BBC Digital Media Initiative

BBC Trust response to the Review of the BBC’s management of DMI

PwC has identified serious weaknesses in the management of the DMI project

The aim of the Digital Media Initiative was to improve production efficiency by enabling BBC staff to develop, create, share and manage video and audio content on their desktops. It was closed in May 2013 and the remaining DMI assets were written down at a total cost to the BBC of £98.4million.

The scale of the loss prompted the Trust to commission PwC to review the way the project had been managed and reported. We did not ask PwC to investigate why the DMI technology did not deliver or the specific decision to write off DMI assets. Rather, we asked them to look for lessons that could be applied to project governance more generally across the BBC’s wide range of activities. This was one of a number of reviews into DMI, including a technical review carried out by Accenture on behalf of the BBC Executive, and a review by the NAO which we expect to report in the New Year.

PwC has concluded that weaknesses in project management and reporting and a lack of focus on business change, together with piecemeal assurance arrangements, meant that it took the BBC too long to realise that the project was unlikely to deliver its objectives.

We believe that by being clear about the mistakes which have been made, and by identifying the actions needed to rectify them, the PwC report will help to ensure that there will be no repeat of a failure on the scale of DMI.

The recent review of BBC governance will help to ensure that serious risks or issues are identified at an earlier stage

The joint review of governance by the BBC Executive and the Trust, published last week, lays the foundations for the BBC to respond to PwC’s recommendations by improving the way project progress is monitored and reported.

The BBC Executive is responsible for running the BBC and managing its projects. The Trust’s role, as oversight body, is to consider whether to approve very large, strategically important projects at their outset, monitor their implementation, and to investigate if things go badly wrong.

Under the new governance arrangements, the BBC will have an enhanced internal assurance structure with improved reporting, more personal accountability, and additional non-executive directors bringing relevant specialist skills. These changes will strengthen the Executive Board’s monitoring of major projects and will help to ensure any risks or problems are identified at an early stage.

The Trust will also receive more comprehensive and up-to-date quarterly reporting than was available to us during the DMI project. Where there are problems with a project, we will expect to receive more frequent reporting; and in exceptional circumstances the Trust reserves the right to conduct its own investigation.

The Trust expects the Executive to learn the lessons from DMI and apply best practice more consistently across its portfolio of projects
The BBC has successfully delivered a range of major projects in recent years including the BBC's relocation to Salford, the most recent phase of the New Broadcasting House move and the Olympics. However, fundamental weaknesses in the management of DMI show that good practice needs to be applied more consistently across the BBC. To this end, the Trust looks to the Executive to:

- Update their current project management guidance to address the recommendations in the PWC report.
- Ensure the guidance is applied consistently by project sponsors ('senior responsible owners') and programme managers of all large or strategically significant projects; and
- Where relevant, ensure that it is also applied by third party contractors.

To complement this, for those projects of sufficient strategic significance to require Trust approval, we will require integrated assurance plans to be submitted as part of the Trust’s standard approval procedure. These plans should set out the project governance structure and describe the process of internal audit, Gateway review or independent challenge.

The Trust will review projects when they have been completed to ensure that lessons have been learnt and will report on performance in a more public and transparent way.

One of the conclusions of the recent governance review was that the Trust should supplement its value for money work with the National Audit Office with additional Trust-led reviews of major projects on their completion. The Trust will take these opportunities to review project management processes and use the results of this work to inform its annual assessment of the BBC Executive’s performance. In future this will be a more transparent exercise.

As part of our 2014-15 performance assessment, we will return to the general issue of project management at the BBC to ensure that the lessons learnt have been applied consistently and that guidance and processes at the BBC reflect best practice.

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1 As a rule of thumb, projects worth more than £100m which affect the overall direction or reputation of the BBC.