Fife Construction Forum
Forth Construction and the
Edinburgh & Lothians Constructing Excellence Group

Evaluation of Local Construction Forum Activity in the Scottish Enterprise East Operating Region - March 2009

CONTENTS

1. Introduction 1
1.1 Background 1
1.2 Evaluation Objectives 1
1.3 Methodology 2
1.4 Report Structure 2
2. The Local Construction Forums 4
2.1 Introduction 4
2.2 Background, Aims and Objectives 4
2.3 Funding and Service Delivery 5
2.4 Membership 8
2.5 Activities and Outputs 10
2.7 Conclusions 15
3. The Business Perspective 16
3.1 Introduction 16
3.2 Company Characteristics 16
3.3 Membership 18
3.4 Views on Seminars and Events 19
3.5 Forum Websites 22
3.6 Opportunities to Tender 23
3.7 Referrals and Training Support 24
3.8 Benefits of Forum Membership 25
3.9 Future Use of the Forums 28
3.11 Conclusions 34
4. The Economic Impact of the Forums 36
4.1 Turnover and GVA Impact 36
4.2 Employment Impact 39
4.3 Conclusions 40
5. The Stakeholder Perspective 42
5.1 Introduction 42
5.2 The Support Landscape 42
5.3 The Function of Local Forums 44
5.4 The Future of Local Forums 45
5.5 Conclusions 46
6. Conclusions and Recommendations 47

6.1 Introduction 47
6.2 How do the Forums differ in the way they operate? 47
6.3 How have the Forums performed against their original objectives? 48
6.4 What has been the Forums impact to date on participating businesses? ... 49
6.5 What support do businesses want from Forums in future? 50
6.6 A Future Role for the Forums 51
Appendix One – Consultees 54

1. Introduction

SLIMS was commissioned by Forth Construction and its partners to evaluate the activity of the Local Construction Forums operating in the Scottish Enterprise (SE) East Operating Region. The Forums under review were Forth Construction, Fife Construction Forum and the Edinburgh and Lothians Constructing Excellence Group. The evaluation has reviewed the activity, outputs and impacts of each of these respective groups and made a series of recommendations on the future direction of the Forums.

1.1 Background

Construction Forums have operated in various localities across Scotland for a number of years now. There are currently eight Forums operating across the country with plans for a further two planned in the near future. The primary driver behind the establishment of all the current Forums has been to provide a platform through which to capture the 'local voice' of the industry in Scotland. Forums work by bringing together the key players in the industry in a defined geographical area with the aim of identifying common solutions to common problems. This approach fits with the national Scottish Construction Forum's (SCF) objective of reducing fragmentation in the industry. Looking at the current stock of Local Forums in Scotland at present, three characteristics are immediately apparent. In summary, Local Forums:

- differ in their maturity, with some well established and others still finding their feet
- vary in the resources they have at their disposal to engage with the industry
- contrast in the balance of activities and services they deliver to the industry (usually directly related to local need and resources).

This analysis holds true in the SE East Operating region where the three Forums have evolved in slightly different ways. The overarching aim of this evaluation has therefore been to compare and contrast the three Forums to inform their future development, including the refocusing of existing projects if appropriate.

1.2 Evaluation Objectives

The study brief for the evaluation set out a number of key objectives. These were to:

- understand the operation of the projects and compare the operating models
- evaluate the projects' performances and outputs against objectives – this should include a review of objectives and services offered in the context of the economic downturn
- assess impact to date on participating businesses including:
    - o What gap in the market do local Forums fill?

- What activities do businesses feel offer highest value?
- What role do they play in the current economic climate?
- What would improve the forums value proposition?

- assess the wider economic impact of the Forums, including an assessment of Gross Value Added (GVA)

- explore the potential for and the barriers to co-ordinating support for Local Construction Forums throughout Scotland

- identify market failures

- recommend specific, potential future interventions.

1.3 Methodology

The study methodology involved a number of stages. These included:

- analysis of background and management information held by Forth Construction, Fife Construction Forum and Edinburgh and Lothians Constructing Excellence Group

- consultation with each of the three Forum Co-ordinators

- online surveys of the three Forums respective membership bases

- telephone interview follow-up with six companies which had received support through Forth Construction

- consultations with representatives of:

  - Scottish Enterprise Industry Development team
  - The Scottish Construction Forum
  - The Scottish Construction Centre
  - Forth Valley Resource Efficiency Forum.

A full list of consultees is attached as Appendix One.

1.4 Report Structure

The remainder of the report is structured as follows:

- **chapter 2** provides an overview of the operation and activity of each of the Local Forums

- **chapter 3** sets out the findings from the online survey of Forum members

- **chapter 4** discusses the economic impact of the Forums

- **chapter 5** presents the feedback from the industry stakeholders consulted during the evaluation

- **chapter 6** pulls together the earlier evidence to offer a number of conclusions and recommendations on the future operation of the Forums.

2. The Local Construction Forums

2.1 Introduction

As touched upon in the introduction, the three SE East Region Forums have operated in different ways. This chapter provides a summary of the key characteristics of the Forums in terms of:

- background, aims and objectives
- funding and service delivery
- membership
- activities and outputs
- conclusions on the operating models.

2.2 Background, Aims and Objectives

In common with other Local Construction Forums, Forth Construction, Fife Construction Forum and the Edinburgh and Lothians Constructing Excellence Group were established with the principal aim of improving communication and information flow between the key parts of the Construction cluster in their areas.

The high level of fragmentation in the industry has long been recognised. Addressing this is a key tenet of the Scottish Construction Industry Plan 2007 – 2012 which states that the Construction industry *'is a vast, diverse and fragmented industry which includes an extensive supply chain. It is important that the industry strengthens its co-ordinated approach in order to: identify and address strategic themes; influence and inform politicians and stakeholder organisations; and demonstrate improvement.'* (p.5).

To this end, Forums work to improve the cohesion of the local industry. Forth Construction aims to act as 'one-stop shop' for the industry through facilitating a series of information events and seminars on topics of interest to local businesses. Forth has a strong focus on improving the business competitiveness of its members which it does by providing information on tenders and upcoming business opportunities.

Fife Construction Forum has had a wider focus and in broad terms was established *'to be an information and communication channel between the industry and the various stakeholders having an interest in the growth and wellbeing of the construction industry and the wider economy in Fife'*[1]. This is illustrated in Table 2.1 which matches the specific objectives of each Forum. These have been taken from the respective Scottish Enterprise Approval Papers.

---

[1] The Fife Construction Forum Business Plan (2005)

The key message which emerges is that the Forth and Fife Forums were established to achieve some similar, but also some different objectives. Indeed, of the six objectives listed in the table, two can be considered to be similar: one related to skills development and the other to raising the profile of the sector (shaded in the table). A review of the others shows that, in summary, Forth was set up to address more ‘short-term’ business focused issues such as procurement and business efficiency, whilst Fife was tasked with addressing ‘longer-term’ issues such as supporting the uptake of modern construction methods and innovation.

Discussions with the Fife Forum highlighted that a strategic decision was taken not to adopt the same procurement focus as Forth. This was due to there being no urban regeneration in Fife which the Forum can link into (unlike Forth) and the fact that Fife were not in a position to undertake the same procurement licensing deals as Forth.

Table 2.1: Forth and Fife Forums Objectives

Forth Construction	Fife Construction Forum
Construction skills across the spectrum: new entry; workforce development and management	Support the increased uptake of training and development for new recruits and the existing workforce
Awareness, image improvement and recruitment.	Support the promotion of the sector to/in schools and colleges
Access to existing support available from other organisations	Increase engagement with the sector to identify and respond to the issues arising
Procurement, tendering and community benefit	Deliver a programme of activities to raise awareness and increase participation in the modern methods of construction agenda
Business efficiency	Support increased innovation within the local construction industry
Project information and supply chain operation	To support the transition to the Forum becoming a self sufficient body.

Source: Scottish Enterprise Approval Papers

Finally, the Edinburgh and Lothians Group sets out to provoke discussion and debate amongst its members through running events designed to highlight areas of best practice and the practical application of new techniques. In conclusion, the fundamental aims and objectives of the three Forums are the same. Where they differ is in how they focus their efforts in supporting the sector.

2.3 Funding and Service Delivery

Table 2.2 summarises the main income sources for each of the Forums. This shows that Forth Construction has the greatest budget, followed by Fife and then Edinburgh and Lothians, which is entirely funded by private membership fees. The funding and services offered by each Forum is discussed in more detail below.

Table 2.2: East Region Forum Funding Sources

	Forth Construction	Fife Construction Forum	Edinburgh & Lothians CE Group
Funding Period	Mar. 2007 – Mar. 2010	Mar. 2006 – Mar. 2009	N/A
Scottish Enterprise Core Funding	£172,000	£60,000	N/A
Additional Public Sector Funding	£21,500	£79,291	N/A
Contract Income	£18,000	£7,500	N/A
Membership Fees and Sponsors	N/A	N/A	£2,300
Total Funding	**£211,500**	**£146,791**	**£2,300**

Source: East Region Forums Funding Information

Forth Construction

One of the main factors influencing the evolution of the three forums has been the level of resources available to each. Forth Construction has the greatest resources of the three, with a full-time Project Co-ordinator and a part-time Administration Assistant. The project is governed by a Steering Group, the members of which are elected on an annual basis at Forth Construction's Annual General Meeting (AGM). Steering Group members contribute their time on a voluntary unpaid basis.

The project has been core funded by Scottish Enterprise which committed £172,000 over the period March 2007 - 2010. In addition, it secured £11,500 from Stirling Council and £10,000 from Communities Scotland. It also receives in-kind funding from Clackmannanshire Council which provides an office and equipment.

Forth Construction was also awarded an £18,000 contract to deliver the 'CompeteFor' 2012 Olympics procurement portal. This is a pilot scheme designed to promote supply chain opportunities for Scottish companies. This brings the total funds available to Forth Construction to £211,500.

The budget directly influences the extent of services offered by Forth. These include:

- an extensive programme of events and seminars on subjects such as tendering opportunities, resource efficiency and local authority procurement rules
- information on current and future tender opportunities through three sources:

- R3 (Raploch Regeneration Project) Tenders
    - Local Tenders through Tenders Direct
    - London 2012 Olympics Procurement Opportunities

- referral on to partner organisations such as Local Authorities, the Scottish Construction Centre (SCC) and Business Gateway

- information (delivered through the website) on interest topics such as *how to win new tenders, health and safety* and *how to survive in troubled times.*

Forth also offers assistance to companies to help them put employees through Construction Skills Certification Scheme (CSCS) cards. Forth purchased 95 vouchers for distribution to Small and Medium Sized Enterprises (SMEs). Each voucher entitles the bearer to one morning's CSCS training followed by a test at the offices of a local training provider.

Fife Construction Forum

Fife Construction Forum is staffed by a part-time Project Co-ordinator who is retained on a consultancy basis. The Fife Forum is a company limited by guarantee governed by an elected board. The Forum has received three years of funding which is due to end in March 2009. Total funding has amounted to £146,791 over the three year period and is broken down as follows:

- Scottish Enterprise was the lead funder and contributed £60,000

- Kingdom Housing Association contributed £39,291

- Fife Council contributed £40,000.

The Forum was also awarded a £7,500 contract by the SCC to undertake a Scottish wide consultation on reforms to the planning system. The work was led by one the Fife Forum's directors and consisted of seven workshops held across Scotland. The findings from this work have been synthesised into a short report which will be disseminated to the industry some time in Spring 2009.

Like Forth, Fife delivers a programme of events and seminars. Events are staged throughout the year and related to topics of interest such as tendering, sustainable construction and waste management. Fife and Forth have staged one joint event to date, which was part of Fife's contract on planning reform. In addition, Fife has built up relationships with a range of local agencies including Fife Council and Green Business Fife. This has been part of its partnership building approach, which has resulted in the Forum engaging in additional activity, much of which it has delivered without additional funding.

Edinburgh and Lothian Constructing Excellence Group

The Edinburgh and Lothians Constructing Excellence Group has no staff and is run by a committee consisting of a Chairman, Secretary, and Treasurer. The committee receive no remuneration for their time spent in contributing to Club activities. Forth Construction acts as the secretariat for the Edinburgh and Lothians Group providing administration and treasury support.

The key difference between the Forums is that Edinburgh and Lothian is entirely self-funded through membership fees whilst Forth and Fife are supported by public funds. Marketed as the South East and Central Scotland Constructing Excellence Group, the organisation offers a three tier membership structure. This is:

- Full Annual Membership – costing £70 (covers free entry to all club events)
- Annual Membership – costing £10 (with a £10 fee levied for each event attended)
- Corporate Annual Membership – costing £170 (covers free entry to any number of people in the organisation to all club events).

Analysis of the membership base shows that the majority of members join on an annual basis (£10) and pay as they attend events. Edinburgh and Lothians run an events programme from October to May covering a similar range of topics to that delivered by Fife and Forth. The Group has an annual budget of £2,300 per annum which is generated through membership fees and event sponsorship, of which there are two to three sponsors per events season.

2.4 Membership

Forth Construction has the largest membership base of the three with a current total of 316 members. Membership is free and entitles the organisation access to the range of services outlined above. With Forth, the organisation rather than the individual is a member of the Forum. Table 2.3 breakdown Forth's member base and shows it is dominated by small companies employing less than 25 employees. Further analysis of the Forth membership shows that of the total, 129 members were based in the Stirling area, 81 in the Falkirk area, 57 in Clackmannanshire and 49 in other areas.

Table 2.3: Forth Construction Membership Base

Member Type	Number
Construction Client	10
Large Contractor (>100 employees)	29
Medium Contractor (25 – 100 employees)	56
Small Contractor (<25 employees)	197
Professional Services Providers	73
Supply Chain Companies	51

Note: Some members may feature in more than one category due to nature of business

Membership of Fife Construction Forum is also free and it currently has a total of 129 members. Its membership base is categorised slightly differently from Forth's and analysis shows that:

- the majority of members (103) are private companies
- 14 members are classified as professional organisations
- 9 are in the public sector (with some being potential clients)
- 3 are educational establishments.

A review of the companies listed in Fife's membership base suggests that the majority are small contractors employing less than 25 employees, however this cannot be confirmed as no data on company size is collected by Fife.

Table 2.4 provides an overview of the Construction sectors in the former Scottish Enterprise Fife and Forth Valley Local Enterprise Company (LEC) areas. This shows that, in terms of number of workplaces, the regions are broadly similar with Fife having 969 and Forth Valley 928 workplaces. Despite the smaller number of workplaces, the sector employs more people in Forth Valley, 8,501 compared to 6,233 in Fife.

Furthermore, the industries are similarly structured (in terms of size) with just under 90% of establishments employing less than 10 people in both areas. This statistic is reflected in the membership of both Forums with smaller companies predominant in each. There is some difference in employment, with a greater proportion concentrated in large firms in Forth Valley than in Fife. Indeed, Forth Valley has around one third of its Construction workforce employed in establishments with over 200 people in comparison to only 11% in Fife.

Table 2.4: Overview of the Construction Sectors in Fife and Forth Valley

	% of total establishments in sizeband		**% of total employees in sizeband**	
Sizeband (E'ees)	**SE Fife**	**SE Forth Valley**	**SE Fife**	**SE Forth Valley**
1 – 10	89%	88%	38%	24%
11 – 49	9%	9%	28%	22%
50 – 199	2%	2%	24%	21%
200+	<1%	1%	11%	33%
Total Workplaces / Employees	**969**	**928**	**6,233**	**8,501**

Source: Annual Business Inquiry, 2007

Note: The data refers to Construction establishments rather than companies

The key conclusion based on the above data is that although the sectors are broadly similar, it appears that Forth Construction has more opportunity to engage with large employers given the higher concentrations of 200+ employee establishments in the region.

The Edinburgh and Lothians Group membership was unable to be categorised in the same way as Forth and Fife as no robust data on company size has been collected. However, consultation with the Chairman confirmed that the majority of members are SMEs. Ten members of the Edinburgh and Lothians Group are also members of Forth Construction.

2.5 Activities and Outputs

Forth Construction

Forth Construction submits a monthly activity report to Scottish Enterprise which details the activity and outputs generated by the Forum. Table 2.5 presents the latest information provided for this evaluation (up to end January 2009) and compares with the level in March 2008. The key messages to take from the table are:

- the membership base grew by over half (111 companies) between March 2008 and January 2009
- over 357 delegates have attended events staged or paid for by Forth Construction
- member companies have won contracts to the value of £2,682,628 from the regeneration of the Raploch area in Stirling, with £1,513,798 of this figure going to Stirling companies.

Table 2.5: Forth Construction Activity and Outputs

Category	Total at March 2008	Total at January 2009
Number of Members	205	316
Leverage (money secured from other sources, cash or in-kind)	£10,000	£28,000
Equal Opportunities, Equal Opportunities Impact Assessment. (Women/Race/Disabled)	2	3
Social Equity. Instances of promotion of LOAN, CBiP and other complimentary initiatives	1	2
Business Assistance Numbers (Instances where over half a day of assistance is given by Forth or an intermediary paid by Forth)	4	22
Businesses Attending Events (one-to-many) staged or paid for by Forth Construction	40	357
Use of Services. (instances of businesses using Forth Construction services)	24	93
Referrals to Scottish Enterprise	2	4
Member company increase in turnover/jobs created or sustained/training activity undertaken as a result of Forth activity.	No evidence	£2,682,628
Business Cases	3	6

Source: Forth Construction Internal Monitoring Information

Forth Construction had relatively few activity and output targets set for it by funders. The Scottish Enterprise Project Project Approval Paper detailed three key targets. These were:

- to introduce a construction related project addressing local market failure – this has been achieved by virtue of the fact the Forum is up and running
- to encourage 250 businesses to join the Forum – this has been exceeded with 316 companies currently members
- to leverage in public/private funds of £60,000 – the Forum has achieved around half this figure with £28,000 of leverage.

With regards to the Forth Construction website (www.forthconstruction.co.uk), the monitoring information shows that the website has attracted 7792 visitors since its launch, with 5918 of these being unique visitors. In relation to the training support offered, Forth Construction have issued 98 CSCS vouchers to local SMEs.

Table 2.6 details the events staged by Forth Construction over the past 12 months. A total of 10 events were held, six of which were directly focused on providing information on new business opportunities (Tender for Trade, ROK Group, Council Procurement and Meet the Buyer). Four events were held jointly. These were:

- the Planning Consultation event in conjunction with Fife Construction Forum
- the Waste Workshop with the Edinburgh and Lothians Group
- the Sustainable Construction event with the Forth Valley Resource Efficiency Forum
- the NISP event.

Attendance ranged from a low of 12 to a high of 80. The average attendance across all events was 44.

Table 2.6: Forth Construction Events 2008/09

Event	Date	No. of Attendees
Tender for Trade	28th February 2008	27
Waste Workshop	10th March 2008	Edinburgh Club
Tender for Trade	20th March 2008	43
Sustainable Construction	12th June 2008	64
ROK Group Event	27th August 2008	55
ROK Group Event	24th September 2008	35
Falkirk and Stirling Council Procurement	9th October 2008	64
National Industrial Symbiosis Programme (NISP)	12th November 2008	80
Fife Construction Forum Planning Consultation	12th January 2009	12
Meet the Buyer Event (Sharkey Group)	26th February 2009	16
Average Event Attendance		**44**
Total Event Attendance*		**396**

Source: Forth Construction Internal Monitoring Information

**Note: Total Event Attendees higher in Table 2.3 than Table 2.2 due to inclusion of later events.*

Analysis of the feedback forms collected by Forth Construction following each event reveals a high level of satisfaction amongst attendees. In the case of each event, virtually all delegates described them as ‘useful’ or ‘very useful’. Satisfaction levels are revisited in more detail in the following chapter.

Fife Construction Forum

Fife Construction Forum has not recorded outputs in the same way as Forth, partly because it has not been required to regularly report information to funders and partly because it has not had the resources to monitor and capture detailed output information. This has made it difficult to comment on the extent to which the Fife Forum had met its contractual outputs set for the 2008/09 financial year. Which were to:

- produce an income generation plan
- create and deliver a programme of events (minimum 10)
- increase Forum membership by 50
- increase the number of companies actively involved with Fife's sub-groups
- to raise awareness, increase support and uptake of Modern Apprenticeships and professional development by members
- to seek and provide industry feedback on issues facing the sector.

Table 2.7 details the event attendance in Fife in 2008/09 and shows that the Forum delivered a total of nine events, which is in line with the expectations for the year. In total, 277 delegates attended all Fife's events. Two of the events were held in conjunction with other partners. These were:

- the NISP event, which was similar to Forth's and the best attended of all Fife's events with 38 attendees. At this NISP provided the framework for the event, with half the event costs paid by the SCC and the remaining half met jointly by the Fife Forum and Green Business Fife
- the planning consultation workshop which was led by Fife under a contract awarded by the SCC, but duplicated across Forth, Edinburgh, Aberdeen, Dundee, Borders and Glasgow

Fife's events show less variation in attendance than Forth's, ranging from a low of 22 to a high of 38. The average attendance across all events was 29.

Table 2.7: Fife Construction Forum Events 2008/09

Event	Date	No. of Attendees
Planning in Fife	22nd January 2008	48
Simple Performance Improvement	18th March 2008	28
State of the Industry	19th June 2008	36
NISP	21st August 2008	38
FCF Update & Networking Event	24th September 2008	22
Forth Crossing	20th October 2008	26
Sustainability - Threat or Opportunity	18th November 2008	25
ROK - Supply Chain	10th December 2008	24
Planning Consultation	12th January 2009	30
Average Event Attendance		**31**
Total		**277**

Source: Fife Construction Forum Internal Monitoring Information

Given the lack of 'hard' output information collected by Fife, it is useful to outline some of the additional activity delivered by the Forum. The events outlined above were supported by a range of departments from within Fife Council, which has provided support in the form of board membership and funding (as outlined above). The Forum has established relationships with a range of partners, including Green Business Fife, an initiative aimed at local businesses to help them achieve resource efficiency gains and boost competitiveness and Fife Works, an employability project aimed at providing opportunities for disadvantaged individuals. The current Co-ordinator is currently chairing a Fife Works group on the issue of redundant apprentices in Fife, which includes partners such as Skills Development Scotland, Job Centre Plus, Fife Council, the local colleges and Construction Skills.

Additional activities include a 2007 study visit to Germany, a visit to the 2007 Interbuild exhibition and a visit to the Ecobuild event in early March 2009. The Forum has also sponsored two training initiatives on leadership and project management. Furthermore, the Planning Consultation events have resulted in engagement with a wide range of stakeholders including local MPs, MSPs and owner/managers of SMEs. The Fife planning sub-group has been invited on to the Scottish Cross Parliamentary Construction Group and one of the Forum directors on to the Royal Town Planning Institute (RTPI) parliamentary group. Lastly, the Forum has also referred a number of companies on the LEAN Construction initiative currently delivered by the Building Research Establishment (BRE).

Edinburgh and Lothian Constructing Excellence Group

The Edinburgh and Lothians Group has no recorded information on outputs. As the group is entirely self-funded it has not been required to report on activity in the same way as a publicly funded body such as Forth. A list of the events staged by Edinburgh and Lothians is shown in Table 2.6. Details of attendance at these events was not available, however consultation with the Chairman confirmed that it ranged from a minimum of 10 to a maximum of 35, averaging around the 20 mark.

Table 2.6: Edinburgh and Lothian Construction Forum Events 2008/09

Event	Date
Waste Workshop	10th March 2008
Workforce Development	14th April 2008
Regeneration	12th May 2008
Sustainability and Workforce Development	24th October 2008
Energy Saving Efficiencies	3rd November 2008
HSE CDM Regulations	1st December 2008
Planning Consultation (in conjunction with Fife)	12th January 2009
Sullivan Report Update	2nd February 2009

Source: Edinburgh and Lothians Group Internal Monitoring Information

2.7 Conclusions

This chapter has provided a brief overview of the three SE East Operating Region Forums; Forth Construction, Fife Construction Forum and Edinburgh and Lothians Constructing Excellence Group. The quality and scope of monitoring information varies across the three Forums, this is related to structure and funding and makes direct comparison of performance difficult. Nevertheless, a number of key conclusions emerge:

- the Forums are different, in terms of funding, focus and activity

- Forth Construction has the greatest resources and largest membership base, followed by Fife and then Edinburgh and the Lothians, which is entirely self-funded

- the Forums share the same broad objective, which is to provide a focal point around which to bring the industry together

- however, the Forums have differed in how they have focused their efforts:
    - Fife has delivered an events programme which has brought together industry players around common issues of interest
    - Forth has done the same but has also offered a range of direct services in relation to tenders and CSCS training
    - The Edinburgh and Lothians Group has delivered a limited events programme in line with its budgetary constraints

- both Forth and Fife have linked in to the existing public and private infrastructure in their areas, with partners involved in delivering most events

- by and large, the events delivered have been well attended across the three Forum areas.

3. The Business Perspective

3.1 Introduction

This chapter presents the findings from the online surveys of Forth Construction, Fife Construction Forum and the Edinburgh and Lothian Constructing Excellence Group. The online questionnaire was hosted by Survey Monkey and distributed by each of the Forum Co-ordinators via email to the respective membership bases.

Table 3.1 shows that the survey obtained an overall response rate of 15%. This is a typical return for an online survey and has provided a robust evidence base of 75 responses. In terms of individual Forum responses, Fife secured the highest response rate with a quarter of members responding, whilst Forth posted the lowest at 11% (although Forth did generate the highest number of absolute responses).

Table 3.1: Survey Response Rates

Forum	Total Members	Survey Responses	Response Rate
Forth Construction	316	36	11%
Fife Construction Forum	129	32	25%
Edinburgh & Lothians	50	7	14%
Overall	**495**	**75**	**15%**

Source: SLIMS Survey of SE East Region Forum Members, 2008

This chapter presents the results of each survey together. This allows the reader to clearly identify the key messages emerging as well as the differences between the respective members.

3.2 Company Characteristics

The profile of membership between the three construction Forums differs slightly in that E & L respondents are largely professional service providers while Forth Forum members are more likely to be small contractors. In contrast, there is much more of a split between the different contractor types for Fife Forum members, although the largest single group is professional service providers (Table 3.2).

Table 3.2: Which of the following best describes your business?

	E & L		Fife		Forth	
	No	%	No	%	No	%
Client	0	0	6	19	1	3
Large Contractor	0	0	5	16	3	8
Medium Contractor	1	14	3	10	2	6
Small Contractor	0	0	3	10	20	56
Professional Service Provider	6	86	9	29	4	11
Supply Chain	0	0	5	16	6	17
Total	7	100	31	100	36	100

Source: SLIMS Survey of SE East Region Forum Members, 2008

Geographical Location

The geographical location of companies within each Forum can be summarised as follows:

- 86% of companies responding to the E & L survey were based within the Edinburgh City Council area;
- over three-quarters (77%) of respondents to the Fife survey were based within Fife Council area; and
- members of the Forth Forum are much more geographically dispersed between a number of local authorities – 44% are based in Stirling; 19% in Falkirk; 14% in Clackmannanshire.

Turnover & Employment

Table 3.3 indicates the key characteristics of the companies taking part in each survey, in terms of annual turnover for the 2007/08 financial year, and the numbers employed:

Table 3.3: Turnover & Employment

	Gross Turnover 2007/08	Number of staff employed
Edinburgh & Lothians Group		
Maximum	£25,000,000	95
Minimum	£380,000	6
Mean	£6,455,000	37
Median	£2,400,000	24
Fife Construction		
Maximum	£1,671,000,000*	16,500
Minimum	£0	1
Mean	£82,606,919	733
Median	£2,250,000	53
Forth Construction		
Maximum	£32,000,000	2,300
Minimum	£0	1
Mean	£3,985,875	176
Median	£750,000	12

Source: SLIMS Survey of SE East Region Forum Members, 2008

**This is the turnover of national company with an establishment in Fife.*

3.3 Membership

Each survey asked respondents to give some basic details concerning membership of their Forum, including the length of time they had been a member and the main reasons for joining the Forum. In summary:

- the majority (57%) of responding companies in the E & L Forum have been members for 2 years or more;
- over half (52%) of Fife respondents have been members for less than one year, while most of the rest have been members for 2 years or more; and
- 91% of members in the Forth Forum have been members for 18 months or less, most of whom have been members for less than one year.

Reasons for Joining the Forum

There appears to be a degree of consensus across the three surveys as to the key reasons for Forum membership, although the weight attached to these reasons differs slightly between Forums (Table 3.4). The key reasons for Forum membership can be summarised as follows:

- **improved networking opportunities** were ranked highly by respondents from all three Forums;

- **improved awareness** of what is going on both locally and at industry level were also considered important factors; and

- **a greater knowledge of tender opportunities** was important, although relatively more so in the case of the Forth respondents.

Table 3.4: What were your main reasons for first joining the Forum?

	E & L		Fife		Forth	
	No	**%**	**No**	**%**	**No**	**%**
To improve understanding of what's going on locally in the industry	5	71	23	74	26	72
To improve my network of contacts	4	57	23	74	27	75
To learn more about the big issues facing the industry	4	57	18	58	13	36
To widen my knowledge of tender opportunities	1	14	12	39	21	58
Other	1	14	2	7	4	11
No specific reason	0	0	1	3	1	3

Source: SLIMS Survey of SE East Region Forum Members, 2008

3.4 Views on Seminars and Events

A common theme to emerge from each Forum survey is that on the whole, the events run by the Forums are well liked by members. Table 3.5 details the responses of Forum members and indicates that:

- on the whole, members of the E & L Forum found events to be useful, and in most cases would like to see similar events held in the future;

- respondents of Fife Forum were largely satisfied with events although there appears to be a degree of concern as to the usefulness of the ROK event; and

- Forth Forum members were relatively more sceptical, with at least one negative response for any one individual event. Nevertheless, for each event held most respondents felt it was useful and would be happy to see future similar events.

Table 3.5: What are the main benefits you have gained from attending Construction Forum Events?

		Views on Event		
	Number Attending Event	*Useful Event - would like to see similar events* %	*Useful Event but wouldn't like to see similar events* %	*Event wasn't useful* %
E & L				
Waste (10/03/08)	3	67	33	0
Workforce Development (14/04/2008)	2	100	0	0
Regeneration (12/05/08)	2	50	0	0
Sustainability & workforce development	1	100	0	0
Energy Saving Efficiencies (11/03/08)	2	100	0	0
HSE CDM Regulations (01/12/08)	1	100	0	0
Planning Consultation (Jan 2009)	1	100	0	0
Sullivan Report Update (02/02/09)	1	0	0	0
Fife				
Planning Reform Event (23/01/09)	5	100	0	0
Planning Reform Event (16/01/09)	3	67	0	0
Environmental Awards (14/11/08)	3	100	0	0
NISP Event (21/08/08)	9	78	0	0
ROK Event	6	33	17	17
Forth				
ROK Group Event (27/08/08)	9	100	0	11
ROK Group Event (24/09/08)	10	70	0	10
Sustainable Construction Event	3	67	0	33
Tender for Trade Event (20/03/08)	7	86	14	0
Council Procurement Event (9/10/08)	16	94	6	0
NISP Event (12/11/08)	1	0	0	100
Waste Workshop Event (10/03/08)	0	0	0	0

Source: SLIMS Survey of SE East Region Forum Members, 2008

Respondents were then asked to expand upon these views, and signify the main benefits gained from attendance at these events. Table 3.6 shows the responses of each of the Forum members, and shows that:

- attendees at events organised by Fife and Forth Construction Forums ranked networking as a key benefit, although this was considered less important by E & L Forum members;

- improved understanding of local industry issues was considered a main benefit for members of the Fife Forum, but relatively less important for the other two Forums;

- E & L Forum members felt that the main benefit arising from attendance at events was raised awareness of the issues facing the industry; and

- the chance to widen knowledge of potential tender opportunities was cited as important for members of the Forth Forum, but much less so for the other two Forums.

Table 3.6: What are the main benefits you have gained from these events? Have you.............

	E & L		Fife		Forth	
	No	**%**	**No**	**%**	**No**	**%**
Widened your knowledge of tender opportunities	0	0	3	11	15	54
Improved understanding of what's going on locally in the industry	2	33	19	70	13	46
Improved your network of contacts	2	33	20	74	20	71
Learned more about the big issues facing the industry	4	67	19	70	7	25
Gained no benefits from event attendance	0	0	1	4	1	4
Learned more about the procurement rules of large clients	2	33	5	19	9	32
Other (please specify)	2	33	4	15	2	7

Source: SLIMS Survey of SE East Region Forum Members, 2008

In conjunction with the online survey, a telephone consultation was also undertaken with a number of forum members in order to obtain some more in-depth feedback from member companies. All of the participants of the telephone consultation indicated that they found the events useful for giving them the opportunity to widen their list of contacts. Interestingly, many of the companies found that the events and seminars were useful in building up a bank of contacts of both:

- **other construction businesses within the community** – the respondent companies found that it was useful to build relationships with other local construction companies in order to both discuss what’s going on within the industry and also to identify potential partnership/collaboration opportunities for tenders.

- **large private and/or public sector contractors** – many of the respondent companies found that the events provided them with a forum to meet with these buyers – something which was not elsewhere available. Some also said that if it weren’t for these events, then they would have very little chance of meeting with the relevant buyers within these organisations, as it's considered very difficult to 'get past the reception desk.'

The companies who responded to the telephone survey also identified the support that they had in (a) identifying potential tendering opportunities and (b) completing tenders as invaluable. Many of the companies found that they didn't always have the resources in house to constantly search for tenders (i.e. online) or the skills and expertise to complete the tender successfully. The forum is seen as important resource in keeping members up-to-date with tender opportunities and linking members with the support they need to complete tenders to the best of their ability.

3.5 Forum Websites

Members in Fife and Forth were asked to give their views on both usage of, and the quality of website content, for the respective Forums[2]. In total, 81% of members in the Forth group use the Forum's website at least once a month – this compares to an equivalent figure of 69% for Fife. In both cases, the proportion of members using the Forums less frequently than every three months is relatively low (Forth 12%; Fife 4%).

Those surveyed were also asked for their views on the quality of content on each Forum's website. To do this, respondents were asked to provide scaled responses[3], indicating the extent to which they agreed with the following statements:

- "The website contains information which I find useful"
- "The content of the website is kept up-to-date"
- "The website is easy to navigate around"
- "The website looks professional"

In the case of the Forth Forum, responses to each statement were overwhelmingly positive, with around 90% of respondents either strongly agreeing or agreeing with each statement. None of the respondents indicated that they disagreed, or strongly disagreed with these statements.

In comparison, the equivalent results for the Fife Forum were less emphatic. In particular, less than half (44%) of all respondents indicated that they neither agreed nor disagreed with the statement that website content was kept up-to-date. A further 32% gave the same response in terms of the ease of which they felt the website could be navigated. It should be stressed that these are not are not outright negative responses - equally however, they may indicate that these aspects of the website are in need of improvement.

[2] The E & L Forum has indicated that their website is not a main channel for communication with members and hence questions on website usage were excluded from the survey.

[3] The scale was: Strongly Agree; Agree; Neither Agree nor Disagree; Disagree; Strongly Disagree.

3.6 Opportunities to Tender

This section of the report refers only to the Forth Construction Forum and specifically on the tender services that they provide. Members of the Forum were asked to confirm the sources of tender information that they had registered with through Forth Construction. Table 3.7 indicates that 47% of businesses used Forth Construction to register with the London Olympics Procurement Portal, while 44% of respondents sought local tenders through the Tenders Direct website.

Table 3.7: Which of the following sources of tender information have you registered with through Forth Construction?

	No	%
R3 Raploch	9	28
Local Tenders through Tenders Direct	14	44
CompeteFor - London 2012 Olympics Procurement Portal	15	47
None	7	22

Source: SLIMS Survey of SE East Region Forum Members, 2008

A total of 8 respondents indicated that they did not receive tender information through the services offered by Forth Construction. Of these, three were unaware of the service, while a further three indicated that they could not afford the subscription fees.

On the whole, members were in agreement that the tendering services offered by the Forum had had a positive impact on the number of tendering opportunities available to them. Table 3.8 shows that over one-quarter (27%) of respondents felt that working with the Forum had significantly increased their opportunities to tender. A further 50% felt that opportunities had increased slightly, while 23% felt there was no difference at all.

Table 3.8: Would you say that working with Forth Construction has.......?

	No	%
Significantly increased your opportunities to tender	6	27
Slightly increased your opportunities to tender	11	50
Made no difference to your opportunities to tender	5	23
Slightly decreased your opportunities to tender	0	0
Significantly decreased your opportunities to tender	0	0

Source: SLIMS Survey of SE East Region Forum Members, 2008

The survey found that companies had tendered for a total of 58 contracts through the tender services provided by Forth Construction. Of these, the 'hit' rate was low with one company securing a single contract worth £360. An overall hit rate of less than 2%. This finding is at odds with the £2.7m worth of Raploch (R3) contracts awarded to Forth members (Table 2.3) and suggests two things:

- the companies which were awarded the R3 contracts did not take part in the online survey; or

- companies were unaware (or did not recall) that Forth Construction was assisting them in identifying R3 tenders.

3.7 Referrals and Training Support

Respondents to the Fife and Forth surveys were asked to indicate those organisations and agencies to which they had been referred to by the respective Construction Forums[4], as shown in Table 3.9.

Table 3.9: Which of the following organisations and agencies have you been referred to by Forth / Fife Construction?

Forth	No	%		Fife	No	%
Stirling Council	9	47		Fife Council	10	59
Clackmannanshire Council	8	42		Scottish Construction Centre	9	53
Scottish Enterprise	8	42		Scottish Enterprise	7	41
Business Gateway	7	37		Business Gateway	5	29
Falkirk Council	7	37		Construction Skills	5	29
Construction Skills	6	32		Trade Bodies	2	12
Trade Bodies	5	26		Other	0	0
Scottish Construction Centre	2	11				
Other	4	21				

Source: SLIMS Survey of SE East Region Forum Members, 2008

The table shows that in both Forums, the organisations to which most referrals are made are the local authorities in closest proximity to the Forum area, and Scottish Enterprise. Referrals to Business Gateway and Construction Skills are the next most popular across both Forums. However, relative to Forth, the Fife Forum is much more likely to make referrals to the Scottish Construction Centre.

Views were then sought as to how likely respondents would have been to contact these organisations, had they not been referred to them through the Forums. Each survey asked members to respond by choosing one of the following statements:

- "Very Likely"
- "Likely"
- "Unlikely"
- "Very Unlikely"

[4] Insufficient replies were received from the E & L survey to make any meaningful conclusions on referrals and training support.

The responses to this question are summarised in Table 3.10 and show that across each Forum, around 25 – 40% of members would have been unlikely, or very unlikely to have made contact with these organisations had they not first been referred via one of the Forums.

Table 3.10: How likely would you have been to approach these organisations if you had not been referred through the Forum?

	E& L		Fife		Forth	
	No	%	No	%	No	%
Very Likely	1	20	3	15	5	22
Likely	2	40	12	60	11	48
Unlikely	1	20	5	25	5	22
Very unlikely	1	20	0	0	2	9

Source: SLIMS Survey of SE East Region Forum Members, 2008

Members of the Forth Forum were also asked to confirm if they were aware that the Forum offered support to put employees though their CSCS cards. The results from this question reveal that the more than half were aware (57%), and of those questioned, 25% had taken up this support.

3.8 Benefits of Forum Membership

It is evident across all three surveys that members, by and large, believe that the services offered by the Forums represent a cost effective way of receiving support. Respondents were asked a number of questions concerning the range of services offered by each of the Forums, and for each type of service provided, to make a choice between the following four statements:

- “The support is not available elsewhere"
- “The support is available elsewhere at a cheaper cost”
- “The support is available elsewhere at an equal cost”
- “The support is available elsewhere at a higher cost”

Of the three Forums, the Forth Forum offers the most extensive range of services to its members (Table 3.11). The table shows that very few Forth respondents believed that the services offered by the Forum are available elsewhere at a cheaper cost, although significant proportions felt they could not access referrals, seminars & events or information on tenders from any other source at all. In particular, the majority of respondent members seem to perceive alternative providers of training support services as more expensive than the Forum. Forth Forum members have also indicated that they rank seminars & events, and training support as the most valuable services offered by the Forum.

Table 3.11: For each of the types of support offered by Forth Construction, can you indicate where…….

	Seminars & Events		Referrals to partner organisations		Training Support		Information on Tenders	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**
Not available elsewhere	8	42	8	57	3	18	8	44
Available elsewhere at cheaper cost	1	5	0	0	1	6	0	0
Available elsewhere at equal cost	3	16	4	29	3	18	5	28
Available elsewhere at higher cost	7	37	2	14	10	59	5	28
Total	**19**	**100**	**14**	**100**	**17**	**100**	**18**	**100**

Source: SLIMS Survey of SE East Region Forum Members, 2008

The remaining two Forums are more focussed upon on seminars & events, and referrals. E & L respondents held the view that both types of service were available from alternative providers at either an equal or higher cost than provided by the Forum – no E & L respondents felt that these services could be obtained cheaper elsewhere. In line with the views expressed in the other two Forums, Fife respondents did not think these types of service were available elsewhere cheaper. Again however, it should be noted that a significant number of Fife respondents felt that these services were simply unavailable elsewhere.

Forum members were asked to confirm where they might go to access these types of services if they were not provided by the respective Forums. A wide range of individual responses were given in respect of this enquiry, however, a number of common responses emerged, the most common of which included: Scottish Enterprise, Local Authority Websites; CITB; Trade Organisations or Publications, website searches, or through networking.

Willingness to pay for services provided

At present, the Forums in both Fife and Forth do not charge membership fees. In light of this, members were asked to confirm if, and how much they would be willing to pay in the event that the Forums started charging for their services. The most significant message to emerge from this was that respondents to both surveys would be unwilling to make payment for the services that are currently provided by the Forums. The strength of this view is common across both Forums, with two-thirds of respondents in each survey expressing this view. Of the minority that are willing to pay, most indicated that the sums they would be willing to spend were relatively low on an annual basis (most respondents were unwilling to spend more than £250.00 per year on this).

The E & L Forum differs from the other two in that members currently pay an annual subscription fee for the services that the Forum provides. Of the three types of membership available (annual membership £10; full annual membership £70; and Corporate Annual membership £170), the vast majority believe that at present, the subscription fees represent good value for money. At the same time, however, most respondents (67%) were also clear that they would be unwilling to pay an increased membership fee in return for an augmented range of services.

The impact of the Forums

Respondents to each survey were asked to comment on the impact of the Forums on several different aspects of their businesses, through scaled responses to a number of statements. As shown in Table 3.12, the responses suggest that members of all three Forums report an increased general understanding of industry issues. However, there are differing perceptions of Forum impact upon specific areas of business activity, particularly networking and working practices.

It appears that Forth members perceive their Forum as being at its most effective in terms of widening access to tender opportunities, and in improving networking capability. However, while the majority of members expressed the view that working with the Forum had widened tendering opportunities to some extent (63%), the perception that this has increased their ability to win tenders was less strong (37%). The majority of Forth members also reported improved networking capability as a result of Forum membership, a view shared by members of the Fife Forum. In contrast a much wider spectrum of views was expressed by E & L members, with the majority neither agreeing nor disagreeing that the Forum membership had improved their networking function.

Across all three surveys, members appear to agree that Forum membership has increased their general understanding of industry issues. However, members of all Forums are also much less equivocal on whether the Forum has had any significant impact upon their working practices. In E & L in particular, 40% of respondents either strongly disagreed or disagreed that the Forum had improved working practices, while a further 40% neither agreed nor disagreed. In addition, the majority (60%) of members in Forth were non-committal on whether membership of the Forum had had a positive impact on the level of training offered to employees.

Table 3.12: Impact of the Forums

	%				
	Strongly Agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree
Forth					
Improved my understanding of the industry in general	13	38	46	4	0
Improved my access to tenders	13	50	38	0	0
Improved my ability to win tenders	4	33	50	13	0
Improved my understanding of construction legislation	8	38	46	8	0
Improved my working practices	8	20	60	12	0
Improved my networks	21	33	38	8	0
Increased the training I offer to my workforce	4	12	60	16	8
E & L					
Improved my understanding of the industry in general	0	67	17	17	0
Improved my understanding of construction related legislation	0	33	50	17	0
Improved my working practices	0	40	40	0	20
Improved my networks	17	0	67	0	17
Fife					
Improved my understanding of the industry in general	19	57	24	0	0
Improved my understanding of construction related legislation	5	62	33	0	0
Improved my working practices	5	20	60	15	0
Improved my networks	24	52	24	0	0

Source: SLIMS Survey of SE East Region Forum Members, 2008

3.9 Future Use of the Forums

Members from each of the Forums were asked to provide feedback on topics which they would like to see on the agenda for future events and seminars. Table 3.13 outlines the responses to this question and highlights differences across each of the three Forums, to show that:

- across each of the three Forums, *Local Authority Procurement* and *Scottish Government Procurement* were identified as popular topics for future events and seminars;

- an overwhelming majority of respondents (85%) from the Forth Forum felt that tender opportunities should be a topic for future events, although this was considered less important for Fife respondents (48%) and even less so in E & L (17%);

- in Fife, there was a very positive response to the suggestion of *training* as a topic for future events;

- respondents from Fife and Forth Construction Forums were relatively less keen for *accessing finance, planning* or *health & safety legislation* to be the subject of future events or seminars.

Table 3.13: On which topics would you like to see more events and seminars in the future?

	E & L		Fife		Forth	
	No	**%**	**No**	**%**	**No**	**%**
Health and Safety Legislation	4	67	12	41	10	30
Planning	4	67	9	31	6	18
Local Authority Procurement	5	83	14	48	23	70
Scottish Government Procurement	4	67	13	45	17	52
Tender Opportunities	1	17	14	48	28	85
Training	2	33	19	66	15	45
Accessing Finance	1	17	6	21	6	18
Business Advice and Guidance	3	50	14	48	11	33
Sub-Contracting Opportunities	2	33	5	17	24	73
Other (please specify)	1	17	3	10	1	3

Source: SLIMS Survey of SE East Region Forum Members, 2008

A number of the organisations who were involved in the telephone consultations felt that their business had been affected by the current economic downturn. The respondent companies were asked what support they may need in the future and many of them felt that their local forum had numerous important roles to play in the future, including:

- the continued provision of a mechanism for SME's within the construction industry to meet with buyers in a non-threatening and informal atmosphere;

- continuing to fill some of the resource gaps experienced by member companies. For example, many of the companies which were interviewed felt that, unlike large companies, they didn't have the resources to scan the internet searching for tenders. This was one activity which was mentioned on numerous occasions as an example of where the construction forums build capacity within member companies.

- the ongoing support with the completion of tenders. Albeit there were no reported instances of successful tenders as a result of working with the forums, many of the companies felt that the forums would continue to play an important role in helping members to understand what large contractors are looking for and how tenders are scored against weighting/scoring systems.

- continuing to facilitate discussion and interaction between key players (both old and new) within the construction industry – the forums are seen as an important mechanism for bringing together SME's, local authorities, Business Gateway, representatives from the banking sector and other trade bodies (to name a few).

- continued provision of training, upskilling and updates on legislative changes to ensure that member companies retain a competitive advantage.

- provision of a mechanism for obtaining information on opportunities arising from the 2014 Commonwealth Games.

As a measure of members' outlook of future trading conditions and the expected impact on their turnover, members were asked whether they expected their gross annual turnover to increase or decrease in 2008/09, relative to 2007/08. Table 3.14 provides an overview of responses to this question, and shows that:

- the majority of respondent members from each of the Forums expected their turnover to decrease in 2008/09, relative to 2007/08. This means that, irrespective of which Forum respondents were members of, the majority expected a decline in turnover in the coming year.

- the proportion of respondents who felt that their turnover would increase over the next year was greater amongst members of Fife and Forth Construction Forums, when compared with E&L.

Table 3.14: Given the challenging trading conditions for the construction sector in 2008/09, do you expect your gross annual turnover to increase or decrease in comparison to your turnover in 2007/08?

	E & L		**Fife**		**Forth**	
	No	**%**	**No**	**%**	**No**	**%**
Increase	1	17	6	29	7	26
Decrease	5	83	15	71	20	74
Total	**6**	**100**	**21**	**100**	**27**	**100**

Source: SLIMS Survey of SE East Region Forum Members, 2008

The table above reveals that the majority of survey respondents felt that turnover was going to decrease in 2008/09, relative to 2007/08. However, in order to understand the scale of the expected decline in turnover, respondents forecasting a decrease in turnover were asked to identify by how much they expected it to fall. Across the three Forum's there were some similarities, but also variation in the extent to which respondents expected turnover in 2008/09 to decline. The main findings from this analysis indicate that:

- across each Forum, of those members who forecast a decline in turnover, the majority felt that it would be between 5% and 20%

- in E & L, three-fifths of those respondents who expected turnover to decline expected the total fall to be in the region of 5%-20%. A fifth felt that the overall decline would be between 31% and 40%, while the remaining fifth expected a much higher fall of between 71% and 80%

- of the Forth Construction Forum members who predicted a fall in turnover, over half (55%) expected a decline of between 5% and 20%. A further two-fifths expected the decline to fall between 21% and 50% while just 5% expected it to be as high as between 81% and 90%

- in Fife, forecasted decline by members was spread across a wider range. Nearly 40% of respondents expected decline in turnover to be in the region of 5-20%, with another 15% each expecting a decline of 21%-30%, 31%-40% and 41%-50%. Fife was, however, the only Forum where no member forecast a decline of greater than 50%.

Intended Forum usage in 2008/09

In order to gauge future usage of Forum services in light of the current economic downturn, respondents to each survey were asked to confirm the extent to which they intended to continue using the Forums, and to specify the particular services that they were most / least likely to use. The responses to these enquiries are detailed in Table 3.15 and Table 3.16 and show that:

- across the three surveys, around 50% - 60% of members have indicated that they will use the Forums to the same extent over the coming year;

- in Forth and Fife, a significant number have indicated they will use more of the Forum's services than in the past;

- the majority of Forth members intend to increase usage of the Forum services in terms of information on *tenders, seminars & events*, and *referrals*;

- half (50%) of E & L Forum members intend to maintain attendance at *seminars & events* at current levels, while this figure drops to 40% in respect of *referrals*; and

- in total, 61% of Fife members intend to attend more *seminars and events* than last year, while 45% intend to increase the number of *referrals* to partner organisations.

Table 3.15 Overall do you think you will use more, the same or less of the Forums services during the challenging trading conditions of 2008/09?

	More	The Same	Less
Forth	52%	48%	0%
E & L	17%	50%	33%
Fife	43%	57%	0%

Source: SLIMS Survey of SE East Region Forum Members, 2008

Table 3.16: Which of the following services will you use more, the same and less of?

	More		The Same		Less	
	No	%	No	%	No	%
Forth						
Information on tenders	18	72	7	28	0	0
Seminars & events	13	57	9	39	1	4
Referrals and partner organisations	12	60	8	40	0	0
Training support	10	45	11	50	1	5
E & L						
Seminars & events	1	17	3	50	2	33
Referrals and partner organisations	1	20	2	40	2	40
Fife						
Seminars & events	14	61	9	39	0	0
Referrals and partner organisations	9	45	11	55	0	0

Source: SLIMS Survey of SE East Region Forum Members, 2008

Additional services

Members of the Forth and Fife Forums were prompted for suggestions as to any additional services that they would like to see offered by the respective Forums. While there were a large number of individual responses to this question, the most common response to emerge from members in Fife was that they would like to see more events & seminars regarding sustainability / 'green' issues. Other responses included more networking events and facilitation of working groups. There were no suggestions for additional services from members in the Forth Forum.

Rather than enquire about potential additional services, members in the E & L Forum were asked to give their views on the range of existing services that the Forum provides. There were very few responses to this enquiry from E & L Forum members, however of those that did reply, more networking and the bringing together of 'like-minded' organisations was suggested, similar to some of the suggestions of Forth Forum members.

Main benefits of membership

Respondents in all three surveys were also asked to confirm in their own words, what they thought were the main benefits of membership. Again, a wide spectrum of responses were given to this question, however, a number of common themes emerged, although the emphasis on what was most important differed between the Forums. In summary:

- the most common response from members of the Fife Forum was that increased networking / contacts was the main benefit of membership.
- members in the E & L on the whole shared this view while the second most common response was that membership increased general industry knowledge, and knowledge of non-core business activities.
- in contrast to the other two Forums, members in Forth identified increased tendering opportunities as the key benefit of membership, while some also felt that they gained an improved knowledge of courses and training opportunities.

At an overall level, members were also asked to indicate the extent to which they were satisfied with the package of services offered by the respective Forums. Respondents were asked to make a choice between the following five options:

- "Very satisfied"
- "Satisfied"
- "Neutral"
- "Dissatisfied"
- "Very Dissatisfied"

Table 3.17 shows that a majority of respondents in each survey indicated general satisfaction with the services provided by the Forums. The table shows that the proportion of respondents indicating they were very satisfied or satisfied with Forum services was 67%, 69% and 85% in the E & L, Fife, and Forth Forums respectively. While the proportion of members expressing dissatisfaction with Forum services is extremely small, the proportion of members in E & L, and Fife that held a neutral view may imply that there is an opportunity to further engage on these issues with some sections of the membership.

Table 3.17: Overall, how satisfied have you been with the services provided to you by E & L / Forth / Fife Construction?

	%		
	E & L	**Fife**	**Forth**
Very Satisfied	17	17	41
Satisfied	50	52	44
Neutral	33	26	15
Dissatisfied	0	4	0
Very Dissatisfied	0	0	0
Total	**100**	**100**	**100**

Source: SLIMS Survey of SE East Region Forum Members, 2008

3.11 Conclusions

This chapter has presented the main findings from our extensive survey of East Region Forum supported businesses. The key points to take from it are:

- on the whole, the seminars & events run by the Forums are well liked by the members
- the key perceived benefits of the seminars are to be found in increased networking prospects, a greater understanding of industry issues, and improved access to tendering;
- members of the Forums mostly feel that the services provided represent good value for money and alternative sources of these services (where they exist) are largely perceived to cost the same or more than the Forums
- members of the Forth and Fife Forums are clear in their view that they would be unwilling to pay for the services currently provided
- while members of the E & L Group appear to be happy that the current membership fee represents a cost effective way to receive support, they are equally clear that they would be unwilling to pay any more for these services
- while some respondents reported an improved understanding of industry issues, enhanced networking capabilities, and greater tendering opportunities as key benefits of Forum membership, there appears to be less conviction that the Forums have impacted on the working practices or level of training offered to employees
- the majority of respondents across each forum expect that turnover will decline in 2008/09, relative to the previous financial year, as a result of the current economic downturn. The majority of respondents who held this view believed turnover would decline between 5% – 20%
- the majority of respondents to each survey intend to use the forums at least to the same or a greater extent in the coming year, than in the previous year

- most members in each Forum have expressed general satisfaction with the overall package of services offered.

4. The Economic Impact of the Forums

One of the key objectives set for the evaluation was to assess the wider Gross Value Added (GVA) of the SE East Region Forums. This was an ambitious objective given that Forums were established with the remit of improving levels of contact with the industry and reducing fragmentation, rather than improving the bottom line performance of businesses. Furthermore, the interventions delivered by Local Forums can be described as light touch which makes it harder for companies to quantify impact.

Despite these observations, the online survey provided an opportunity to gather robust primary data on the economic impact of Forum activity on members' turnover and employment. The additionality questions were phrased to identify which specific streams of Forum activity had the greatest impact on business performance. Given the current recession this approach was felt to have merit in that it would help identify the Forum activities which had the potential to deliver the most economic benefit to companies during the downturn.

Table 4.1 presents the combined gross turnover and gross employment of the companies which took part in the survey. This shows that the total turnover of the survey sample was £643m and the gross employment was 11,870 employees. Whilst this is impressive, it is important to recognise that a number of the companies which took part in the survey were national companies. Although they had a presence in Fife or the Forth Valley, the bulk of their turnover and employment occurred outside the regions.

Table 2.4 in Chapter two estimated that the total Construction sector employment was 6,233 in Fife and 8,501 in the Forth Valley. Taking account of the fact that a number of the respondent companies were providing national figures and that the survey sample only represents around 15% of the combined membership it can be concluded that, based on employment, the Forth and Fife Forums engage with a sizeable proportion of the industry in their respective areas. However, due to the data constraints it's not possible to provide an estimate of the exact penetration rate of the Forums.

Table 4.1: Gross Turnover and Employment of the Forums

Forum	Gross T/O of Sample	Gross Empt. of Sample
Forth	£127,548,013	6,155
Fife*	£476,779,884	5,495
Edin & Lothians	£38,730,000	220
Total	**£643,057,897**	**11,870**

Source: SLIMS Survey of SE East Region Forum Members, 2008

**Note: Fife figures exclude one outlier, a national company, employing 16.500 people and turning over £1.7bn per annum*

4.1 Turnover and GVA Impact

The Scottish Enterprise Economic Impact Assessment Guidance Note (2007, p.2) defines additionality as follows:

'The additional benefit of an intervention is the difference between the reference case position (what would happen anyway) and the position if/ when the intervention (intervention option) is implemented.'

In the survey, companies were asked directly whether attendance at events had made any difference to their gross turnover in the last full financial year (2007/08). Companies where asked whether impact had occurred either:

- directly i.e. new business gained as a result of information presented at the event
- indirectly i.e. new business gained as a result of networking at the event.

Table 4.2 presents a summary of the responses to this question. This shows a low level of additionality from event attendance with the majority of respondents from each Forum stating that it had made no direct or indirect impact on their turnover. If the non-responses are stripped out of the analysis and only those which answered the question are considered, the additionality levels drop further with:

- 92% of Forth respondents reported event attendance had made no difference on turnover;
- 92% of Fife respondents reported that event attendance had made no difference on turnover; and
- 100% of Edinburgh & Lothians respondents also reported no difference.

Table 4.2: Thinking about your attendance at Forum events, what difference did this make either directly or indirectly to your gross turnover in the last financial year….

	Forth Construction	Fife Construction	Edinburgh & Lothians
Turnover Increased	6%	6%	0%
Made No Difference	64%	72%	86%
Turnover Decreased	0%	0%	0%
Non- Responses	30%	22%	14%
Total Responses	**36**	**32**	**7**

Source: SLIMS Survey of SE East Region Forum Members, 2008

Across the three surveys, there were four companies which reported that event attendance had increased their turnover in the last financial year. Of these, one declined to provide turnover figures which made it impossible to estimate a gross impact for this company. This means that of the sample of 75 companies surveyed 3 (4%) reported a positive turnover impact from event attendance.

Due to the small number of companies reporting impact, it has not been possible to perform a robust assessment of the wider Gross Value Added (GVA) impact of the Local Forums. The sub-sample of three companies is not large enough to undertake a full economic impact calculation and make accurate estimates about the membership bases as a whole. The margins of error would be too large to make the figures credible.

As an alternative, the individual gross impacts of the companies which reported impact are included in Table 4.3 below. This shows the annual turnover, the reported impact of event attendance and a range of gross impacts attributable. It can be seen that two of the three companies which reported impact generated significant turnover in 2007/08. As a result it can be estimated that attendance at Forum events has generated between £1.3m and £6.3m of additional gross turnover for these companies alone.

Table 4.3: Gross Turnover Impact on Event Attendees

Company's Forum	Turnover in 2007/08	Impact on Turnover	Gross Impact Range
Forth Construction	£1,314,000	Increased 11% - 20%	£144,540 - £262,800
Forth Construction	£25,000,000	Increased less than 5%	£250,000 - £1,250,000
Fife Construction Forum	£95,000,000	Increased less than 5%	£950,000 - £4,750,000
Total	**£121,314,000**	**-**	**£1,344,540 - £6,262,800**

Source: SLIMS Survey of SE East Region Forum Members, 2008

Note: Gross impact range has been calculated by taking the lowest % increase and the highest % increase in the range specified.

A gross to net calculation was undertaken in relation to these three companies. The gross figures were adjusted to take account of the following additionality concepts:

- **Leakage** – defined as the proportion of benefits which are likely to take place outside the intervention's target area. Although the Forums operate locally, the companies reporting impact traded across Scotland. Leakage has therefore been assumed to be zero

- **Displacement** – the extent to which companies supported through the Local Forums take market share from other existing organisations or companies in the Scottish economy thereby reducing the economic impact of interventions within Scotland. Displacement has been calculated at 58%

- **Substitution** – where a firm substitutes one activity for a similar one to take advantage of public sector assistance. This can be thought of as 'within firm' displacement. Given the unique role played by Forums, substitution has been assumed to be zero

- **Economic multiplier effects** – the additional benefits which will occur through purchases along Scottish supply chains, employee spending rounds and longer term effects as a result of Forum interventions. Type II multipliers have been applied as they account for all direct, indirect and induced effects. The Type II output multiplier for Construction is 1.9. (Scottish Government Input-Output Tables, 2004).

Applying these factors to the gross figures provided a net turnover impact of between **£1,064,428 and £4,958,050 in 2007/08.** In terms of the GVA impact, analysis of Scottish Government data[5] shows a turnover to GVA ratio of 2.15 to 1 for the Construction sector (i.e. each £2.15 of turnover generates £1 of GVA). Based on this, we can estimate that the Local Construction Forums generated between **£494,853 and £2,304,997 of net GVA impact in 2007/08.**

The key message to emerge from these figures is that, even based on the small sub-sample of three companies, events and seminars have the potential to generate benefits well in excess of the running costs of the Forums. Combined costs for running the Forth and Fife Forums was in the region of £129,000 in 2007/08. Taking the lower estimate of net GVA impact (£494,853), this represents an almost 4:1 return on investment to the Scottish economy. However, it should be stressed this is a level of return well above that normally found from light touch interventions of this type and is influenced by two multi-million pound turnover companies reporting impact.

It is unclear from the survey findings whether these impacts take place directly or indirectly, whether companies gain new business insights as a result of information gained at the events or through networking. In addition, it would be unrealistic to assume that these impacts will be replicated in a uniformed way across the membership base (the main reason the figures were not extrapolated).

Aside from events, the other main way in which Forth Construction can generate economic impact is by the provision of tender information through hosting the R3, Tenders Direct and 'CompeteFor' London 2012 Procurement Portal. Although Forth acts as a conduit to these information sources, it can have an impact by bringing tenders to the attention of sellers who may otherwise miss the opportunity.

Analysis of the impact delivered through the tender information services was found to be negligible. One company reported that it had won a single contract worth £360. This is somewhat at odds with the £2.6m worth of Raploch contracts reported to have been won by Forth Construction members and, as stated in the previous chapter, leads to the conclusions that these companies did not take part in the survey or were unaware that Forth was assisting them.

4.2 Employment Impact

In the same way as turnover, participating companies were also asked whether attendance at events and seminars had made any impact on the number of people employed. A similar pattern emerges with the majority of respondents stating that event attendance had made no difference on their gross employment in the last financial year. Indeed when non-responses are removed, of those that answered the question:

- 96% of Forth respondents stated that event attendance had made no difference to the number of people employed;

- 96% of Fife respondents reported it had made no difference; and

[5] http://www.scotland.gov.uk/Publications/2007/12/11153736/1

- 100% of Edinburgh and Lothian respondents stated it had made no difference.

Table 4.4: Thinking about your attendance at Forum events, what difference did this make either directly or indirectly to your gross employment in the last financial year….

	Forth Construction	Fife Construction	Edinburgh & Lothians
Employment Increased	3%	3%	0%
Made No Difference	69%	72%	86%
Employment Decreased	0%	0%	0%
Non- Responses	28%	25%	14%
Total Responses	**36**	**32**	**7**

Source: SLIMS Survey of SE East Region Forum Members, 2008

There were two companies which reported employment had increased, one in the Forth membership base and one in Fife. The Forth company reported an increase, but did not specify the size of the increase. Whilst the Fife company reported a 'less than 5%' increase on an employment base of 100, equating to between 1 and 5 gross jobs. Given that employment impact can only be measured in one company, a gross to net calculation has not been undertaken. The figures have not been extrapolated out to represent the membership base.

4.3 Conclusions

Arguably the key finding from this chapter has been the quantification of the combined economic importance of the Forum membership bases. It is clear that the Forums have the opportunity to engage with the key construction companies in Scotland. With the combined turnover of the survey sample totalling £623m and an employment base of 11,870 it is clear, from this information alone, that the Forums have the opportunity to engage a large proportion of the sector in their target areas.

In terms of impact, the survey found a low level of additionality with less than 6% of companies reporting turnover (and hence GVA) impact and 3% reporting employment impact. This is unsurprising for interventions of this nature which focus largely on providing information through a one-to-many approach rather direct financial assistance or intensive one-to-one support.

That said, where turnover impact has occurred it has been above the order we would expect for a light touch intervention. We have estimated that the Forums generated **net additional turnover benefit of between £1.06m and £4.96m in 2007/08** with the **net additional GVA benefit estimated at between £495K and £2.3m in 2007/08.** Based on the lower end of the figures we have obtained, it can be estimated that every £1 of investment in the Local Construction Forums in Forth Valley and Fife generates around £3.84 of additional benefit for the Scottish economy. Although this is impressive, we would urge caution in interpreting this figure. It has been influenced by two large companies reporting impact and it should be stressed that a different, more detailed survey methodology may produce different impact figures.

The employment impact from the interventions was also found to be low with one company reporting a gross employment increase of between 1 and 5 jobs. The following chapter presents the feedback from the consultations.

5. The Stakeholder Perspective

5.1 Introduction

A range of consultations were undertaken with key stakeholders in the construction industry. These included representatives of the following organisations:

- Scottish Enterprise Industry Development team
- The Scottish Construction Forum
- The Scottish Construction Centre
- Forth Valley Resource Efficiency Forum delivery agent in 2007/08, Wren & Bell

This chapter summarises the main points raised during the evaluations and is structured around:

- the support landscape
- the function of local forums
- the future of local forums
- conclusions.

The views expressed in this chapter are those of the stakeholders consulted and not those of SLIMS.

5.2 The Support Landscape

One of the key aims of the consultations was to build up a picture of the support mechanisms in place for the Construction industry today. This also allowed us to test the level of agreement between the key players on who was responsible for what. Stakeholders identified five main parts to the Construction industry support system. In summary, it was agreed that:

- **The Scottish Construction Industry Plan 2007 – 2012** identifies the key issues and priorities that need to be addressed within the sector as defined by the sector. It provides a strategic guide for all of the stakeholders, including Scottish Enterprise. The plan is intended to be flexible and is supported by market intelligence and input from across the stakeholder group

- **The Scottish Construction Forum (SCF)** is intended to *'act as a point of contact between the Construction Cluster, the Scottish executive and the Scottish Parliament to advise at a strategic level on the actions required to promote innovation and excellence across the Cluster'*[6] It currently has 22 members drawn from industry and government. SCF played a key role in devising and implementing the Industry Plan

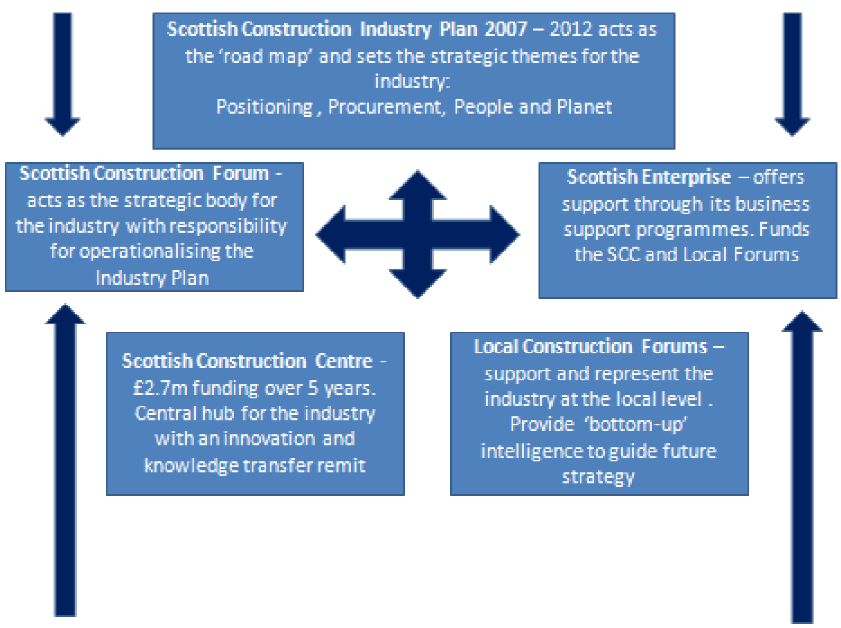
- **Scottish Enterprise (SE)** is the national economic development agency with an enterprise, innovation and investment remit. SE supports Construction companies directly through its account and client management programme and indirectly through funding sector specific initiatives such as the Scottish Construction Centre and the Local Construction Forums

- **The Scottish Construction Centre (SCC)** is a consortium based initiative funded by Scottish Enterprise. It works to promote innovation, best practice and knowledge transfer across the industry

- **Local Construction Forums** were set up to reduce the fragmentation of the industry by providing a local resource for the industry. By bringing together parts of the local cluster at a central point the aim has been to improve communication, identify common local issues and discuss possible solutions. There are currently eight Forums operating across Scotland.

Figure 5.1 presents the interplay of the above bodies. The key message is that the strategic direction of the industry is determined by the industry with the support bodies acting as facilitators.

Figure 5.1: The Construction Industry Support Landscape in Scotland



---

[6] Scottish Construction Centre Website(http://www.scocon.org/page.jsp?id=1040)

The above outlines how the support system works in theory, but one of the key questions explored was how does it work in practice? There were a number of key messages to emerge in this respect.

As noted above, Scottish Enterprise has direct contact with the sector through its account managers who provide one-to-one business support to some of the largest Construction companies in Scotland. However, there was also recognition that information gathered through this mechanism was not a good barometer of the industry as a whole as it only touches larger companies with growth potential. The high level of fragmentation in the industry, characterised by a large number of micro-businesses, led SE to conclude some time ago that it could only ever achieve limited penetration into the sector on its own. For this reason, SE has funded industry led bodies such as SCCs and Local Forums as it believes this is the best way to gather intelligence on the needs of the sector.

It was felt by some stakeholders that communication between the SCF and the Local Forums had improved recently. This has been driven in part by the introduction of a regular update on Local Forum activity at every SCF meeting. This is a holistic document which summarises the collective activity of the eight existing Forums across Scotland. This was said to be very useful to SCF and had strengthened links between the national and local bodies.

The Scottish Construction Centre was seen as the aspect of the support system which had experienced the greatest challenges. There was an overall view that the industry had not engaged with the SCC to the extent expected. One explanation put forward for this was that it not easy for companies to immediately see the benefits they may derive from engaging with the SCC. The industry is not entirely sure what the SCC offers or exactly how to engage with it and as such, uptake is limited. By contrast, Local Forums were considered to have a clear offer to business. Companies have a single point of contact in the Forum Co-ordinator and can clearly see what they will get out of it if they engaged i.e. information on local issues, networking, etc.

It was also stated that the SCC and Local Forums had developed at a different pace. The view was that the SCC was delivering what it had been asked to, but that the industry and the landscape had changed to such an extent that its current offer was no longer as relevant. Local Forums, on the other hand, were seen as more reactive and better placed to adapt to the changing needs of the industry in their areas. They are well placed to gather information on what the local industry wants and tailor their offer accordingly.

To summarise, there was general agreement that the industry needed both the SCC and Local Forums. The SCC was seen as playing a national co-ordination role, identifying examples of good practice across the Local Forum network and disseminating it to others.

5.3 The Function of Local Forums

Local Forums were seen as fulfilling the role played by trade bodies and federations 20 years ago. At that time, trade bodies were the main representatives of the industry. There was recognition that this approach was of its time and was also imperfect: there were too many trade bodies, many of which were pulling in different directions and the high membership fees often put off smaller firms from joining.

Local Forums were seen as a better coordinated and more inclusive way of supporting the industry. The low or no entry costs mean that Forums are equally accessible to large and small companies alike. A range of views were put forward on the function of local Forums, nearly all of which aligned with the original objectives set for Forums. Stakeholders stated:

- Forums act as brokers in the local market through facilitating events with local suppliers and stakeholders

- Forums help local companies maximise the opportunities in their area

- Forums capture the local voice of industry and feed this up to the SCF which then sets the strategic direction for the industry.

Forums were also seen as playing a unique role in the local market, providing a one-stop shop for information, referral and support that was not available to companies from other sources. It was highlighted that Construction Skills operate a number of Employer Training Groups across Scotland, and in some areas, these are preferred by employers to Forums. However, this was not seen as an issue in the East Operating Region where Forums were considered to be the lead bodies.

Another role performed by Forums was the part they play in enabling other interventions. Two good examples of this were given as Forth's collaboration with Forth Valley Resource Efficiency Forum (FVREF) and the National Industry Symbiosis Programme (NISP), run in partnership by both Forth and Fife. The joint events had allowed both FVREF and NISP to reach a wider target audience than they would have otherwise. FVREF in particular commented on the synergies between the two Forums and expressed its desire for continued partnership working in future.

From SE's viewpoint, Forums were seen as crucial in gathering local intelligence about the sector. They can gather information on issues and provide a view on scale. This allows SE and SCF to form a view on whether the identified issue is concentrated in a particular area or requires a more formal and national response.

With regards to the operation of the three SE East Operating Region Forums, the general view was that they had 'their fingers on the pulse' to quote one consultee. Forth was praised for the good work it had done in encouraging small companies to tender for work they may have not otherwise, either through lack of knowledge or lack of confidence. Fife was also commended for the work it had done in bringing the industry together in the region, although it was recognised that changes in personnel had slowed momentum at times. The Forums were seen as open to working with partners and crucially to working with each other. The consensus was that partnership working between the Forums was a strong feature in the East.

5.4 The Future of Local Forums

The key message to emerge was that all stakeholders felt there was a continued role for Local Forums in the Construction industry support system in Scotland. It was also was agreed there was no standard approach to Forums, no ‘one size fits all’. Forum activity should continue to be determined by the needs of the local industry in the area it operates with minimal top down influence.

It was also felt important that Local Forums communicate with each other on a regular basis, exchanging good practice and exploring ways to work in partnership. This was seen as already happening to an extent, with the East Region considered a leader on this front. It was felt it had lessons to share with other Forums across Scotland.

There was also recognition that it was important not to overload Forums with too much responsibility or to spread their efforts too thin. The successes of Forth Construction in particular were recognised by stakeholders, but this was tempered by an understanding that the organisation’s impact was determined by the resources it had. The conclusion was that Forums should continue to focus on those areas where they can and have made a difference and not look to dilute their offer by getting drawn into areas outwith the original remit.

There was also a call to establish a network of regional support centres which would sit below the SCC. The idea was that these would form part of a hub and spoke model co-ordinating the activity of all the local Forums in their region. Stakeholders were asked for their views on charging companies for the services provided by Forums. The answers to this question can best be described as non-committal. Stakeholders found it hard to comment definitively on whether the industry would be prepared to pay for the support it receives.

One view held that it would be very difficult for Forums to become completely self-funding in the current economic climate. It was reported that Construction firms are already cutting back on areas such as Continuing Professional Development. It was felt that to start charging for services would have the potential to alienate cash-strapped SMEs and as a result, increase the industry fragmentation the Forums were set-up to address.

5.5 Conclusions

The overriding conclusion from the consultations was that there was strong support for the continued existence of Forums, not only in the East region but across Scotland. Forums were seen as having a clear role to play in the Construction industry support system in Scotland. In addition, they were seen as crucial in supporting the work of the SCC which was widely considered to have had a difficult first couple of years.

The key message going forward was to increase partnership working and communication between Local Forums. The East region was recognised as being ahead of the game on this in many respects, with Forth considered the leading Forum in Scotland by some stakeholders.

The East Region Forums were seen as being ‘fit for purpose’ and the consensus was that Forth and Fife should continue the good work they were doing. There was a recognition that activity was limited by resources and a view that the Edinburgh and Lothians Group had too few resources to make a meaningful impact.

6. Conclusions and Recommendations

6.1 Introduction

This final chapter draws together the evidence presented throughout the report to present a series of conclusions on the SE East Operating Region Forums: Forth Construction; Fife Construction and Edinburgh and Lothians Constructing Excellence Group. The conclusions are organised around the key areas of inquiry set out in the brief, namely:

- how do the Forums differ in the way they operate?
- how have the Forums performed against their original objectives?
- what has been the Forums impact to date on participating businesses?
- what support do businesses want from Forums in future?
- a future role and focus for the Forums.

6.2 How do the Forums differ in the way they operate?

The three Forums operate in significantly different ways. There are three key reasons that explain these differences:

- the time available to the Forum coordinator to drive the activity of the Forum
- the different focus that each Forum has in terms of its objectives
- the amount of funding available to the Forum.

Of the three Forums, Forth Construction is best resourced, having a full time Project Co-ordinator with funding in the region of £70,000 per annum. Crucially, this allows it to drive activity and membership in a way which the other Forums cannot with the part-time staff resources they have available. This has resulted in Forth having the largest membership base, the most extensive and best attended events programme and a tender service which provides an in to three online tender sites. Feedback from businesses found the tender services to be highly valued.

Like Forth, Fife is entirely publicly funded. It is staffed by a part-time coordinator and has delivered an extensive events programme which has secured strong attendances. Fife has also been successful in engaging with the industry and, like Forth, in fulfilling its original remit. The objectives set for Fife and indeed the strategic direction it has followed has meant that it has not provided direct information on procurement and tenders to the same extent as Forth. This has meant its activities have focused less on the things which can influence short-term improvements in company performance.

The Edinburgh and Lothians Group is the only one of the three which receives no public sector funding and is entirely funded through membership fees. This has limited the budget, number of members and the activities delivered.

6.3 How have the Forums performed against their original objectives?

The original objectives set for Forums were broad in scope, and differed between Forums. Each of the groups however was charged with engaging with the industry and providing a Forum for identifying and addressing shared issues. The evidence gathered over the course of this evaluation suggests they have been successful in achieving this objective. In particular, the business survey showed that:

- businesses were satisfied with the services provided to them by the Forums
- the majority of businesses joined the Forum to improve their understanding of what's going on in their local industry and improve their network of contacts
- the events programmes run by the Forums were seen as useful with ongoing demand for similar support in future
- a high proportion of Forth and Fife respondents had been referred on to other support bodies such as Local Authorities, Scottish Enterprise and the Scottish Construction Centre.

This highlights the role played by Forums in increasing the 'connectivity' of the industry in their local areas. The survey found evidence of the front-line role played by Forums with the majority of respondents seeing them as the first port of call for support. This was reinforced by the finding in the Forth survey which found that the Forum was the preferred option for events and seminars, referrals to partner organisations and information on tenders.

More specifically, Forth Construction had three targets set for it by Scottish Enterprise. One of these related to attracting members, which it has exceeded (316 attracted against a target of 250) and leveraging in public/private sector money which it is currently behind (£28,000 leveraged in so far against a target of £60,000). Fife also had a number of contractual outputs set for it in 2008/09. In summary, it was successful in exceeding its target of delivering a minimum of ten events and providing industry feedback on the issues facing the sector.

In addition, our research has estimated that between them the Forums in Forth and Fife engaged with a significant proportion of their respective company bases. The Forum's have the opportunity to work with and influence a significant proportion of the Construction sector in their target areas.

Allied to this, a key objective of the Forums was to improve the flow of market intelligence from local areas up to national bodies such as SCF and SE. The consultations found they had been successful in achieving this objective, with Forums now viewed as the best source of this information on what's happening in local areas.

It can therefore be concluded that Forums have become an integral part of the business support landscape in the Scotland. Indeed, the evidence suggests that if Forums were not in place, there would be a gap in the market not easily filled by any other organisation. Together the Forums address the key market failures of asymmetric information; they provide equity of information across the sector and externalities; they provide a service companies would be unlikely to provide themselves without public sector support.

6.4 What has been the Forums impact to date on participating businesses?

The Forums have delivered a range of benefits to businesses. The evaluation found that working with the Forums had:

- improved businesses understanding of the industry in general
- improved the networks of participating businesses
- provided an opportunity for smaller companies to meet with larger companies and explore the opportunities for working together
- increased businesses opportunities to tender, particularly in Forth where three quarters of respondents stated that working with the Forum had 'significantly' or 'slightly' increased their tender opportunities.

In the two to three years the Forums have been operational in the East Region they have developed the necessary infrastructure to bring construction companies together. However, although companies report increased opportunities to make money, to date, this has translated into bottom line benefit for relatively few. The evaluation found only 3 companies out of 75 reporting an increase in turnover as a result of working with the Forums. This did equate to disproportionate net GVA impact of between £495K and £2.3m, which was driven in part by two multi-million pound companies reporting impact.

The limited distribution of GVA impacts is to be expected at this stage of the Local Forums development. The Forums have concentrated on developing their industry credentials in the short time they have been operational. Delivering activity which directly impacts on the bottom line of companies has, up until now, not been a primary objective of the Forums nor a driver of the activity they deliver.

Nevertheless, for Scottish Enterprise to continue to fund Local Forums there must be a drive towards improving the economic performance of supported businesses. As the nation's lead economic development agency, SE has a mandate to invest in activity which will deliver benefits to the Scottish economy. This means channelling its resources to projects which will help businesses to grow. It is our view that if the East Region Forums are to be successful in securing future funding from SE, they must clearly demonstrate how they plan to build on the successes of the past 2-3 years and move towards delivering higher value activities and business impact.

6.5 What support do businesses want from Forums in future?

One of the key findings of this evaluation has been confirmation that around three quarters of the Construction businesses surveyed in the East Region expect their turnover to decrease this year in comparison to last year. The anticipated decreases vary but generally cluster around the 5% - 20% mark.

The business survey found that companies see Forums as having a role to play in helping them through the economic downturn. The majority of Forth Construction companies (52%) and 43% of Fife Construction Forum companies stated that they will use more of the Forum in the challenging trading conditions of the coming year. The survey also found that businesses will increasingly look to Forums for new business opportunities. It was found that:

- 72% of Forth Construction respondents will make more use of the Forum's information on tender opportunities and 85% would like to see more events on tendering

- two thirds of Fife respondents want to see more events related to training

- the majority of Edinburgh and Lothians respondents want greater information on local authority procurement.

The key conclusion is that if company turnovers decrease in line with expectations, members will increasingly look to the Forums to provide the support that will make their businesses more competitive. Forth is the best set-up to accommodate this new focus, Fife and Edinburgh and the Lothians less so in their current form.

Another potential area which emerged in the evaluation was helping companies to win new work. As noted above, Forth companies reported that tender opportunities had increased as a result of membership. However, further analysis found that the 'hit' rate was less than 2%. Of the collective 58 tenders bid for by companies through Forth Construction, only one tender was won and this was for a relatively low amount. This highlights that many companies require support to improve either the quality of tenders they submit or indeed the process through which they select the ones to bid for.

Finally, there was a limited appetite amongst those surveyed to pay for the services of either Forth or Fife, suggesting that upping the costs of Forum support in the current economic climate would have a detrimental effect on the membership base. It is our conclusion that the Forums services, by and large, should continue to be delivered free of charge to members. There will be some opportunities to generate revenue through charging for events, however this is likely to be low value and will act as top-up rather than core funding.

6.6 A Future Role for the Forums

In this final section of the report, we offer our views on a potential role for the Forums going forward. This is based on our understanding of their performance to date, the challenges facing their membership base and how they might build on their early successes.

The key message from the evaluation is that both Fife and Forth Forums have now firmly established themselves as the ‘local voice’ of the industry and have strong engagement with the different parts of the sector in their respective areas. In Edinburgh however there is less evidence that the Constructing Excellence Group has been as successful in penetrating the local business base. This is unsurprising given the more limited ambitions for the Group at its inception and limited staff time and funding available. Nevertheless we believe that the issues facing companies in Edinburgh and the Lothians will be very similar to those in Fife and Forth Valley. We believe that given the successes achieved to date by the two established Forums, there is a compelling case for ensuring that companies across the SE East Operating Area have access to a Forum Service.

Recommendation One: There should be a broadly equitable access to Forum services available to construction companies across the SE East Operating Region, irrespective of where they are based.

The primary achievement of the Fife and Forth Forums has been to bring together the local industry, to identify shared problems and challenges and find ways to address these. A key contributor to their success has been their ability to respond to the needs of local businesses, and just as importantly to be seen to be responding to issues as they are articulated. This ‘local focus’ is also the key differentiator in terms of how Forums are perceived by both businesses and wider stakeholders in the Construction sector. Local Forums also play an important role in connecting businesses with other nationally delivered services such as the Scottish Construction Centre and in providing intelligence on the needs of businesses to agencies with a national focus such as Scottish Enterprise.

Recommendation Two: The ability of Forums to respond to local needs is a key feature of their success. The flexibility to respond to local agendas should be retained and protected in any future model.

At the same time we would draw attention to the relatively modest benefits in terms of business growth to date. Only 3 out of 75 businesses surveyed by the SLIMS team could attribute any tangible impact to their engagement with Forums to date. This is disappointing in some respects, but understandable in others. The primary focus over the last two years has been to establish the Forums and to build their penetration into the sector. Both Forth and Fife Forums have been successful in this respect and we would argue are now well placed to deliver more sophisticated services to local businesses. We would argue however that it is important that the Forums think critically about how they can maximise business impact going forward. This is an important issue for businesses given the economic downturn, and is likely to be an increasingly important issue for funders, who will want to be able to demonstrate a return on their ‘investment’ in the Forums.

Recommendation Three: Going forward, an increasing emphasis should be placed on activities that have the potential to make a bottom line improvement to company performance. These include information on tender opportunities, meet the buyer events and how to prepare successful tenders.

The Forums now face an interesting set of challenges if they are to build on previous successes. In essence the primary focus of both Fife and Forth going forward should not simply be to build membership for memberships' sake, but rather, to focus on delivering a higher value proposition for members.

This is likely to involve some difficult and strategic choices. The Fife Forum has spent a significant amount of effort engaging with issues at a national scale and building credibility with local and national politicians and other national bodies. We are not arguing that these issues are un-important – far from it – but we feel that there needs to be greater recognition that with limited time and resources available to the Forum, there is an 'opportunity cost' to addressing these issues. In short activities like these, particularly if time consuming, will limit the available time to engage in business growth focused activity.

Recommendation Four: Given that there are limited resources available the Forums should critically appraise and question the extent to which different activities contribute to their core aims.

We have highlighted the differences between the two established Forums. What should not be overlooked is that there are many areas where they deliver very similar services. Indeed this is reflected in the development and delivery of joint events and a good working relationship between Fife and Forth Valley. Given the limited resources available to the Forums, and the need (in our view) to put greater emphasis on activities that help businesses grow, we believe that joint development of the events and seminars programme should be extended. This could also be expanded into the joint development of new services. The principle of local delivery of events should be retained, and we recognise that the different Forums will no doubt have a case for delivering some local events to meet local needs, and joint service delivery will help to put in place a more consistent service offer across the SE East Operating Region.

Recommendation Five: The Forums should look to maximise opportunities for the development of a joint events programme and should collaborate on the development and delivery of new services.

Finally we would make a comment on the quality of management information available to the SLIMS team. It should be emphasised that the good quality monitoring information recorded by Forth has meant it has been relatively easy to document its activities and outputs. In contrast, the lack of information required of Fife and the Edinburgh and Lothians Group has meant that it has been more challenging to provide a 'snapshot' of their activities in the same way as Forth.

We recognise that there is an important balance to be struck here: the primary function of the Forums should not be to generate monitoring data to meet the requirements of partners. Particularly in the early stage of their development, the key focus has, quite rightly, been on building a foundation for business engagement.

Nevertheless, we believe there is some scope for both tightening the objectives of the Forums and measuring their delivery on a more meaningful way. In our experience funders most often make decisions on future support, based on robust, trackable evidence, rather than anecdote. The Forums should be sufficiently resourced in terms of staff time to ensure this important role can be fulfilled going forward.

Recommendation Six: Robust performance monitoring systems should be implemented across the Forums

SLIMS March 2009

Appendix One – Consultees

Stakeholders

Name	Organisation
James Alexander	Scottish Enterprise
Christine Cruickshanks	Fife Construction Forum
Elenor Dawkins	Wren and Bell (Forth Valley Resource Efficiency Forum)
Dr. Branka Dimitrijevic	Scottish Construction Centre
Douglas Fergus	Scottish Construction Forum
Michael Kampff	Fife Construction Forum
Andrew McDonald	Scottish Enterprise
Billy Mitchell	Scottish Enterprise
Martin Reid	Forth Construction
Barry Watson	Edinburgh and Lothians Constructing Excellence Group

Businesses

Name	Organisation
Audrey Davidson	Eastfield Engineering
Gordon Guthrie	Transview
Margaret Pate	T S Joiners
Graham Robertson	Graham Robertson Electrical
Charles Stirling	Munters
Billy Shepherd	W & J Shepherd