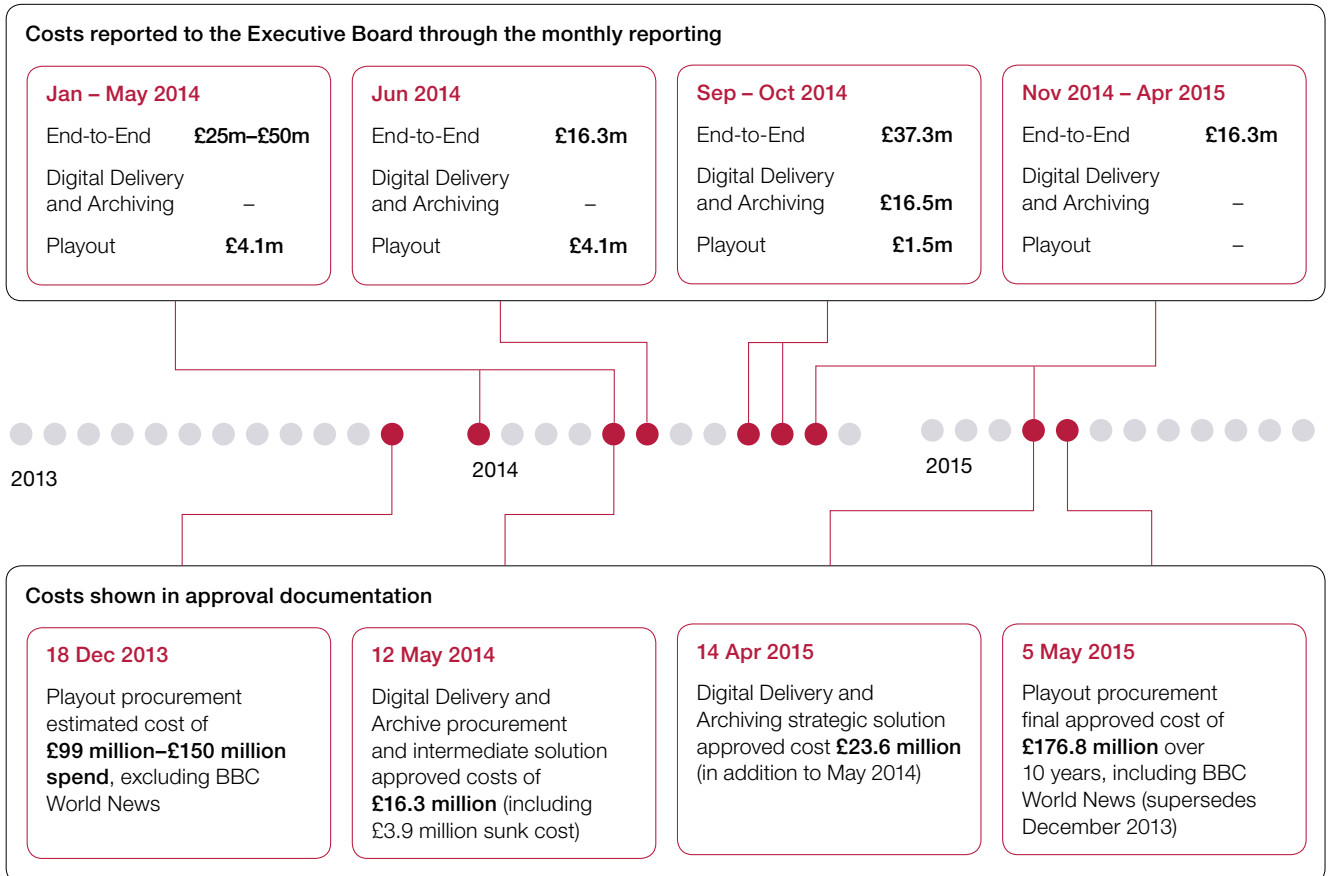
## Case example: the End-to-End Digital project

The BBC set this project up in 2013 to bring together ongoing digitisation projects and to pick up some unfinished work from the Digital Media Initiative. It brought together several existing projects, each of which went through a separate approval process. There was no overall approval process for the time, cost or benefits for the programme as a whole. Since November 2014 the BBC has tracked spend in monthly reporting to the Executive Board against a total budget of £16.3 million. This was the funding that the Board had approved at that point for the first phase of one component of the project (Digital Delivery and Archiving). This did not include any reporting on costs for other components of the project. Prior to November 2014 the BBC had reported some costs for the Payout component separately, but had presented the cost of Digital Delivery and Archiving as if it were a total cost for the End-to-End Digital project.

Until October 2014 the monthly reports showed progress towards delivering the interim system but not the strategic solution. The reports did not show that the forecast completion dates for the strategic solutions were delayed. The business case for another main component of the project (Payout) stated April 2017 as the completion date. Monthly reporting did not show progress towards this target.





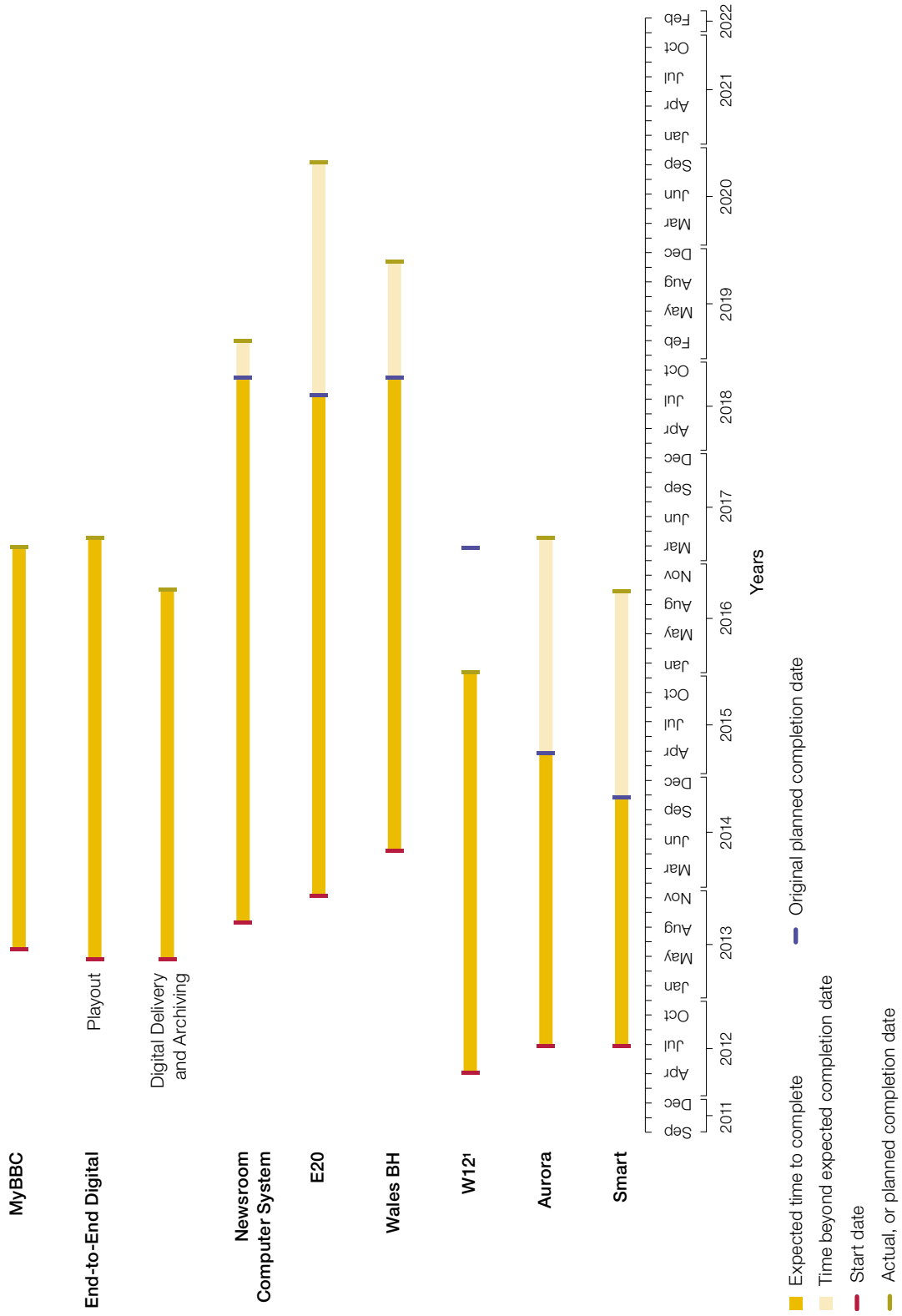


**Note**

1 The final cost of Playout (£176.8 million) includes the cost of covering BBC World News, and includes funding for ten years. The estimated cost (£99 million–£150 million) excluded BBC World News, and only included funding for seven years.

Source: National Audit Office review of BBC documents

**Figure 8**  
Planned and actual project schedules



**Note**

1 W12 completed earlier than expected.

Source: National Audit Office analysis of BBC data

## Assurance

**2.12** We would expect the BBC to get independent assurance at key stages in the project life cycle that the elements required for successful delivery are in place and operating effectively. Obtaining an independent and informed view helps to reduce the chances of failure, promote the conditions for success and increase the likelihood that the project will achieve its intended outcomes cost-effectively.

**2.13** The BBC announced the following changes in 2013 to strengthen its assurance framework for critical projects:

- **Integrated assurance and approvals plans**

In 2013 the BBC introduced a mandatory requirement for all critical projects to have an integrated approval and assurance plan. These plans are designed to show the points in the project life cycle when the project team will need to seek approval to proceed to the next stage. They also show the assurance activities that the team plans to carry out, the resources that will be needed and the purpose and expected outcomes of the assurance. The BBC's internal guidance for project teams states that independent assurance is provided by the central project management office, internal audit or third parties.

- **Single point of accountability**

The BBC announced a requirement in March 2014 for all critical projects to have a single point of accountability, responsible for delivering the project and for ensuring it achieves the planned benefits and outcomes. The single point of accountability chairs the project steering group.

- **Assessing whether projects are likely to succeed**

In October 2013 the BBC gave its project management office a direct role in reviewing project performance and assessing the likelihood of successful delivery. The project management office holds monthly challenge meetings with project teams and reviews their assessments of delivery confidence. The Executive Board and the BBC Trust assess delivery confidence at key stages of the project life cycle as part of reviewing and approving business cases. Internal audit or third parties can provide a further source of assurance.

## Integrated assurance and approval plans

**2.14** All eight projects we examined had integrated assurance and approval plans. BBC internal audit reported in March 2015 that the BBC's approach to integrated assurance and approvals plans was 'satisfactory'. It found that the assurance process was largely successful and that project teams had a reasonable understanding of the importance of assurance activities. However, it also found that:

- several plans included assurance activities as 'placeholders' without a clear assessment of the scope or purpose or a clear connection to project activities for imminent assurance activities;
- the BBC's approach to reviewing and endorsing plans across the portfolio was inconsistent. For example, some project teams circulated their draft plans to the project management office and internal audit for feedback. Others applied more limited quality assurance; and
- project staff did not have a shared understanding of the process for creating plans or how these integrated with business case proposals.

## Single points of accountability

**2.15** Our review of the Digital Media Initiative project found that, because the project did not have a senior responsible owner, differences between the project team and the intended users of the new system were not resolved. Project staff and the project management office should know who is ultimately accountable for the project. This is important for clear decision-making, and ensuring that problems (when they arise) are raised with the right people, and reduces the risk of the BBC repeating the mistakes that led to the failure of the Digital Media Initiative. It should also be clear who is ultimately accountable for delivery from the integrated assurance and approvals plan, and all main approval documents, for the purpose of providing internal and external assurance.

**2.16** In March 2014 the BBC introduced new internal guidance on project sponsorship. The guidance states that the sponsor, who is also the chair of the project steering group, is the single point of accountability for ensuring that the project achieves its agreed benefits and outcomes. The projects we have examined have used a number of terms to designate sponsorship, including 'project sponsor', 'business sponsor' or 'programme sponsor', and, where the sponsor is a member of the Executive Board, 'executive sponsor'.

**2.17** The guidance required that all critical projects have a single point of accountability, and in most cases it was clear from our review of project documentation who the project's single point of accountability was. However, in two cases, this was less clear from the project documentation.

### **MyBBC**

Project documentation for MyBBC did not delineate sufficiently between the responsibilities held by senior people within the project. Several project documents named the 'business sponsor' as the single point of accountability, although the BBC informed us that the 'executive sponsor' was the single point of accountability, and provided us with evidence that suggested the 'executive sponsor' had chaired the project steering group:

- the investment case for the project named the 'executive sponsor' as single point of accountability in the summary and the 'business sponsor' as single point of accountability in the main document;
- monthly reports to the Executive Board, which are intended for the board to provide assurance on project progress, identify the 'business sponsor' as the single point of accountability; and
- early integrated assurance plans, which were introduced to provide clarity on assurance arrangements and should state the main responsibilities for the project, name the 'business sponsor' but did not mention the 'executive sponsor' at all.

In August 2015 the BBC clarified responsibilities. The BBC produced an updated integrated assurance and approvals plan, which demonstrated the split of responsibility between the 'executive sponsor' (and single point of accountability) and the 'business sponsor' (reporting to the executive sponsor).

### **End-to-End Digital**

End-to-End Digital brings together a number of component IT projects (shown in Figure 7) with the intention of managing dependencies and integration. The components of End-to-End Digital went through separate assurance processes. The BBC designated a single person, at Executive Board level, as accountable for delivery of End-to-End Digital, but it was not clear from the documentation what the project encompassed and therefore what this accountability encompassed.

Once the major procurement activities on the project were completed in April 2015, the BBC took the project off the critical project list and transferred senior responsibilities for each component project to relevant teams across the organisation. The project included the *Playout* re-procurement, which is projected to secure £42.8 million in savings over ten years, compared with the previous contract for a tape-based service.

## Assessing the likelihood of successful delivery

**2.18** Stakeholders need to know whether projects are likely to be completed as planned and achieve planned outcomes. Since October 2013 the BBC's project management office has helped to achieve this by assessing each project on whether it will be delivered successfully (the delivery confidence assessment). To make these assessments, the project management office uses written reports from project teams, monthly challenge meetings and what was agreed in the most recently approved business cases.

**2.19** The project management office upgraded its delivery confidence assessment for six of the projects we examined during the 12 months to September 2015. This indicates that risks to delivery were being managed actively. However, sometimes the BBC improved delivery confidence by adjusting the project scope. For example, confidence in delivering Smart improved from 'red' (successful delivery appears unachievable) to 'amber-green' (successful delivery appears probable) in March 2015, after the Executive Board approved proposals to reduce the project's scope and delay the target completion date by more than two years.

**2.20** Since October 2014 the project management office has given the Executive Board a separate assessment of whether planned benefits are likely to be achieved (its 'benefits confidence' assessment). In our 2010 report on the BBC's management of three major estates projects, we recommended that the BBC should produce detailed benefits realisation plans for its projects.<sup>6</sup> These should include measurable targets and performance indicators based on assessing the benefits set out in the business case. Our review of the critical projects indicated that, in most cases, the BBC reported against quantified benefits targets. However, for MyBBC reporting did not give a clear account of whether benefits were likely to be realised (**Figure 9** on pages 32 and 33). This made it difficult to provide a robust assessment of benefits confidence:

- **MyBBC**

The BBC did not define benefits for MyBBC until late in the project. MyBBC was set up as an agile project, which intended to scope benefits and deliverables as the project progressed. The BBC started work on MyBBC in early 2013 and the Executive Board signed off on the "overall strategic direction" of the project in May 2014.<sup>7</sup> The BBC informed us that the Executive Board releases budget on an annual basis against evidence of capabilities delivered. By the end of 2015 MyBBC had delivered a number of tools to improve audience experiences, including: the ability to sign into BBC online services across different devices, and to pause an iPlayer programme on one device and resume watching on another; personalised iPlayer and BBC news and sport recommendations; and notifications for users based on their preferences including weather, travel and sport updates. However, it was not until January 2016, over two years into the project and one year before the project is due to complete, that the BBC was able to demonstrate that MyBBC was measuring project success with clearly defined benefits. The BBC expects that the Executive Board will approve a benefits plan for the project in April 2016.

6 Comptroller and Auditor General's, *The BBC's management of three major estate projects*, National Audit Office, January 2010.

7 BBC approval papers to the Executive Board.

## Portfolio management

**2.21** A portfolio is a collection of projects that are managed as a group to achieve strategic objectives. Portfolio management involves prioritising project proposals against strategic objectives and making trade-offs between projects by reallocating resources between them. It requires standardised metrics to allow stakeholders to compare the performance of the projects within the portfolio and to assess the portfolio's performance as a whole.

**2.22** Internal BBC reporting refers to critical projects as a 'portfolio' and the BBC announced at the end of 2013 that it planned to manage projects as a "joined-up strategic portfolio". **Figure 10** on page 34 sets out the original intended aims of the critical projects portfolio, as documented by the BBC's project management office. These aims contain elements of portfolio management, such as optimising benefits across the portfolio through trade-offs.

**2.23** Our review indicated, however, a lack of clarity about whether the BBC was managing critical projects as a portfolio. Our work suggest that the BBC achieved some, but not all, of its portfolio aims, as set out in Figure 10. BBC senior staff acknowledged during our study that they does not always manage the critical projects as a portfolio. The 'portfolio' was often treated as a list of individual projects that need enhanced oversight because of their individual importance.

**2.24** Selecting projects for inclusion in the critical projects portfolio is an important decision, as it determines which ones receive enhanced assurance and scrutiny by the Executive Board and the BBC Trust. Changes to the composition of the critical projects portfolio are flagged to the Executive Board quarterly, but the Executive Board does not formally review or approve the selection of projects. This decision is taken by the BBC's Managing Director of Finance and Operations, based on the advice of the BBC's project management office. The BBC Trust has no role in deciding which projects are included because this is an operational decision for management.

**2.25** Since October 2014 the BBC's project management office has used a scale to score the strategic importance, complexity and risk of projects. This informs decisions about which projects to add to the portfolio. Most of the projects we examined were established and added to the critical projects list before the BBC developed this framework. In September 2014 the project management office identified five projects which the BBC could consider adding to the critical portfolio pending further assessment. One (HR Transformation) was added in February 2015 and a second (BBC Studios) in October 2015. The remaining three (BBC Monitoring, BBC Three and the Northern Ireland Headquarters) were not added to the portfolio. The BBC was unable to provide us with any documentation recording how it reached the decisions it did. The BBC informed us that HR Transformation is crucial to support transformation across the BBC, which merited inclusion in the portfolio at that point in time.

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## Figure 9

### Benefits reporting for MyBBC

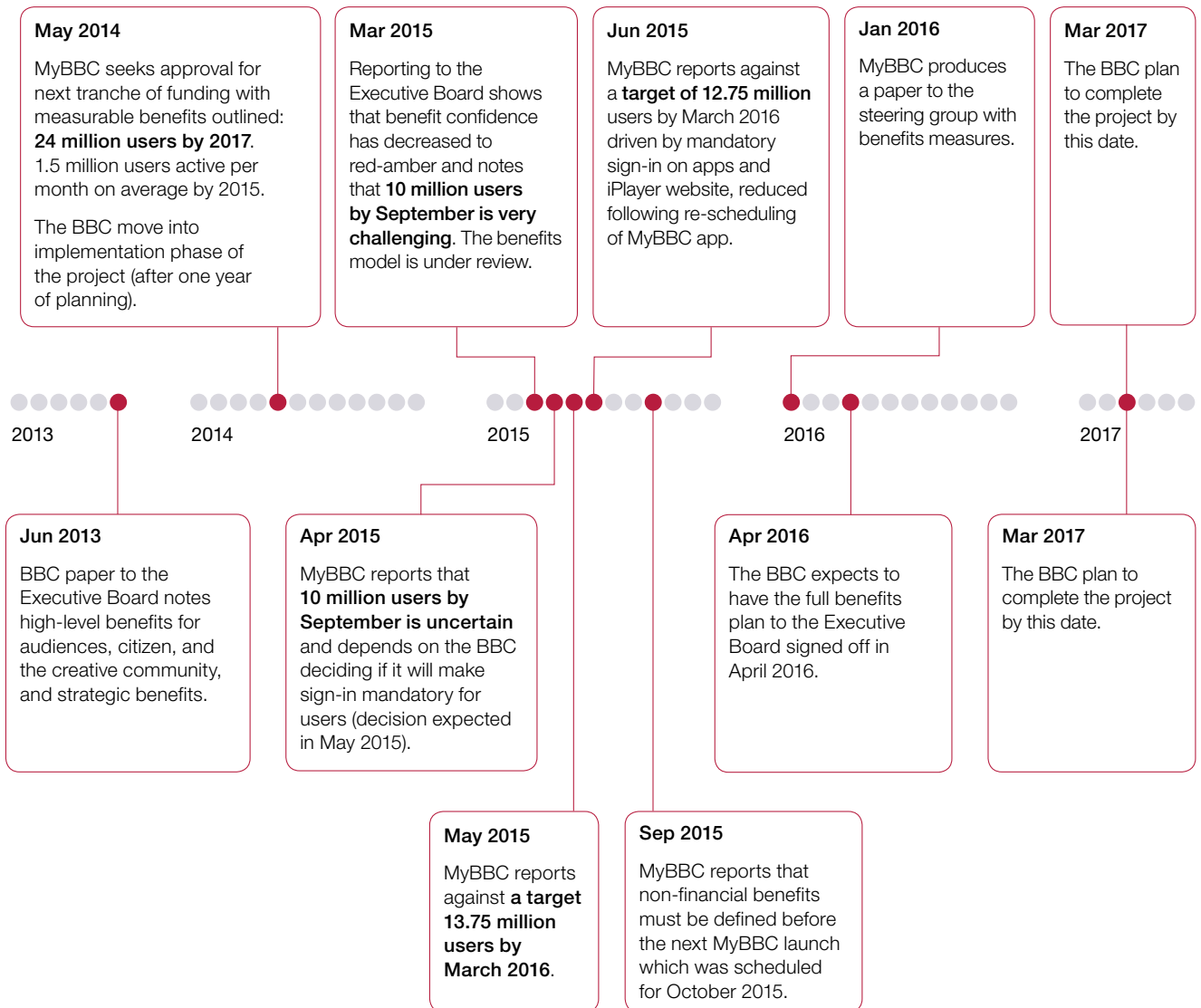
MyBBC is a three-year package of work to enable the BBC to offer its audiences more personalised services and to collect more information about what they want. By January 2016 the BBC had delivered a number of tools to give audiences a more personalised experience. These include: the ability to sign into BBC online services across different devices; personalised iPlayer and BBC news and sport recommendations; and notifications for users based on their preferences including weather, travel and sport updates. However, it was not until January 2016, over two years into the project and one year before the project is due to complete, that the BBC was able to demonstrate that MyBBC was measuring project success.

In its May 2014 investment case, the BBC set targets for the expected number of registered users of the service but it did not define the expected benefits to the BBC and viewers. The BBC informed us that the Executive Board releases budget on an annual basis, against evidence of the capabilities delivered. During the first year of the implementation phase up to March 2015, the BBC had set itself an initial target of eight million users by March 2015. The BBC changed the target and the baseline several times during the first year. It did not show in its monthly reporting how many users had registered. In October 2014 the BBC's central project management office rated the benefits for this project as 'amber' in its monthly report to the Executive Board. It gave this rating because there were significant issues with defining and tracking benefits, which appeared resolvable. By August 2015, well over one year into the implementation phase of the project, the BBC had still not completed its benefits realisation plan and was not using progress reporting effectively to assess delivery. In January 2016 the BBC produced a paper for the MyBBC steering group, which showed how they had started to track and measure benefits. The paper included a measure of the number of people who were considered to be active users of MyBBC tools, and the additional time spent with the BBC by those people who were using MyBBC tools compared with those who were not. From this, it was able to develop a measure of 'engagement' with the BBC. The BBC informed us that it expected that the BBC Executive Board would sign off the benefits realisation plan for MyBBC in April 2016.

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**Timeline of benefits reported to the Executive Board on MyBBC**



**Note**

1 The BBC Executive Board only releases the approved budget on an annual basis, against evidence of capabilities delivered.

Source: National Audit Office analysis of BBC documentation

**Figure 10**

## The BBC's performance against its portfolio-level aims

It has partially achieved four of its five aims

**How the BBC expects its critical projects portfolio to support corporate decision-making**

- 1 Ensuring focus on the most strategically important and high-risk projects.
- 2 Reducing cumulative risk through longer-term forecasting of 'pinch points'.
- 3 Optimising benefits (value) across the portfolio through trade-offs.
- 4 Providing early visibility and assurance in delivery confidence.
- 5 Providing a view of the wider change landscape – what is happening when and to whom.

**Our assessment of the BBC's performance**

- Partially achieved: the portfolio does not include all strategically important or high-risk projects (such as BBC Three or BBC Studios).
- Partially achieved: the project management office forecasts pinch points across the portfolio and seeks to manage workload and delivery.
- Not achieved: the BBC does not manage critical projects as a portfolio.
- Partially achieved: the project management office has improved visibility and delivery confidence.
- Partially achieved: the portfolio gives a partial view of the wider landscape but does not give information about overall progress or spend.

Source: National Audit office review of BBC documents

**2.26** The BBC prepared a diagram linking its projects to its 2015-16 objectives (**Figure 11**). This showed that critical projects were supporting its four strategic objectives.

**2.27** The BBC's project management office is responsible for identifying the cumulative impact of change resulting from the critical projects and identifying interdependencies between them. It provides a quarterly annex to its monthly report for the Executive Board on portfolio-level issues that identifies general issues with completing or resourcing projects, and how the performance of individual projects affects other projects.

**2.28** Our work indicated that the project management office was monitoring inter dependencies between projects in terms of their potential impact on timescales. Day-to-day management of inter dependencies is devolved to individual project teams, but where inter dependencies pose a risk to successful project delivery the BBC reports on these in its monthly reporting to the Executive Board. For example, the BBC reported on how delays to the Smart project risked causing delays in the W12 project through its routine reporting on W12 to the Executive Board. The BBC also reports on project-wide interdependencies in some of its quarterly reporting. This includes reporting potential demands on the availability of scarce skills that might need to be shared across more than one project.

**Figure 11**  
Alignment with BBC objectives



Source: BBC

**2.29** Our review suggested that the BBC could do more to assess how the performance of the portfolio is contributing to the delivery of its strategic vision. The technological changes that the BBC is implementing are intended to enable it to become a more integrated business. As part of its vision, for example, it is aiming to work more closely in partnership with other organisations, make more use of locally generated and user-generated content, as part of its desire to be more open. As a result, projects will increasingly need to provide infrastructure that supports delivery of the BBC's overall vision, and is therefore fully integrated with other parts of the BBC operation. While the BBC has managed interdependencies between projects in terms of how they might impact on delivery timetables, it has paid less attention to whether the portfolio will deliver those facets crucial to the delivery of the overall BBC vision.

**2.30** Strategic portfolio management requires standardised metrics to allow the costs and benefits of different projects to be prioritised and compared on a consistent basis, and to allow trade-offs to be made. Monthly reporting on the BBC's critical projects uses project-specific metrics for realising costs and benefits that are not always directly comparable. Reporting on the critical projects portfolio does not show the total cost, benefits or cumulative risk to delivery for the portfolio as a whole.



# Appendix One

## Our audit approach

**1** This study examined the BBC's management of its critical projects. We reviewed whether:

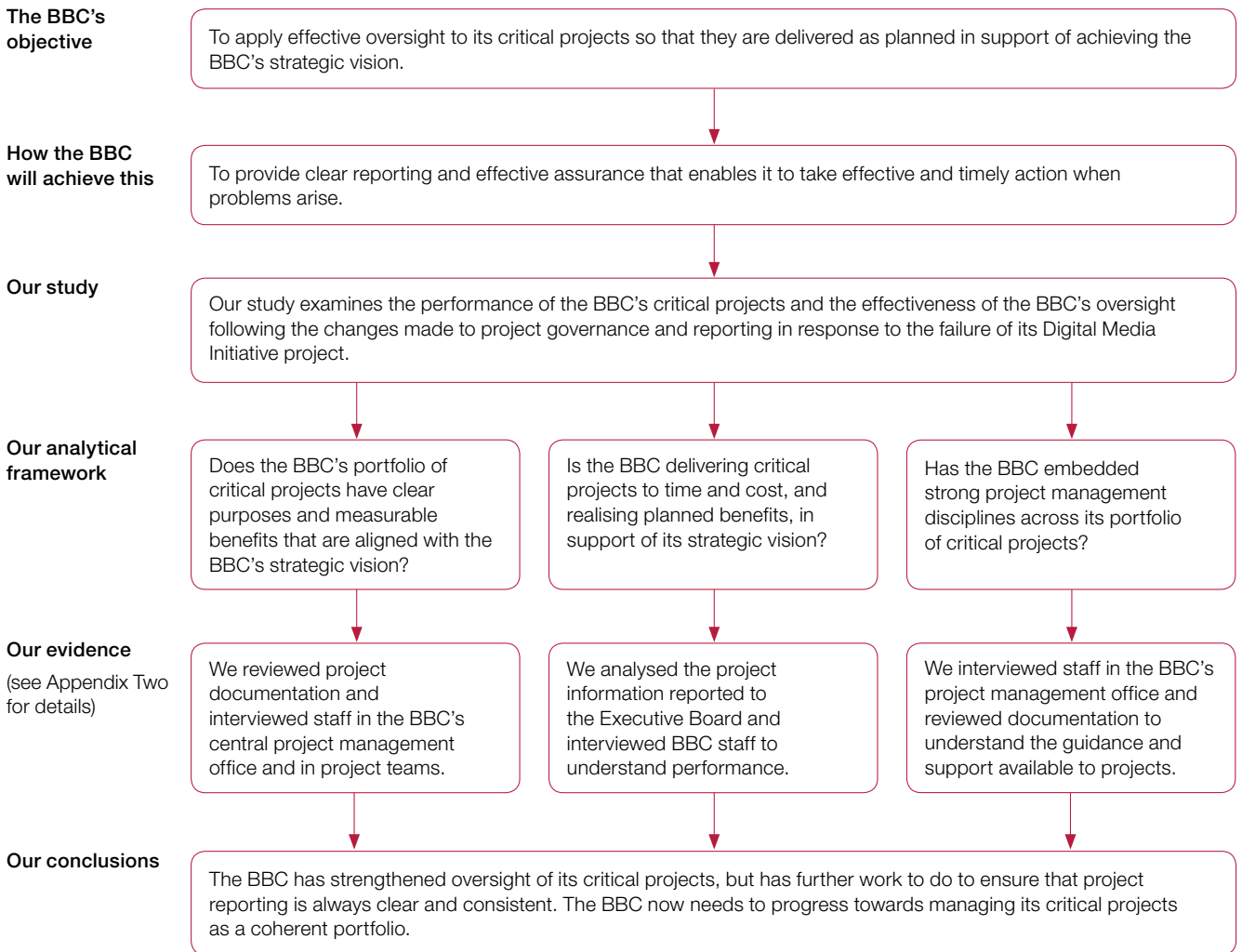
- the BBC's critical projects portfolio supports the BBC's vision; and
- the BBC's project management and assurance arrangements enable it to deliver its projects successfully and enable its Executive Board to provide adequate oversight.

**2** We applied an analytical framework with evaluative criteria that considered whether the BBC is managing its critical projects portfolio effectively. We drew on previous work on major project management across government.

**3** Our audit approach is summarised in **Figure 12** and our evidence base is described in Appendix Two.

**Figure 12**

Our audit approach



# Appendix Two

## Our evidence base

**1** We reached our conclusions on the BBC's management and oversight of critical projects after analysing documentation collected between April 2015 and February 2016. The majority of our review was conducted between April 2015 and September 2015, and our overall findings are based on documentation and interviews from that period. We updated forecasts for all projects in February 2016, and reviewed core information on projects where updates impacted on findings (for example, on MyBBC benefit realisation). Our audit approach is outlined in Appendix One.

### **Document review**

**2** We reviewed documentation provided by the BBC project management office to understand:

- the quality of project management guidance available to teams;
- the approvals process for large projects;
- the critical projects portfolio selection process;
- the reporting process on large projects; and
- the skills and capabilities within the project management office.

**3** We reviewed project approvals documentation for the eight licence fee-funded projects in the critical projects portfolio in April 2015. We excluded one project from the review as this was funded by the BBC's commercial activity. Our view of project approvals and assurance information allowed us to understand:

- whether projects had complied with the project management office's expectations for the approvals process; and
- the assurance processes in place for each project.



## **Analysis of performance data**

4 We analysed performance data reported to the Executive Board and compared these with investment cases and other data sources provided by the BBC. This analysis allowed us to understand:

- the reported performance of projects during the reporting period;
- the BBC's estimates of the costs and benefits of each project; and
- the reliability and transparency of information provided to the BBC's Executive Board.

## **Interviews**

5 We carried out semi-structured interviews with staff in the BBC's central project management office to understand:

- how the role of the project management office has evolved;
- skills and capability within the project management office;
- approvals and assurance activity undertaken by the project management office; and
- the provision of central guidance and training for projects teams across the BBC.

6 We also carried out semi-structured interviews with BBC staff in each of the eight projects we reviewed to understand for each project:

- the rationale;
- what the project is intended to achieve and its expected benefits;
- performance to date; and
- the assurance and reporting processes in place for each project.

# Appendix Three

## Performance of the critical projects

| Project                                | Overall confidence rating (February 2016)   | Original target completion date | Forecast completion date at February 2016                               | Variance  |
|--|---|---------------------------------|---|---|
| Wales Broadcasting House               |    | October 2018                    | November 2019   | +13 months  |
| MyBBC                                  |    | March 2017                      | March 2017  | 0 months  |
| Aurora                                 |   | April 2015                      | April 2017  | +24 months  |
| Aurora (Connectivity)                  |   |                                 |   |   |
| E20                                    |  | August 2018                     | October 2020<br>(main set ready<br>May 2019) <sup>4</sup>               | +26 months  |
| W12                                    |  | March 2017                      | January 2016  | 0 months<br>(phase three on<br>hold indefinitely) |
| Newsroom<br>Computer System            |  | October 2018                    | February 2019   | +4 months   |
| Smart <sup>1</sup>                     |  | November 2014                   | October 2016  | +23 months  |
| End-to-End Digital <sup>1</sup>        |  |                                 |   |   |
| E2E: Digital Delivery<br>and Archiving |   | Not specified                   | October 2016<br>(started receiving<br>digital files in<br>October 2014) |   |
| E2E: Playout                           |   | April 2017                      | April 2017  | No variance                                       |

### Notes

- 1 The table shows forecast cost and completion date at February 2016 as reported to the Executive Board for projects remaining on the critical projects portfolio. Data for Smart and End-to-End Digital, which as at September 2015 were no longer in the critical projects portfolio, are taken from the monthly report of 28 April 2015.
- 2 BBC Store is excluded as it is not funded by licence fee income and was therefore out of the scope of this study.
- 3 The BBC approved the cost of phase two of W12, which was higher than forecast, to include an underspend from phase one. For this reason we have calculated the total approved cost on the basis of the phase one final costs and phase two approved cost to avoid double counting the funding that was moved from phase one to phase two.

| Original approved cost (£m)               | Forecast cost at February 2016 (£m) | Benefits forecast at February 2016  | Benefit confidence at February 2016 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| In the order of £100 million <sup>7</sup> | No variation                        | £92 million                         |                                     |
| 76.9                                      | 75.2                                | 12.75 million users by March 2016   |                                     |
| 31.9                                      | 31.9                                | £279.8 million                      |                                     |
|   | 149 <sup>6</sup>                    | £143 million <sup>6</sup>           |                                     |
| Contracts subject to negotiations         | Contracts subject to negotiations   | No financial benefits specified     |                                     |
| 156.2 <sup>3</sup>                        | 151.4                               | Phase 1: £1,089 million to 2030-31. |                                     |
| Phase one: 129                            | Phase one: 117.2                    | Phase 2: £167.1 million to 2030-31. |                                     |
| Phase two: 38.8                           | Phase two: 34.2                     |                                     |                                     |
| 105.1                                     | 105.2                               | £40 million reduced running cost    |                                     |
| 39  | 55.7                                | £49.9 million                       |                                     |
|   |                                     |                                     |                                     |
| 39.9 <sup>5</sup>                         | No variance reported                |                                     |                                     |
| 176.8 <sup>5</sup>                        | No variance reported                | £42.8 million over ten years        |                                     |

4 Contracts for E20 are subject to commercial negotiations. Due to the limited number of potential suppliers, the cost of the E20 project remains commercially sensitive. The BBC changed its approach to the E20 project and increased the scope of work in October 2014. The BBC intends the main set to be ready to start filming EastEnders in May 2019.

5 These figures include operating costs: Digital Delivery and Archiving (6 years); Payout (10 years); Newsroom Computer System (12 years); Smart (5 years).

6 Aurora figures include costs of the contracts over ten years, and benefits over six years.

7 The projected cost for Wales Broadcasting House are expected to be in the order of £100 million. Contracts are yet to be let and therefore an exact figure is not yet available.

# Appendix Four

## Project summaries

In this Appendix the 'forecast/actual' figures for costs and dates, plus the BBC confidence ratings, are as at February 2016, unless otherwise stated.

### Newsroom Computer System

This will replace an existing newsroom system with a new one to maintain quality, keep pace with industry change and improve efficiency. It aims to provide an integrated news management system for preparing scripts and setting the programme running order. It is intended to enable journalists at the scene of stories to upload content, access information and contribute to stories more effectively.

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#### Key facts

|                                  | Approved  | Forecast/actual | Variation    |
|----------------------------------|---|-----------------|--------------|
| Cost <sup>1</sup>                | £105.1 million  | £105.2 million  | 0            |
| Completion date                  | October 2018  | February 2019   | +4 months    |
| Benefits                         | £20 million   | £40 million     | +£20 million |
| Start date                       | September 2013  |                 |              |
| BBC's delivery confidence rating |  |                 |              |

#### Note

1 These figures include operating costs over 12 years.

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### Project performance and reporting

Monthly reporting has provided the Executive Board with a clear high-level assessment of progress against the lifetime cost and target completion date. Project documentation shows that the BBC expects to deliver the project within the approved lifetime cost, despite overspending during the start of the project. It expects to complete the project four months later than planned. This was reported to the Executive Board in the monthly reports. The BBC's latest forecasts show that the project will deliver £40 million in financial benefits (from reduced running costs). This is double the estimate in the business case.

## Assurance

The integrated assurance and approvals plan for this project sets out the main elements of assurance, including roles and responsibilities, the name of the sponsor, an integrated assurance timeline and a summary of assurance activities.

## E20 (replacement of the EastEnders set)

This project will replace the external film set and core infrastructure for EastEnders at BBC Elstree with a new set on the existing site.

The BBC had carried out four separate studies which explored options to re-build the EastEnders set between 2007 and December 2012. Between December 2012 and December 2013 the BBC undertook detailed planning work on design and cost options for E20. This planning work resulted in the BBC Finance Committee agreeing a business case to start the E20 project in December 2013, with an expected completion date of August 2018. In July 2014 the BBC conducted a cost review and found that inflation in construction costs had increased their forecast of overall project costs. In October 2014 the project produced a feasibility report outlining a revised design and construction approach, which would enable the project to deliver within the original overall budget. In October 2015 the BBC approved a final business case, which put the delivery date as October 2020. In March 2016 the majority of the programme was at the design or procurement stages.

The existing set was built in 1985 and has passed the end of its useful life. The set is to be replaced because film technology has advanced beyond the set's capability and because of health and safety issues. The BBC plans to enlarge the set to provide new locations.

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### Key facts

|                                  | <b>Approved</b>   | <b>Forecast/actual</b>                    | <b>Variation</b> |
|----------------------------------|---|---|------------------|
| Cost                             | Contracts subject to negotiations   | Contracts subject to negotiations         | 0                |
| Completion date                  | August 2018   | October 2020<br>(main set ready May 2019) | +26 months       |
| Start date                       | December 2013   |   |                  |
| BBC's delivery confidence rating |  |   |                  |

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## Project performance and reporting

Monthly reporting on the project has provided the Executive Board with a high-level account of performance against time and cost. A deterioration in the project's status to amber-red was reported to the Executive Board in November 2014. This deterioration resulted mainly from the escalation in potential costs which occurred before contracts were let, and for which there was insufficient project contingency. The project was put on hold, pending the Executive Board approving a revised business case. The revised business case went to the Executive Board in July 2015. The BBC expects to complete the project in October 2020, 26 months behind schedule but within the original budget.

## Assurance


The integrated assurance and approvals plan for this project sets out the main elements of assurance including roles and responsibilities, the name of the sponsor, an integrated assurance timeline and a summary of assurance activities.

## Wales Broadcasting House

This involves designing and building a new BBC broadcasting centre in Cardiff for BBC Wales, co-located with S4C. It aims to improve capability and deliver efficiency savings by reducing space and providing modern technology in a new purpose-built building with integrated systems.

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### Key facts

|                                  | <b>Approved</b>   | <b>Forecast/actual</b> | <b>Variation</b> |
|----------------------------------|---|------------------------|------------------|
| Cost                             | In the order of £100 million  | No variation           | No variation     |
| Benefits                         | £89 million   | £92 million            | +£3 million      |
| Completion date                  | October 2018  | November 2019          | +13 months       |
| Start date                       | May 2014  |                        |                  |
| BBC's delivery confidence rating |  |                        |                  |

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## Project performance and reporting

Reporting to the Executive Board and the BBC Trust on the project has generally provided a clear account of overall performance against time and cost. The BBC expects to complete the project in November 2019, thirteen months later than planned. Reporting to the Executive Board indicates that risks to the timetable were reported in a timely manner. The BBC reports that, despite a thirteen month delay, in the forecast completion date, it will deliver the project within budget and achieve the planned benefits. This report includes an approximate, rather than exact cost of the project because contracts have yet to be finalised.

## Assurance

The integrated assurance and approvals plan for this project forms part of a larger control manual. The control manual sets out the project structure and roles and responsibilities, and identifies the sponsor. The manual contains an integrated assurance timeline, which states who the project expects to undertake assurance and at what point. The project documentation does not provide detail about what this assurance should encompass, or what will be involved.

## W12

This project involves relocating staff from parts of the BBC's estate in West London to other locations, including Manchester and Birmingham, and selling or subletting vacated space.

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### Key facts

|                                  | <b>Approved</b>   | <b>Forecast/actual</b>         | <b>Variation</b> |
|----------------------------------|---|--------------------------------|------------------|
| Cost                             | £156.2 million  | £151.4 million                 | -£4.8 million    |
|                                  | Phase one:<br>£129 million  | Phase one:<br>£117.2 million   | -£11.8 million   |
|                                  | Phase two:<br>£38.8 million<br>(including under-spend from phase one)               | Phase two:<br>£34.2 million    | -£4.6 million    |
| Benefits                         | £1,135 million  | £1,256 million<br>(to 2030-31) | +£121 million    |
| Completion date                  | March 2017  | January 2016                   | -14 months       |
| Start date                       | April 2012  |                                |                  |
| BBC's delivery confidence rating |  |                                |                  |

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## Project performance and reporting

The BBC completed the programme early, partly because it reduced the scope of the project and did not vacate the lighthouse building as planned. The BBC had considered a third phase of the project, to close Media Village entirely, but it no longer plans to do this. Reporting shows that the BBC expects to achieve financial benefits of £1,256.1 million, which exceed the approved financial benefits in the business case of £1,135 million. Monthly reporting on the project has provided a clear high-level account of overall performance against time and cost.

The BBC's approved budget for phase two of the W12 project is £38.8 million, but this includes the underspend of £12 million from phase one which was moved to phase two after phase one was completed. Therefore, the total approved cost reported here is calculated based on the final cost of phase one and the approved cost of phase two. This approach avoids double counting the funding which was moved between phases. The BBC have underspent by £4.6 million across the two phases when this is taken into account.

### Assurance

The integrated assurance and approvals plan for this project describes the assurance arrangements but provides limited details about external assurance. The plan sets out the main elements of assurance including roles and responsibilities, the name of the sponsor, an integrated assurance timeline and a summary of assurance activities.

### Aurora

This project aims to procure and integrate IT services across the BBC. It is intended to move the BBC from a single-supplier to a multi-supplier model for IT services, coordinated by an in-house service integration and management function.

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### Key facts

|                                       | <b>Approved</b>   | <b>Forecast/actual</b>                      | <b>Variation</b> |
|---------------------------------------|---|---|------------------|
| Cost                                  | £31.9 million   | £31.9 million                               | 0                |
| Procurement contract for connectivity |   | £149 million                                | -                |
| Benefits                              | Not specified   | £279.8 million (assuming ten year contract) | Not applicable   |
| Completion date                       | April 2015  | April 2017                                  | +24 months       |
| Start date                            | July 2012   |   |                  |
| BBC's delivery confidence rating      |  |   |                  |

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### Project reporting and performance

Monthly reporting on Aurora has provided a clear overview of overall costs and schedules based on revised baselines. The BBC did not estimate financial benefits at the outset of the project because the benefits depended on the outcome of the procurement process. The BBC now expect that the project will achieve a benefit of £279.8 million. The project is two years behind the original target completion date of April 2015, but the BBC considers that it is on track to complete it by the revised target date of April 2017. At the time of our review, the BBC was reviewing its schedule and cost forecasts against proposals to include BBC Worldwide in the project.



## Assurance

The integrated assurance and approvals plan describes the different levels of assurance that the BBC will use. The plan includes clearly planned and provisional activities set out for December 2014 to December 2015. The BBC has sought external assurance for Aurora at clearly defined stages of the project within specific timeframes.

## MyBBC

This project aims to create a set of nine capabilities for use by BBC online services including iPlayer and the BBC news website. It is intended to allow the BBC to collect more accurate data on audiences and provide programmes that reflect individual user preferences. The project uses an agile methodology.

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### Key facts

|                                  | <b>Approved</b>   | <b>Forecast/actual</b> | <b>Variation</b>     |
|----------------------------------|---|------------------------|----------------------|
| Cost                             | £76.9 million   | £75.2 million          | -£1.7 million        |
| Benefits                         | Not specified   | Not specified          | Not applicable       |
| Completion date                  | March 2017  | March 2017             | No variance reported |
| Start date                       | June 2013   |                        |                      |
| BBC's delivery confidence rating |  |                        |                      |

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## Project reporting and performance

Monthly reporting to the Executive Board and quarterly reporting to the BBC Trust has not given a clear view of progress and what more needs to be done. The BBC was able to demonstrate that it was tracking performance against defined benefits in January 2016, more than one year into the implementation phase of MyBBC. The main metric used to report on benefits until this point was the number of registered users. However, it changed the baseline and its target several times, and did not report how many users had registered. In most months the BBC reported only on interim deadlines, and not on the impact on overall deadlines. This made it difficult to track progress. The BBC informed us that it hoped to have a full benefits plan signed off by the Executive Board in April 2016.

Early project documentation for MyBBC did not delineate sufficiently between the responsibilities held by senior people within the project. Several project documents named the 'business sponsor' as the single point of accountability, when the BBC informed us that they regard the 'executive sponsor' as the single point of accountability:

- the investment case for the project named the 'executive sponsor' as single point of accountability in the summary and the 'business sponsor' as single point of accountability in the main document;
- monthly reports to the Executive Board, which are intended for the Board to provide assurance on project progress, identify the 'business sponsor' as the single point of accountability; and
- early integrated assurance plans, which were introduced to provide clarity on assurance arrangements and should state main responsibilities for the project, name the 'business sponsor' but did not mention the 'executive sponsor' at all.

In August 2015 the BBC clarified the project responsibilities. The BBC produced an updated integrated assurance and approvals plan, which demonstrated the split of responsibility between the 'executive sponsor' (and single point of accountability) and the 'business sponsor' (reporting to the executive sponsor).

### Assurance

The assurance plan includes an indicative timeline but does not give specific dates for carrying out assurance activity. The summary of scheduled activity does not identify clearly when external assurance will take place. MyBBC has undergone some external assurance and an internal audit review.

### Smart

The BBC established this project to replace and integrate business systems and software used by finance, procurement, human resources and the BBC Academy to reduce costs and improve processes.

At the beginning of the project, Smart consisted of two integrated projects: 'Finance and Procurement' and 'Human Resources and Learning'. After changing the project plan, the BBC separated 'Finance and Procurement' and 'Human Resources and Learning', after which 'Human Resources and Learning' was moved to the HR Transformation project. Finance and Procurement was delivered in January 2015.

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## Key facts

|                                  | <b>Approved</b>   | <b>Forecast/actual</b> | <b>Variation</b> |
|----------------------------------|---|------------------------|------------------|
| Cost <sup>1</sup>                | £39 million   | £55.7 million          | +£16.7 million   |
| Benefits                         | £37.5 million   | £49.9 million          | +£12.4 million   |
| Completion date                  | November 2014   | October 2016           | +23 months       |
| Start date                       | July 2012   |                        |                  |
| BBC's delivery confidence rating | <br>(April 2015) |                        |                  |

**Note**

1 These figures include operating costs over 5 years.

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## Project reporting and performance

Reporting on Smart has provided a clear overview of changes to the status of the project. The Executive Board was informed of a deterioration in the project's status to red in September 2014. The Executive Board approved a proposal to separate 'Finance and Procurement' from the 'Human Resources and Learning' component of the project, and to delay the target completion date. From that point forward, the BBC reported separately on the cost and schedule performance of the two components. The BBC transferred the Human Resources and Learning component to another project, which enabled it to improve the rating of Smart from red to amber-green in April 2015.

The BBC reported against a 'total original budget' of £55.7 million for Smart. However, this was a revised budget, which was £16 million higher than the £39 million implementation budget the BBC originally approved. Some of this increase in cost, amounting to £6.3 million initially plus £3 million over five years, was picked up by the suppliers. Changes to the project cost were approved by the Executive Board in November 2013. The BBC reported in April 2015 that it expected Smart to achieve financial benefits of £49.9 million across the whole project. This was higher than the £37.5 million it expected in the May 2013 business case.

## Assurance

The integrated assurance plan for Smart sets out a timeline and details for the main assurance activity, including internal and external assurance. We found that it had not been updated since May 2013. The project has now been closed, but remaining elements (Human Resources and Learning) are being developed through another project, HR Transformation.

## End-to-End Digital


This programme is intended to enable digital production, archiving and playout of BBC content to move from videotape to digital. It includes a number of sub-projects comprising a mix of in-house development and procurement from third parties.

Major components include:

- Digital Delivery and Archiving – the service which will receive and archive digital files (previously tape) and enable the BBC to search and retrieve programmes from their complete back catalogue. This part of End-to-End Digital includes elements that were part of the Digital Media Initiative project.
- Playout – the system which will deliver programmes as branded television services. It is a “destination for digitally created media content”.<sup>8</sup>

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### Key facts

|                                  | Approved   | Forecast/actual      | Variation            |
|----------------------------------|--|----------------------|----------------------|
| <b>Cost</b>                      |  |                      |                      |
| Digital Delivery and Archiving   | £39 million <sup>3</sup>   | No variance reported | –                    |
| Playout                          | £176.8 million <sup>4</sup>  | No variance reported | –                    |
| <b>Completion date</b>           |  |                      |                      |
| (Digital Delivery and Archiving) | Not defined  | October 2016         | No variance reported |
| Playout                          | April 2017   | April 2017           | 0                    |
| <b>Benefits</b>                  |  |                      |                      |
| Playout                          | £42.8 million over ten years   |                      |                      |
| Project start date               | May 2013   |                      |                      |
|                                  | Bringing together of the File-Based Delivery group, Digital Media Delivery group, and Playout group into a single steering group, which becomes End-to-End Digital |                      |                      |
| BBC's delivery confidence rating |  (March 2015)   |                      |                      |

#### Notes

- 1 This figure includes operating costs over 6 years.
  - 2 This figure includes operating costs over 10 years.
- 

<sup>8</sup> BBC internal approval documentation.

## Project performance and reporting

We found some inconsistencies in the BBC's reporting on time and cost. The BBC did not use the same baseline for reporting on costs in all months. For example, it reported against a baseline of £16.5 million for the Digital Delivery and Archiving component and £1.5 million for the Payout component in September and October 2014, but reported against a total cost of £25 million to £50 million in April and May 2014. Between November 2014 and April 2015, the BBC reported against a total cost of £16.3 million. The £16.3 million, which was reported as a total cost for End-to-End Digital only, included part of the Digital Delivery and Archiving component of the project.

The BBC's reporting on schedules was incomplete. BBC reporting to the Executive Board did not provide an estimated delivery date and did not always give details for constituent components. In some months the BBC reported an expected delivery date and in other months it reported against interim milestones without stating how these would impact on delivery. The BBC did not report on benefits for the End-to-End Digital project in the 12 months to April 2015, although it rated benefits confidence as amber-green during this period. The BBC expects that the re-procurement of the Payout contract will save the BBC £42.8 million over ten years.

## Assurance

The BBC provided a detailed assurance plan for End-to-End Digital, which showed an assurance timeline and details of assurance activities. End-to-End Digital has been subject to external assurance. Project documentation was not clear on the extent to which accountability for the programme included accountability for the delivery of significant components of the programme, including their expected benefits.

