

Walking a tightrope

Exploring the conditions for effective local voluntary and community sector infrastructure

NAVCA Development Programme - Research Strand Final Report

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About this report

As part of a wider Development Programme throughout 2024, NAVCA commissioned research seeking to identify the internal and external conditions that enable or prevent effective delivery of local VCSE infrastructure support services by Local Infrastructure Organisations (LIOs). This report details the rationale for the study, the research methods, findings and conclusions from the research.

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Executive Summary: Key messages

Background

The research reported here analysed evidence from documentary sources and fieldwork interviews and focus groups with eight local VCSE infrastructure organisations (LIOs) to answer the following question:

'In order for a local infrastructure organisation to serve the needs of the local VCSE sector and system partners, what are the internal and external conditions that enable or prevent effective delivery of objectives, efficient operation as a sustainable organisation and achievement of quality accreditation status?'

Conditions for effective local VCSE infrastructure

The research considered five 'internal' conditions (mission, geographical scale, governance and leadership, workforce and financial resources) and five 'external' conditions (relationships with statutory authorities, the local VCSE sector and other VCSE infrastructure organisations, together with the wider policy and resource environments). In practice, the distinction between internal and external conditions collapses – an internal condition is always related to external factors, and vice versa.

All of the conditions matter in different ways. However, **the significance of internal conditions around people (leadership, staffing) and external conditions around relationships (especially with key statutory authorities) comes to the fore**, seeming almost to eclipse the attention normally afforded to funding and finance. The case studies show how Chief Officers/CEOs can play a highly consequential role in setting and communicating the direction, approach and tone for the LIO as a whole, but that knowledgeable and passionate staff also make a fundamental difference. Strong and productive relationships across sectors, particularly with local authorities, were founded on and embedded by communication styles and channels which were regular, collaborative, inclusive and accessible.

The emphasis given to people and relationships suggests that effective local VCSE infrastructure is not just a matter of money. Local VCSE infrastructure has suffered for lack of dedicated financial resources, particularly during the 2010s. However, **the amount and form of funding for local VCSE infrastructure do not appear to be the only conditions for effectiveness**. Funding is implicated in complex links with other conditions associated with people and relationships.

Cross-cutting findings

Beyond individual conditions, the research emphasises **three cross-cutting findings**:

1. LIOs find themselves in highly **complex and demanding positions, balancing capacity against multiple expectations** from different parts of a diverse local VCSE sector and different statutory stakeholders.

2. LIOs encounter **stabilising and destabilising forces** which work to secure or unsettle their overall position. These forces typically arise from the funding environment, strategic leadership, LIO credibility and regard, and competition from others.
3. The **conditions for effective local VCSE infrastructure are typically inter-connected**. LIOs can experience positive and negative spirals between connected issues - for example, a chain between leadership, relationships, legitimacy and funding.

1. Introduction – research purpose, approach and limitations

In order to inform and support NAVCA’s Development Programme, a dedicated research strand has sought to answer the following **research question**:

In order for a local infrastructure organisation to serve the needs of the local VCSE sector and system partners, what are the internal and external conditions that enable or prevent effective delivery of objectives, efficient operation as a sustainable organisation and achievement of quality accreditation status?

The question can be broken down into component parts, as follows:

1. What are the internal conditions that need to be in place within a LIO for it to operate effectively and deliver high quality local VCSE infrastructure services?
2. What are the external conditions that contribute to LIOs being able to strategically and efficiently fulfil their objectives?
3. What are the enablers and barriers to effective provision of local VCSE infrastructure services for the VCSE sector itself and system partners such as local authorities and Integrated Care Boards?
4. How does the nature of the funding environment available to LIOs affect the delivery of infrastructure services including leadership, partnerships and capacity building?

The **research design and analytical framework** are detailed in the **Appendix** to this report, but in essence the questions were addressed through two routes:

1. an examination of existing **secondary material**, from NAVCA’s earlier research and engagement with LIOs, it’s quality accreditation processes, and from qualitative research conducted as part of the ‘Connecting Locally’ study¹, and
2. case study research with a diverse set of **eight member local infrastructure organisations** (LIOs), operating in different contexts, involving a total of **84 participants** in interviews and roundtable discussions – see the Appendix for more detail about the case studies.

¹ Macmillan, R., Leather, D. and Stuart, J. (2022) *Connecting Locally: local voluntary and community sector in England* (Sheffield, CRESR/Sheffield Hallam University), November 2022.

The research strand has been guided by an analytical framework which outlines a range of ten possible internal and external conditions for effective local VCSE infrastructure (the framework and a table of conditions is detailed further in the Appendix). The framework was used to structure the review of existing secondary material and the topic guides for case study interviews and roundtables, as well as steer the analysis of the data. In summary, the main **internal conditions** which might be expected to affect an LIO's effectiveness, sustainability and quality are:

- Mission, culture and approach
- Geographical scale and remit
- Governance and leadership, structures, policies and procedures
- Workforce capacity and capabilities
- Financial resources and assets.

The main **external conditions** which might be expected to affect an LIO's effectiveness, sustainability and quality are:

- Relationships with statutory authorities
- Relationships with the VCSE sector
- Relationships with other VCSE infrastructure organisations
- Wider policy environment
- Wider resource environment.

In effect, the research sought to explore the relevance and significance of these conditions for effective local VCSE infrastructure.

All research has **limitations**, as outlined in the appendix, but here it is worth briefly acknowledging that the eight case study LIOs were chosen to provide a diverse range of organisations and contexts in which NAVCA members operate, in order to inform the Development Programme. They cannot be wholly representative of NAVCA's diverse membership across England. In addition, the research focused on the conditions thought to influence the perceived effectiveness, sustainability and quality of local VCSE infrastructure. Deeper exploration of what effectiveness, sustainability and quality actually look like in different LIOs would be an important focus for further research.

The discussion which follows is in two halves. **Section 2** looks in more detail at the individual conditions for effective local VCSE infrastructure and seeks to answer the component parts of the research question in sequence. This is followed in **Section 3** by more of a cross-cutting analysis of the overall position of LIOs in their specific contexts in relation to effectiveness, sustainability and quality. A **conclusion** summarises the main outcome of the research and discusses its implications.

2. Conditions for effective local VCSE infrastructure

This section of the report brings together material from across the secondary analysis and case studies to address the core research question directly. The discussion explores the conditions that make for or compromise effective local VCSE infrastructure. This is done in incremental stages, taking each element of the research question in turn.

Internal conditions for effective local VCSE infrastructure

1. *What are the internal conditions that need to be in place within a LIO for it to operate effectively and deliver high quality local VCSE infrastructure services?*

In many ways the array of internal conditions that can support effective operation of high quality local VCSE infrastructure is an unsurprising **mix of appropriate funding, people, culture and leadership**. These conditions are much the same for any VCSE organisation, but with different emphasis depending on its purpose and activities.

LIOs are the ‘hidden wiring’ of the VCSE sector. They experience specific opportunities and challenges in virtue of their typically generalist and ‘back office’ nature. They encompass a wide range of agendas across a diverse local VCSE sector, which means that their capacity can be stretched, requiring sharp prioritisation, but also that they often need diverse skillsets among staff teams.

Because they tend to be oriented towards supporting and facilitating the activities of other ‘frontline’ VCSE organisations, dedicated funding can be hard to come by, and there are challenges of sustaining an effective LIO. Conversely, however, they are often located at or near the centre of key local cross-sector networks and decision-making and can be seen as strategic bodies amongst statutory stakeholders. This can put LIOs in a relatively privileged position with respect to funding opportunities and new initiatives.

Mission, ethos and culture

There is a significant task holding all of these elements together with coherence, direction and in alignment with the multiple demands and expectations of local VCSE organisations and statutory bodies. As such, the **broad mission, approach and ethos** comes to the fore, along with **engaged leadership supported by strong governance**. The case studies highlight how **an overarching vision and strategy** are essential for clear priorities and action around what the LIO is trying to achieve and the role it plays.

This is the basis for **clear communication** with staff, the wider VCSE sector and external stakeholders. Internally it helps reinforce **a positive work culture** (based on trust, autonomy, equity and clear direction) where staff understand how their

activities contribute to the vision and value of the LIO and embody it in their approach to the sector. For the CEO of one LIO, this involves *"everyone understanding what that vision is, what are our aims and how are we going to get there... we've done huge amounts of work with the staff around [this]. That is why we are all here... I think having that shared vision is huge"*.

Simultaneously, it is an important driver of good relationships throughout the local VCSE sector overall and with external stakeholders. This emphasises how 'internal' conditions (engaged leadership and clear communication) are fundamentally intertwined with 'external' conditions (strong relationships with stakeholders). In several case studies it was noted how operational staff are valued for being purposeful and knowledgeable in their work with local VCSE organisations, but also approachable, accessible, informal, flexible and non-judgemental, in a working environment of welcome, fun and ease. According to one interviewee, staff of LIO-G *"organise things that people want to be part of... never something that's done for the sake of it without it having a real purpose... everything they do does need to be purposeful because they haven't got the luxury of lots of staff members"*. The care and commitment shown to small groups by staff in LIO-G – being immersed in the local area - was recognised and appreciated by one external stakeholder, although another noted how the broad range of LIO activities meant that its role and remit were not always clear.

There are challenges in this approach. LIOs work (and need to operate) simultaneously at a strategic level locally but also focus on and advocate for the grassroots needs of small groups, networks and communities. Several LIOs held an asset-based, collaborative vision that combined representation and advocacy with direct provision of support, provided accessibly and equitably across VCSE organisations. The local VCSE sector is very diverse and unequal in resources and capacity – some VCSE organisations need far more support than others, and some are less able to engage as a result of limited capacity. There is a risk of LIOs being pulled in different directions, and also of working where there is capacity to engage rather than where there is priority need for support.

A notable challenge facing many LIOs is the extent to which they operate as **hybrid organisations**, working beyond traditional infrastructure functions to provide direct frontline services. It is a matter of principle for some not to provide such services in potential competition with the local VCSE sector; it was *"core to our principles even when our funding reduced dramatically"*. Others are involved in delivery, in a large part as a response to other conditions including lack of financial resources and needing to fill gaps in services. While it could operate as an enabling condition for being more sustainable, it may operate as a barrier to delivering objectives if there is also a move away from delivering core functions, for example where mission drift affects relationships with other local VCSE organisations.

Governance and leadership

In the last decade, at least partly in response to high profile scandals and collapses of prominent VCSE organisations, greater attention has been given to the quality of **governance and leadership** in the sector. The **role of the Chief Executive** appears to be **a highly significant lynchpin** in all the case studies and is reflected in comments across different stakeholders. This applies both internally and externally.

In one case study the chief executive was credited with transforming the organisation and turning it around – effectively saving it after a difficult period when it was widely regarded as lacking strategic leadership and faltering. In another, the LIO had been on a growth path, gradually building its profile and reputation through successive CEOs, such that the current chief executive was able to reap the rewards of earlier work in terms of convening across the sector and new opportunities.

For some external stakeholders, the CEO is much of what they see of the LIO, and so the approach and capabilities of the CEO as ambassadors for the LIO (and the VCSE sector as a whole) can be highly consequential for how the LIO is judged, and the influence it may have. In case study B, for example, a local authority interviewee notes how the LIO's chief executive is well known and well respected and has been critical both to the LIO's long standing reputation and their relationships. Across the cases chief executives were recognised for having a 'finger on the pulse' of the sector, of being knowledgeable, present and passionate about the LIO and the sector, actively involved in wider sector and cross-sector discussions. For LIO-B this involves: *"looking at the sector as a whole, [asking] what bigger change needs to happen and driving that change"*.

The quality of communication appears to matter here. In some case studies the CEOs were praised for their open, honest and outward looking approach, the galvanising energy they bring to discussion, and the imagination, learning and creative ideas they can provide from wider experience and involvement in national networks. It was noted that the approach of the CEO of case study A, for example, helped set a positive tone for others to follow, supporting the energy and motivation of others, rather than focusing first on resources, challenges and limitations. Their contribution helped build up trust and confidence within the VCSE sector and statutory partners.

The focus on the chief executive poses some risks, for LIOs as a whole and the individuals concerned. Burn-out is an ever-present possibility, as CEOs stretched in multiple directions can sometimes be seen as carrying the LIO, or at least its prospects and direction. LIOs may come to rely on the CEO which, as well as fuelling an unhealthy 'heroic' notion of individual leadership, can leave it vulnerable to a change in leadership in the absence of a clear succession strategy.

Interviewees noted this and the strategies needed or being used to mitigate the risks, such as prioritising strategically significant work and delegating to others. For

example, the burden of responsibility could be shared through **distributed leadership** both internally (by appropriate delegation and making other senior appointments) and externally (by increasing the range of voices from across the sector involved in representation and advocacy). A local authority representative commended the efforts of their area's LIO in bringing other voices from the VCSE sector into strategic discussion: *"I think that's really positive that they're prepared to do that because, you know, you could get some leaders who are very controlling. Like 'I need to be in everything and hear everything in order to know how to respond', whereas actually that what that says to me is we've got trust in the voluntary and community sector"*.

Case studies reported some difficulties in **trustee recruitment and engagement**. Getting the right mix of skills, expertise and diverse experience on LIO boards appears to be a considerable challenge. Subsequently, it is hard to support the level of commitment and engagement required for strategic direction and oversight. For example, the CEO of one case study reflected that its trustees were committed, experienced and knowledgeable: *"We have quite a diverse group of trustees... it's absolutely important we have that really broad range of thinking on our board. It helps with good, sound decision making. It helps with knowing we're delivering the right services"*. One of the case studies illustrates some of the difficulties in the dynamic relationship between the board and executive of an LIO. It was suggested that the trustees needed to be more involved in the direction setting and strategy of the organisation, but barriers include insufficient information provided to trustees and their capacity to engage.

Workforce capacity and capabilities

The conditions supporting effective infrastructure include the **capabilities, knowledge, expertise, experience and approach of the people** involved. Importantly, this is not confined to the leadership of LIOs as found in the Chief Executive. Wider **staff teams and volunteers** were noted as playing a key part in the effectiveness of case study LIOs.

Staff teams were variously described as professional, passionate, connected, energetic, vibrant, approachable and committed. They understood the communities within which they worked and often brought lived experience of the communities or of the issues being addressed by local VCSE organisations. In case study G, for example, staff were praised for having a very 'can do' attitude, being generous with their time and going the extra mile for people. These attributes generated trust with the sector, based on staff teams' history, memory and accumulated professional experience. Staff members were valued by CEOs and external stakeholders for their general approach and knowledge, but also through developing specialist expertise, for example around safeguarding, events, promotion or outreach work in the community.

The combined capabilities of staff could only be realised by the development of a positive, responsive and supportive culture – an enjoyable place to work - which sought to enhance staff morale and value their contribution. Crucially the latter included attention to pay and conditions, well-being and a concern with equity across teams - one case study sought to mirror equivalent public sector terms and conditions for its staff. According to the CEO of one case study, for example, such an approach *"means that we can attract a really diverse and well experienced, well qualified team. So, we get really brilliant people and hopefully we inspire them to keep being brilliant and they share that with our members"*.

It was noted across several case studies that short-term funding, often for specific projects, generated **perennial insecurity and retention problems**. Staff members were regularly applying for jobs elsewhere as the LIO waited for decisions on continuation funding. The result can be high staff turnover, loss of expertise, and a disruption to the work to build cohesive and motivated teams. That being said, it was also noted that new staff members bring fresh ideas and energy, and one case study deliberately adopted a sub-contracting model with freelance staff in order to create a more fluid and creative staff environment deploying diverse and flexible skillsets.

The main challenge around staff is around an overall lack of capacity in relation to the volume of work and the risk of overstretching and burn out. Invariably small teams are engaged in doing more than they are typically contracted for, but this is usually less than is needed. Hard choices and trade-offs are part of the everyday experience of case study LIOs, leading to a constant questioning of where best to direct efforts. This was well expressed by the CEO of one case study LIO: *"Where do you put your time? Where do you put your attention? And is that maximising the results that you want to see against your priorities?"*

Geographical scale and remit

Less significant in discussions of the conditions supporting effective VCSE infrastructure were issues around the **geographical scale** of local infrastructure organisations. At the time of this research, the footprint of LIOs remains for the most part a settled assumption which fades into the background. As with most NAVCA members, the case studies tend to operate within a single local authority area, whether that be a borough, unitary, or district level. Case study E is the exception, working across a whole county, and therefore through the complexity of two-tier local government (as well as parish and town councils). The LIO is involved in managing relationships with statutory authorities at different levels, but also sometimes the rivalry between areas and levels. Beyond the basic organisation of local government, other statutory arrangements compound the complexity of relationship management and the agendas which LIOs need to be across. These include combined authority structures, integrated care systems and police authorities.

In terms of the **remit of local infrastructure**, most case studies follow, in different ways and to varying degrees, the four functions of infrastructure developed by NAVCA with the membership in 2021², namely:

- *Leadership and advocacy*: Mobilising and encouraging community action, strengthening our sector's voice and influence on key decision-makers and funders.
- *Partnerships and collaboration*: Creating opportunities and driving effective joint working, by building networks of local organisations and strategic partners.
- *Capacity building*: Providing practical support and development for local people and organisations, to nurture skills and build community resilience.
- *Volunteering*: Building an environment in which volunteers and their communities thrive, by encouraging and nurturing volunteering opportunities.

A common feature of case study reflections is a recognition that organisations of different size and capacity have different needs for support. Given thinly stretched LIO resources, the priority for the case study LIOs is largely given to supporting smaller VCSE organisations and grassroots groups, including those thought likely to be at a disadvantage in accessing support and resources.

External stakeholders in several case studies note how much the LIO is able to do with relatively small teams, punching well above its weight. LIO respondents note the challenge of prioritising their work, of saying 'no' to some requests, exhibiting the difficulty of meeting expectations and responding to the needs of a diverse sector. As case study LIO notes: *"We're not big enough. We don't have enough income at the moment to support the level of support that the sector needs, particularly the smaller organisations."*

Case studies report being pulled in many directions, being asked to do a lot of things and expected to support everyone. Inevitably some parts of the sector will feel neglected. Relationships with larger VCSE organisations can be complex to manage in these circumstances. They may receive less direct capacity building support from the LIO (although it would be simplistic to think that they do not need such support) but can be a highly significant voice in the local sector and with other key stakeholders. Case studies A and D report efforts to bring CEOs of larger organisations together in regular dialogue and to broaden the voices from the sector heard by statutory partners. This is not easy to achieve and requires considerable effort. Another case study LIO observes a divided local sector, including where relationships between the LIO and some larger VCSE organisations are particularly challenging.

² NAVCA (2024) *Four Functions of Infrastructure: a guide for NAVCA members* (Sheffield, NAVCA), February 2024.

A final internal condition examined in the study was ‘financial resources and assets.’ This is covered in a separate section below, in response to the fourth component part of the research question, which looks at the nature of the funding environment.

External conditions for effective local VCSE infrastructure

2. What are the external conditions that contribute to LIOs being able to strategically and efficiently fulfil their objectives?

Relationships with statutory authorities

The research with case study LIOs highlights just how vital it is **to build and maintain productive relationships with statutory authorities**, but also how this is not without challenge and dilemma.

Among statutory authorities, **the relationship with local authorities stands out as the most important and consequential**. Local authorities are often key funders of LIOs, although severe budget constraints means that this is not always the case, and not at a significant scale. Nonetheless, the withdrawal of funding (and sometimes its redirection to other organisations to deliver infrastructure functions), can have major consequences, as exhibited by case studies G and H. Both have been placed in precarious positions as a result of decisions by their respective local authorities to invest in other local organisations. The local authority in case study G moved to establish a completely new service, while in case study H the council chose to fund four local organisations on a local geographical basis.

However, relationships between LIOs and local authorities have significance far beyond funding. Constructive relationships, built on mutual understanding of the role and challenges faced by each side, are seen by respondents as essential components for enabling the LIO to carry out its functions well. In particular, they enable the LIO to speak up for and raise the profile of the local VCSE sector, and to challenge poor strategies or practices, for example around commissioning services. This can be risky, where there is a funding relationship, and uncomfortable, sometimes placing statutory authorities on the defensive.

LIOs need to use **considerable skill and leadership to navigate astutely the balance between challenge and support**. An external stakeholder noted how the LIO in its area was well-represented in meetings with different parts of the local authority and health and made a proactive contribution: *"they're actually being influential and changing how we discuss things"*. Case study F highlights the importance of recognising the culture and norms of statutory authorities, and the danger of simply ‘toeing the line’, which can stifle creativity. The dilemma can be resolved where local authorities recognise that independent challenge is a legitimate part of the LIO’s role and feature of dialogue between the two, as seen, for example in case studies A, B and D.

One case study reports that much of the relationship has become one of monitoring and contract compliance, when the real task should be about identifying issues emerging in the area, and possibilities for collaborative responses. The local authority in case study B, however, has a dedicated community team to liaise with the VCSE sector. Beyond managing grants, it acts as a broker between the two LIOs it funds. Grant monitoring meetings with LIO-A are interspersed with strategic meetings between the council and funded LIOs to share knowledge, update priorities and address any gaps. Likewise in case study H, regular conversations with local authority and health staff mean LIO-H is aware of the statutory sector's priorities and seeks to build bridges between them and the VCSE sector in order to realise new opportunities for the VCSE sector.

Of course, local authorities and health bodies are complex and multi-faceted organisations, and case study LIOs report variable relationships across the same organisation. Some people within the local authority, for example, can be very knowledgeable and supportive of the LIO and the role of the wider VCSE sector, while others know very little about either. A significant challenge for case study LIOs here is the limited capacity of local authorities - as resources have been squeezed - and the rapid turnover of key staff or changing council structures.

Relationship building is work, taking time, energy, skill and resources, when people are otherwise stretched. One case study LIO, for example, notes both the importance of key relationships, but the difficulty of staff turnover in the local authority, affecting its ability to support the sector: *"there's a sense that they're having to reset, restart relationships... I understand that that is hard work, that is, that could be tiring rebuilding those relationships, getting people to understand the direction"*. Key champions for the sector have moved on, which can be destabilising where less knowledgeable or unsupportive individuals take on significant roles. The intention in this area is to develop a co-produced local VCSE strategy, in order to embed positive relationships institutionally, and to safeguard commitments beyond supportive individuals – yet ironically progress is faltering because of staff turnover in the local authority.

Given how stretched statutory authorities have become in recent years, the relationships between them and LIOs can often be laden with very high expectations. One case study LIO is part-funded by its local authority for core work supporting the local VCSE sector, but this seems to translate into repeated requests from across the council to undertake work unrelated to the LIO's agreed funding. A similar concern arises for a second case study in relation to expanding work with health authorities.

Case study LIO-E reports the sheer effort involved in participation in various local partnerships, forums and health boards across a large, two-tier rural area; for example, attending 75 meetings over a three month period. As well as the substantive

work involved, LIO-E alludes to the need to maintain presence and visibility with key stakeholders.

Relationships with the VCSE sector

LIOs serve in various ways to support, promote and develop local VCSE organisations, and so the relationships they have with the VCSE sector are paramount. Although LIOs can be embedded in multiple sets of relationships across sectors, **it is the connection with the VCSE sector that fundamentally anchors LIOs**. The support for and from local VCSEs helps generate a mandate for the LIO, which contributes to its credibility and legitimacy both within the sector as a whole, but also in its relationships with statutory authorities. The CEO of one case study LIO highlights how the organisation acts as a champion for the local VCSE sector: *“...you should be up in the gantry directing the spotlights so that they hit all the other organisations and they kind of highlight what's going on in the city and draw attention to that”*.

The research suggests that **strong relationships between LIOs and the VCSE sector are based upon trust and are bolstered by regular contact and good communication**. LIO-A, for example, described the importance of being embedded in the local VCSE sector and of understanding the needs, priorities and challenges of local VCSE organisations. A two-way communication channel is a central element of this: drawing information from the sector to share in strategic meetings with statutory partners, but also feeding back issues and developments from statutory bodies into the VCSE sector. There were mixed pictures across the case studies about how well this was done. LIO-D sought to facilitate a partnership approach within the sector with regular network events. As a result, LIO-D was seen, in the eyes of staff members *“as a very honest broker, approachable organisation, trusted”*.

Trust is thus the key mechanism underpinning strong relationships with the VCSE sector – the sense in which the LIO is well known, well respected and seen as an independent champion of the sector. Here the LIO's reputation becomes very important in unlocking other possibilities. As a respondent in one case study put it *“Having a good reputation, that's what generates funding opportunities for us. If your reputation goes down the pan so does funding”*. Several case study LIOs were described as the ‘go to’ organisations for VCSE organisations, listening to their concerns and building capacity. In respect of LIO-G, for example, one stakeholder observed that *“a local charity would usually go to them as the first port of call for support and because of that trusting relationship”*. In this case, the LIO is in a highly challenged and precarious position, and it was suggested that it could usefully share and lever more stories from frontline VCSE organisations of the support they had received.

For several case study LIOs, trust was generated through the direct support they offered, particularly for smaller VCSE organisations, in terms of training, capacity

building and outreach work to new groups. Case study B's training offer, for example, was very well known and respected across its area, offering a very solid resource to the sector, and putting it on the map. However, the challenge of supporting smaller VCSE organisations was noted. Typically run wholly by volunteers, they may lack the capacity to engage with LIOs – the well-known paradox that VCSE organisations need capacity to engage with capacity building. Or they may be operating at full stretch struggling to stay afloat amidst increasing demand and rising costs.

It was noted in nearly all of the case studies that the local VCSE sector is a fiercely contested space – an interviewee in case study G described it as 'cut-throat' - with many VCSE organisations competing for resources, status or influence. The concerted passion for the cause can lead to unhelpful dynamics and competitive isolation, or, as case study H put it, the 'general grumpiness' of the sector. Even where there are shared objectives, there may be a reluctance to collaborate. LIOs are expected to work above and beyond such rivalry but are often enmeshed in competitive relationships themselves. Faced with their own resource constraints, particularly for infrastructure functions, some LIOs may end up competing for the same funding sources as other local VCSE organisations.

The case studies reveal **how challenging the relationships can be between larger, 'cornerstone' local VCSE organisations and LIOs**. Larger local organisations have an important presence in providing local services but may be less likely to need the direct support offered by LIOs on, for example, funding or governance. Typically, they have or seek a significant independent voice in the sector and with statutory authorities, which sometimes cuts across the advocacy work of LIOs. In one case study area, for example, relationships between the LIO and larger VCSE organisations were described as 'frosty'. In another case study, some of the larger local VCSE organisations also seek to occupy the strategic space with statutory bodies. The LIO has tried to build strategic relationships with these organisations to share responsibility for representation through a VCSE advisory group where leaders of VCSE organisations come together to share ideas and support one another.

Relationships with other VCSE infrastructure organisations

The effectiveness and sustainability of LIOs can be affected by the presence of other LIOs operating on the patch – sometimes fundamentally. The extent and quality of relationships between LIOs can matter significantly. The case studies highlight the variety of relationships in play in different contexts.

In some cases, the case study LIO is effectively the sole or main organisation fulfilling infrastructure functions locally. Case studies A and D, for example, face little or no competition locally for the infrastructure work they undertake. These cases are also notable for the cross-border work they are pursuing with neighbouring LIOs. Case study D is engaging with LIOs in four other local authority areas around joint work and sharing running costs to generate efficiencies. Case study C is also involved in a county-wide alliance of LIOs working together on shared initiatives.

In some cases, there appears to be some blurring of boundaries between LIOs and local funding bodies. Some LIOs have taken on grant distribution roles, and some local funding bodies have sought to fill gaps in infrastructure provision; for example, developing a skilled volunteering project connecting businesses with VCSE organisations. Case study A highlights how a local funding body sought to fill gaps in infrastructure when LIO-A was not as strong as it has subsequently become. Now, the two organisations have a positive, open and collaborative relationship, with strong cross-referral arrangements.

Relatively good relationships are reported in other areas with more than one LIO in operation, based on regular communication and a clear understanding of roles. In case study B, for example, the local authority provides funding for a second, specialist LIO which works with under-served and marginalised communities. The two organisations are in regular contact, and the council convenes a regular strategic away day to discuss priorities and working relationships. Case study F works in a partnership with another LIO to deliver capacity building, business development advice and funding infrastructure across the city.

In contrast, case studies E and G emphasise the direct challenge of competition between LIOs, and how the standing of one LIO is affected by the presence and standing of another. LIO-E has a strained relationship with another, larger LIO operating throughout the same geographical area. The other LIO is also a key provider of services and plays a significant representative role in strategic forums. It has a highly active approach to raising funds which is also thought to squeeze smaller VCSE organisations. Efforts to bring the two LIOs together in a partnership faltered because of funding cuts, capacity constraints and unequal relationships between the two.

LIO-G faces direct competition from a rival LIO set up by the local authority and other partners to provide infrastructure support to the VCSE sector. Overall, this is not likely to be a common scenario facing LIOs. Nonetheless the circumstances behind it and the consequences are highly instructive. Initially the council employed the staff at the new LIO but it has now become a separate organisation and has accessed significant investment from the local authority and time limited regeneration funding. Funders appear hesitant to support LIO-G because of potential duplication, although in practice it is thought to be effective and remains rooted in supporting smaller groups. Instead LIO-G continues to operate on a shoestring budget supported in part by the sale of a building – a position described as ‘precarious’ with a ‘bleak’ future. There is the perception that its work has been impaired because it is no longer engaged in strategic level discussions with statutory bodies. The LIO feels it is not typically invited, in contrast to the new LIO. As such wider access to key relationships and funding opportunities are felt to be curtailed.

The fourth and fifth external conditions examined in the study, looking at the impact of the wider policy and resource environments, are covered below in response to the

final component of the research question. Most of the discussion covers the funding environment because respondents did not in the main distinguish between policy and financial resources.

Enablers and barriers to effective local VCSE infrastructure

3. *What are the enablers and barriers to effective provision of local VCSE infrastructure services for the VCSE sector itself and system partners such as local authorities and Integrated Care Boards?*

Throughout the case study interviews and focus groups, questions were asked about whether and how particular aspects of local VCSE infrastructure could be regarded as enablers or barriers to effective provision.

In this section the main themes arising from the analysis of enablers and barriers are summarised in the table below. As can be seen, the themes mirror the analysis of internal and external conditions, and the enablers and barriers tend to act as polar opposites.

Enablers	Barriers
<i>Mission, purpose, culture and ethos</i>	
<ul style="list-style-type: none"> • clear vision, priorities, remit and of what the LIO is trying to achieve • a clear business plan which helps to target and streamline the work of the LIO (avoids straying into other areas of work) • positive culture, ethos and environment in which to work 	<ul style="list-style-type: none"> • lack of clarity of purpose and strategic direction • lack of understanding of the remit of LIO and what it can offer VCSE organisations
<i>Governance and leadership</i>	
<ul style="list-style-type: none"> • CEO with drive, passion, commitment, and knowledge and understanding of VCSE sector challenges • outward looking and embedded in sector and partnerships • visible and proactive in strategic circles • skill in building and convening key strategic relationships • effective communication • board represents the diversity of members, with well-known leaders in the sector as trustees • trustees understand local issues • active board driving a positive culture and direction of the LIO • positive chair and CEO relationships 	<ul style="list-style-type: none"> • 'invisible' CEO at strategic meetings, partnerships and boards • lack of visibility of other LIO senior leaders and trustees • lack of succession planning within LIO • lack of capacity and reticence to take a leadership role • lack of power and involvement of trustees in strategic direction of the LIO • difficulties recruiting trustees • conflicts of interest on board of trustees

Staff teams – capacity and capabilities	
<ul style="list-style-type: none"> • diverse, skilled and experienced staff team - long history of working with the VCSE sector • extensive knowledge and understanding of the VCSE sector and local area • accessible team; closeness to communities with a bottom-up grassroots approach • dedicated team showing deep commitment and focused on supporting the sector • passionate and dedicated staff – going the extra mile to support local VCSEs 	<ul style="list-style-type: none"> • small team, spread too thinly, with a lack of capacity to meet the needs of the sector and particularly for voice and representation work • high staff turnover/poor retention (competing on salaries with other sectors) creates challenges for managing workload and makes it hard to build relationships with statutory bodies • lack of diversity of staff team • lack of visibility of wider staff team
Funding	
<ul style="list-style-type: none"> • long-term, multi-year funding • diverse and balanced funding • funding from local authority 	<ul style="list-style-type: none"> • instability in VCSE funding environment, and under investment compared to neighbouring areas • lack of core funding for the VCSE sector, concerns about sustainability • funding landscape creates competition in the VCSE sector • short-term funding agreements • poor funding practices - unequal funding landscape, lack of transparency, time spent on funding applications, lack of feedback, excessive monitoring and evaluation • historical funding cuts leave legacy of severed relationships between LIO and local authority • funding from local authority only for some LIO functions (capacity building and volunteering)
Relationships with key statutory partners	
<ul style="list-style-type: none"> • LIO is part of key groups/boards including local authority and health • good relationships and reputation with statutory bodies (especially the local authority), businesses and funders • recognition and understanding of the role, value and independence of local VCSE infrastructure within the local authority and other statutory partners • support from the system and senior statutory leaders for the VCSE sector 	<ul style="list-style-type: none"> • lack of productive relationship between local authority, LIO and VCSE sector – lack of VCSE sector strategy • paternalistic local authority approach overall to the VCSE sector • power imbalances: funding from local authority means it is difficult to challenge or criticise - LIO is less able to assert themselves to advocate for the sector • LIO focused on 'lobbying' rather than adopting a strategic role • lack of access to formal systems and seats at strategic tables

	<ul style="list-style-type: none"> high level of churn and change in local authority makes relationship building difficult and challenging for voice and representation
Wider policy environment	
<ul style="list-style-type: none"> statutory authorities recognise and champion the value of the LIO and local VCSE sector, particularly in reaching marginalised communities and preventative work a strategic approach to the local VCSE sector is taken, including the development of targeted VCSE strategies 	<ul style="list-style-type: none"> public sector increasingly relying on the local VCSE sector to fill gaps in services and meet need in repeated crises – overburdened VCSE organisations have less capacity to engage with LIOs paternalistic approaches in some statutory bodies, where communities are ‘done to’ and with little support for VCSE sector engagement in decision-making shift from grants to contracts fuels competition between VCSE organisations recognition of the VCSE sector’s role not matched by supportive policy or resources
Reputation	
<ul style="list-style-type: none"> positive support from and strong reputation in the local VCSE sector (as a respected, trusted, honest broker) good awareness of LIO within local VCSE sector independence and deep roots into local VCSE sector funders recognise LIOs’ work in making VCSE organisations fundable perceived agility and flexibility, especially during COVID-19 	<ul style="list-style-type: none"> no universal recognition of role of LIO among statutory stakeholders and VCSE sector poor reputation of LIO
Local VCSE sector	
<ul style="list-style-type: none"> a strong, connected and thriving VCSE sector value of VCSE recognised by local authority and other statutory partners aspirations for distributed VCSE sector leadership 	<ul style="list-style-type: none"> large, diverse, complex and competitive sector creates challenges for LIO representation work and facilitation of collaboration VCSE organisations have low capacity to engage with LIO due to ongoing funding pressures and cost of living crisis VCSE sector leaders are isolated across a large geographical area some competition between LIO and VCSE sector (about profile and delivery of services)
Relationships with other local VCSE infrastructure organisations	

<ul style="list-style-type: none"> • strong relationships and clear boundaries (no competition) between LIOs 	<ul style="list-style-type: none"> • duplication of work among two or more LIOs in the same patch creates tension and competition, confusion in the VCSE sector, threatens sustainability and impacts on LIO funding in the area • competing LIOs creates difficulties in representing the VCSE sector strategically
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The nature of the funding environment for local VCSE infrastructure

4. *How does the nature of the funding environment available to LIOs affect the delivery of infrastructure services including leadership, partnerships and capacity building?*

The **amount and nature of funding available to local VCSE infrastructure matters significantly, in terms of what LIOs are able to do and achieve**, and in how they can organise their work to fulfil infrastructure support functions.

The case studies reveal the strains involved financing viable local VCSE infrastructure. In general interviewees report that **resources are insufficient when set against the context of high expectations and increasing pressure on frontline organisations and demand for support**. The overall picture reflects both the longer term squeeze on resources for local VCSE infrastructure³, austerity and post-COVID-19 pressures on public finances and trusts and foundations.

The result is often overstretched LIOs, struggling to meet the needs of the whole sector, with limited capacity to engage on multiple fronts. As a respondent in case study A put it, LIO-A is *"way too under resourced to be able to deliver the sort of function that we need in the locality"*. The challenge is all the greater because funding tends to be for certain functions (such as capacity building or promoting volunteering) rather than others (such as mobilising the sector, voice and advocacy). A concern is that this can lead to missed opportunities to develop the local VCSE sector, less coordination of VCSE sector effort, and more silo working.

Case study LIOs were in strikingly different places with regards to funding for their core infrastructure work, particularly from statutory authorities. The most favourable circumstances involved ongoing funding as longer-term grants or contracts: LIO-D had recently secured, for the first time, a three-year funding settlement from the local authority and health partners. It provided greater stability for the organisation, enhanced security for staff and an ability to plan ahead. LIO-F was in a similar

³ Kane, D. and Cohen, T. (2023) *Sector Infrastructure Funding Analysis* (London, 360Giving).

position, but the longer term funding was through an investment by a large grant-making foundation. As well as helping to establish the organisation, two other consequences flowed for LIO-F from longer term funding: first it created a degree of security which underpinned the LIO's independence, and second it meant that they were not in competition for the same funding as local VCSE organisations. LIO-B enjoyed greater freedom through its grant funding from the local authority than through a typical contract. The council had adopted a strategic, co-design approach to funding, underpinned by recognition of shared goals rather than specific deliverables.

In contrast the local authority funding for LIO-G and LIO-H had been withdrawn, with investment redirected to other organisations. In response, LIO-G had sold assets and was operating on a very tight budget. It was far less able to engage strategically with the VCSE sector and statutory authorities as a whole, if not perceived to be prevented from doing so. LIO-H had been able to source other funds to bridge some of the gap it experienced. Both had considered the VCSE sector itself as a source of revenue (as had others), through charging fees for consultancy, but this approach was thought to have limited potential with small, under-resourced VCSE organisations operating in communities with high levels of deprivation.

There was widespread recognition that the public sector was in the midst of its own resourcing crisis in the face of intensifying needs. Statutory authorities were relying ever more on VCSE organisations to fill gaps in services, which puts pressure on those organisations. Combined with short-term funding, in the eyes of one LIO, this hampers frontline organisations' ability to collaborate with each other and engage with local VCSE infrastructure. Overall, the post-COVID-19 landscape of funding for the VCSE sector, combined with spiralling cost pressures, was thought to have become more competitive. One consequence tends to be a more demanding funding environment, with more detailed specifications, unrealistic expectations of outcomes, and pressure from statutory bodies to 'do more with less'.

Several case study LIOs were concerned about poor or inadequate commissioning and grant-making approaches, involving short-term project funding, pressure for less than full cost recovery, together with disproportionately onerous application processes and monitoring arrangements. These processes can be seen as part of a wider and longer-term approach to public management that has prioritised compliance and narrow accountability to funders, short-term funding and value for money over long-term collaboration and outcomes.

Given this policy and funding environment, case study LIOs expressed how challenging it was to change approaches and processes, through new commissioning strategies or a fairer and open VCSE funding framework. The aim was to generate a shift towards an investment mindset, based on core funding and building the capacity of VCSE organisations to make them more sustainable.

3. Cross-cutting findings

In terms of the conditions which might enable or prevent effective local infrastructure, a very wide range of issues and factors has been identified throughout the research, as detailed in section 2 above. Many of these issues will be familiar to those who work in or with local VCSE infrastructure.

This section moves beyond the discussion of individual conditions which enable or prevent effective local VCSE infrastructure. Rather, it discusses **the overall position of LIOs in their specific contexts**. The analysis suggests three inter-linked cross-cutting findings for LIOs.

1. LIOs find themselves in highly complex and demanding positions, balancing capacity against multiple expectations.

Stepping back from the analysis of individual conditions which might make for effective local VCS infrastructure, what is most striking is the sheer complexity of LIOs and their work, in three ways:

- as organisations in their own right, with multiple stakeholders, relationships and expectations,
- in terms of the issues they encounter, at multiple levels,
- in the uncertain and changeable policy, funding and delivery landscape in which they work, seek to navigate and hope to shape.

LIOs work through a continuous balancing act between different sets of expectations, while juggling multiple issues and agendas.

Two case studies illustrate well the complex circumstances in which LIOs operate.

Case study A: London borough

LIO-A is a medium-sized charity working in a relatively deprived inner London borough. Its annual income is less than the median for NAVCA members⁴. It has a small staff team trying to support, develop and represent a large and diverse local VCSE sector, but realises the impossibility of doing so. It cannot meet the needs of and represent such a diverse sector, and yet it acknowledges that "*expectations of us are huge*", particularly from statutory

⁴ Macmillan, R., Leather, D. and Stuart, J. (2022) *Connecting Locally: local voluntary and community sector in England* (Sheffield, CRESR/Sheffield Hallam University), p.6. The median annual income of NAVCA member LIOs (for the financial year 2020-21) was £596k.

stakeholders. As a result, LIO-A has to choose particular priorities, and even then, it was thought by one external stakeholder to be trying to do too much.

One approach was to develop stronger strategic relationships with key local VCSE organisations, and a Chief Officers network, in a move towards a distributed sector leadership model, where sector representation is shared more inclusively across several organisations. A representative from a local VCSE organisation observes the challenges of working in such a complex environment *"because there's so much to do, we try and do an awful lot and... getting the clarity of where we can make the most difference and what we are here to do as organisations, is part of the battle, I think."*

Case study D: Mixed town/rural Metropolitan District

LIO-D is a large infrastructure organisation working across a relatively deprived former industrial area. It is one of the largest NAVCA members – within the largest quarter of the membership⁵, and yet from the inside it was said to seem 'too small' to do everything it needs to do, and *"feels like a stretched organisation"*. It tries to support all its members, but also to operate strategically, attend all relevant meetings of key stakeholders, and was regarded externally as being pulled in many different directions, or trying to scale huge mountains.

Despite this, statutory stakeholders still ask for engagement on a wide range of issues, with a perception that this takes the LIO away from the core areas they are meant to be delivering. For LIO-D, prioritisation is enabled by a clear business plan as an anchoring reference point. When asked to become involved in yet another new thing, they *"have to go back to our business plan and say: 'Is this meeting the aims of the business plan, does this support our members in any of these ways?' No. Right. That's a no then"*.

One consequence of complexity is how the conditions and issues are seemingly connected, such that positive or negative developments in relation to one condition can be caused by and/or have consequences in other conditions (see point 3 below). An implication of this is that there may be several different positive (or negative) development pathways in the journey to (or from) becoming more effective and sustainable, rather than a straightforward menu of individual issues to address.

⁵ Macmillan, R., Leather, D. and Stuart, J. (2022) *Connecting Locally: local voluntary and community sector in England* (Sheffield, CRESR/Sheffield Hallam University).

2. LIOs encounter stabilising and destabilising forces: for example, in the funding environment, strategic leadership, LIO credibility and regard, and through competition from others.

The direction and work of LIOs can be secured for the long term through stabilising forces but can equally be disrupted by destabilising forces. These forces are most evident along four dimensions: funding, staffing, legitimacy and relationships with other LIOs.

Destabilising forces include patchwork and project funding, along with significant shifts in funding regimes (such as cuts and more demanding contracting regimes), high staff turnover of leadership and staff teams, challenges to the reputation of the LIO affecting its relationships with others, and competition between LIOs, for work, funding, status and influence.

Case study G below highlights the impact of destabilising forces.

Case study G: Small city, Metropolitan District

LIO-G has encountered a compounding series of challenging issues which together have seriously weakened its overall position. It has been operating for over 50 years but, with just 4 employees, it is among the smallest 10% of NAVCA members by annual income⁶.

Historically difficult relationships between the organisation and its local authority came to a head in discussions about how to refresh the work of LIO-G. A key point of contention was the structure and approach of LIO-G, and the degree to which a LIO should be sector-led and independent from statutory partners. It culminated in a decision by the council to withdraw its funding, and to work instead with other partners to develop an alternative model of support for the local sector. A new team was employed by the council, before becoming a separate organisation and charity (CIO) in its own right, with initial funding from the local authority.

Two LIOs working in the same area has been a recipe for duplication, fractious relationships, and resistance to working together, leading to some confusion for the sector: *"there's another organisation that has been... given this patch to deliver on, but their remit sounds exactly the same and that's very difficult"*. It is thought to have divided the local VCSE sector into two camps with split loyalties. One external stakeholder noted that conversations amongst funders and other stakeholders had become dominated by the

⁶ Macmillan, R., Leather, D. and Stuart, J. (2022) *Connecting Locally: local voluntary and community sector in England* (Sheffield, CRESR/Sheffield Hallam University).

problem of dual infrastructure provision, rather than about what the area needs.

LIO-G is struggling financially, describing a “*tough*” and “*precarious position*”. It survives on funding for small projects and the proceeds from the sale of a building. It is exploring other routes and opportunities in an otherwise “*bleak*” and uncertain funding landscape, where local VCSE organisations would be unable to pay for services, and where one funding opportunity, for example, had been denied because of “*potential future duplication*”.

The establishment of a parallel LIO, following the breakdown of relationships with the local authority, had directly affected the sustainability of LIO-G. The closing off of such key relationships was described as “*a huge hindrance*”. As one interviewee concluded: “*I don't think an infrastructure organisation can survive without it*”.

Stabilising forces for LIOs would include long-term core funding, continuity of leadership and staff, credibility and trust generated through enduring productive relationships with key statutory bodies and across the sector, and a settled collaborative set of relationships with other LIOs.

Case study A below illustrates how this can work in practice.

Case study A: London borough

LIO-A is an example of how an LIO has gradually been able to recover and improve its position and reputation. This has been the result, it was said, of an ‘outward approach’ which pays attention to key relationships, underpinned by long-term stable funding.

One stakeholder described LIOs in general in terms of their relevance to local VCSE organisations - as the “*ear and heart*” of the sector. LIO-A was seen as an example of an LIO which was focused on pursuing the interests of the VCSE sector. Without the bravery in standing up for the sector, the LIO would quickly lose credibility.

A contrast to the situation described for LIO-A above would be where LIOs become self-orientated and worried about their own funding and survival. According to the CEO of one small VCSE organisation, such a focus by an LIO can be “*disastrous*”. In this view, therefore, long-term and stable funding reduces the focus on surviving and enables effective work with and on behalf of the VCSE sector.

3. The conditions are typically inter-connected: for example, a chain between leadership-relationships-legitimacy-funding. LIOs can experience positive and negative spirals between connected issues.

Conditions enabling or preventing effective local infrastructure work, together with the stabilising and destabilising forces described above, are highly interconnected. The status or change experienced in one factor can spread and affect others. This leads to suggestion that chains typically exist between factors which might otherwise be considered separately.

For example, a highly engaged leadership approach, with a clear direction and effective communication, can be the basis for developing strong and embedded relationships with key statutory agencies. In turn this can enhance the legitimacy of the LIO and its work, which may serve to unlock new or further funding opportunities. Additional resources can then enhance the presence and reinforce the reputation of the LIO. A positive spiral may be the result of these developments, a virtuous circle in which a positive development in one area can develop in others.

Case studies D and C illustrate how such positive spirals of developments might operate.

Case study D: Mixed town/rural Metropolitan District

LIO-D demonstrates how conscious work to build strong relationships can yield rewards in terms of funding and support. In turn this generates positive benefits for the LIO's stability and work. For the first time ever it had recently gained multi-year funding (3 years) from the local authority and health partners. About this, a staff member observed: *"I don't think we would have even got a look in at that if we hadn't spent time building those relationships and maintaining those relationships"*. The work of LIO-D and the wider VCSE during COVID-19 was thought to have helped strengthen relationships with statutory authorities.

LIO staff members noted four consequences of these developments, illustrating how a virtuous circle can arise in the link between relationships and funding. First, it has enabled LIO-D to plan ahead and invest (for example, in a Customer Relationship Management system): *"having that that longer term commitment just allowed us to... actually plan a bit further ahead and invest in our processes and procedures"*. Second, long-term funding enabled permanent contracts for staff and reassurance about their roles: *"knowing that you're there for more than a year just massively increases job satisfaction and you know, gives you a bit more of a sense of purpose"*. Third, it has meant that LIO-D can focus on its purpose of supporting the local VCSE sector: *"we don't have to take on so many little insular projects - we can sort of focus on more of our core offer"*. Finally, multi-year funding has enabled the further

building of partnerships and connections, as expressed by one interviewee:
"...To work with partners, to create an opportunity. All that takes time and on a short term basis, to be honest, it's a bit like you do the foundations, but you can't really see the building".

Case study C: Rural area, Non-metropolitan District

LIO-C is an established LIO operating across a large rural area, with close collaborative relationships with LIOs in neighbouring districts. It's annual income has grown by more than three and a half times in the last five years.

Interviewees in this case reflected on how short term funding for LIOs can undermine other important conditions enabling effective local VCSE infrastructure, such as relationships with statutory authorities and with local VCSE organisations. According to one external health stakeholder, short term funding can impair productive and collaborative relationships by setting people and organisations against each other in a competitive funding environment, and can lead to an inward focus on the LIO, rather than an outward focus on wider relationships.

One interviewee noted that the financial position of LIO-C has improved, as has their workforce, relationships and networks. Stronger relationships had led to further funding. Consequently, LIO-C was described as being in a much stronger position to fulfil its role and objectives in terms of coordinating, representing and galvanising the local VCSE sector. This was described as the re-growth of the organisation. It was partly attributed to a new CEO, who had also reaped the benefits of previous CEOs' work.

LIO-C thus provides an illustration of how a longer term perspective is needed to judge an LIO's position and trajectory. It shows how sustainability is always work in progress, even if it sounds like an endpoint. One interviewee described this vividly:

"every chief officer that has come in has had their own issues to deal with, it might be money, it might be structure, it might be staffing, and everyone has dealt with it ... and a lot of it is about external relationships, so we've had a lot of chief officers bought in just to make sure we're fit for purpose...Then the next one will come in and do a whole load of work about relationship building and then feel nothing's happened and move, and then the very next person comes in and all those relationship building things start to work".

Alternatively, and in contrast, the loss of significant funding, for example, may trigger further negative processes. Reduced funding means less capacity to engage locally. The LIO's presence across its patch may be diminished, as it can no longer do so much, or attend so many key stakeholder meetings, or be involved in new opportunities. It may come to be seen as less relevant, less able to build or maintain key relationships, and less able to influence developments in the VCSE sector. It may begin to suffer more significant reputational damage, particularly if the quality of its work is compromised by being overstretched. Further funding may be called into question. A negative spiral is the result, in which the LIO struggles to escape a mutually reinforcing set of destabilising forces. Case study G, described above, comes closest to illustrating this kind of negative spiral.

4. Conclusions and implications

The research undertaken with NAVCA member LIOs in support of its Development Programme aimed to increase knowledge and understanding of the conditions which can support or hinder effective local VCSE infrastructure. The research question it addressed was complex and multi-faceted, but also pressing and important in two ways.

First, it is a commonplace among those who work in, support, promote, fund or research local VCSE infrastructure that it is 'good in parts'. Some places are thought to be well-served by local VCSE infrastructure, others not so much so. Likewise, some LIOs are thought to be well-established and well-regarded for their strategic approach, local knowledge, reach, connections and impact. But this is not always the case. Varied experience across the country forces the questions of how and why local VCSE infrastructure appears to be more established and effective in some cases than others.

Second, knowledge of how best to support the development and improvement of local VCSE infrastructure, and learning from different approaches, is negligible. It tends to be piecemeal, undocumented or forgotten. Hence the research undertaken here can be seen as an early contribution to a longer-term process of understanding what makes for effective local VCSE infrastructure, and how to make it so.

Despite the challenge and complexity of the research question, the study reaches five main conclusions:

1. While many different conditions examined in the research play a role in supporting or hindering effective local VCSE infrastructure, a striking finding is **the evident significance of people (leadership and staffing) and relationships (especially with key statutory authorities)**.
2. It has traditionally been thought that local VCSE infrastructure has suffered for lack of dedicated financial resources, particularly during the 2010s. The research suggests that effective local VCSE infrastructure is not just a matter of money. The amount and form of **funding for local VCSE infrastructure do not appear to be the only conditions for effectiveness**. Funding is implicated in complex links with other conditions associated with people and relationships.
3. LIOs find themselves in **highly complex and demanding positions**, nested within dense networks of relationships within and beyond the local VCSE sector. They often have **to balance limited capacity against multiple expectations for support** from different parts of a diverse and contested local VCSE sector and the agendas pursued by different statutory stakeholders. Such a balancing act is based on intense but often unrecognised relational work, involving considerable attention and skill by staff and trustees in the complex navigation of different interests, issues, priorities and dilemmas.

4. LIOs encounter **stabilising and destabilising forces which work to secure or unsettle their overall position** – their legitimate ‘room’ to operate. These forces typically work through four main features of the circumstances in which they work: the funding environment, strategic leadership within the LIO, the credibility and regard with which the LIO is held, and potential competition from other organisations pursuing infrastructure functions. Any one or more of these features can serve to secure, develop and reinforce a strengthening position of effective VCSE infrastructure provision. Equally, they can work in the opposite direction and serve to unsettle an LIO’s position and compromise its effectiveness.
5. The **conditions for effective local VCSE infrastructure are typically inter-connected**. Not only does the distinction between ‘internal’ and ‘external’ conditions break down in practice, but no condition really operates in isolation from others. There are multiple feedback loops working from one condition to others. The loss of significant funding, for example, has knock on consequences for other aspects of an LIO’s work. It may not be able to retain experienced staff, reach and support as much of the local VCSE sector as before or maintain its visibility with strategic partners. Consequently, **LIOs can experience positive and negative spirals, or virtuous and vicious circles, between connected issues**. It can be as hard to pinpoint how such spirals begin or end as it is to shape or control them.

Taken together, the five conclusions highlight **the role of people, skilled relational work and agency within LIOs**, but also that such work takes place in **circumstances over which there is often little control**. The fact of interconnected chains of issues, stabilising and destabilising forces and the possibility of positive and negative spirals also speaks to a need to appreciate **the dynamic nature of LIOs and local VCSE infrastructure**. Although they can experience more or less stability, LIOs are not set in stone. Local VCSE infrastructure is always in motion over time, as different issues and circumstances come and go.

These conclusions raise questions about how best to support LIOs in different situations and pathways. To what extent and how should support be offered to LIOs holistically, as opposed to tackling particularly troublesome issues affecting many LIOs? And for LIOs seemingly caught in a negative spiral, what might be the most appropriate intervention points to try to turn around the fortunes of a struggling LIO?

The main implications for supporting the development of LIOs are twofold. First, there is a need for **a sufficiently tailored programme of measures** to accommodate both the diversity of LIOs in NAVCA’s membership, but also the highly varied circumstances, issues and challenges they face. Second, the research lends support to **a mixed portfolio of approaches**, not least to generate learning about how best to support effective local VCSE infrastructure. It could embrace **targeted interventions around specific issues** (such as, for example, building effective strategic relationships), alongside **‘health check’ or diagnostic-type support** to understand and improve the position of individual LIOs in the round.

In this spirit, it may be worth developing a basic and provisional **theory of change for development support** explaining the pathways through which interventions may be expected to improve the position, effectiveness and sustainability of LIOs.

As well as answering existing questions, research tends to raise new questions for consideration. From this study, the main **questions requiring further exploration** would seem to be:

- How do different sets of stakeholders in practice come to judge the effectiveness, quality and sustainability of LIOs and of local VCSE infrastructure?
- How do judgements of effectiveness, quality and sustainability affect the position of LIOs?
- How and why do positive and negative spirals of conditions enabling or preventing effective local VCSE infrastructure develop or come to an end?
- What kinds of actions and interventions can prompt positive spirals and thwart negative spirals of such conditions?
- What works in different circumstances and contexts to support and improve local VCSE infrastructure?

Appendix: Research Methods

Data

Data analysed for this report consists of two main sources:

1. Secondary material/documents

- *LIQA-VCQA*: material provided for analysis by NAVCA linked to LIOs going through the Local Infrastructure Quality Accreditation (LIQA) and Volunteer Centre Quality Accreditation (VCQA) process.
- *NAVCA membership material*: notes, associated documents and spreadsheets from NAVCA in relation to a 2024 research project for the Local Government Association (LGA), members' survey and general engagement with members.
- *'Connecting Locally'*: transcripts from interviews with 15 LIOs undertaken in 2022 as part of the 'Connecting Locally' research study.

2. Case Studies

Transcripts and notes from recorded interviews and roundtables in eight LIOs, selected to provide a range of contrasting circumstances and local contexts across the country, as indicated below:

Case study	Context LIO working in
A	London Borough
B	Large city, Unitary Authority
C	Rural area, Non-metropolitan District
D	Mixed town/rural Metropolitan District
E	Rural area, County Council
F	Medium-sized city, Unitary Authority
G	Small city, Metropolitan District
H	Large town, Metropolitan District

Research fieldwork in each case study included:

- an interview with the LIO's Chief Executive Officer
- a roundtable (or individual interviews) with LIO staff
- interviews with up to three external stakeholders (for example, a representative from the local authority, local health authorities and a local grant-making body)
- a roundtable (or individual interviews) with local VCSE organisations.

The table below indicates the total number of participants of different kinds across the eight case studies:

	Interview participants	Roundtable participants	Total
LIO CEO	8	0	8
LIO staff	4	28	32
External stakeholders	17	0	17
Local VCSE groups	9	18	27
Total	38	46	84

Analysis

At the beginning of the research strand the research questions were unpacked to develop an analytical framework identifying *ten likely internal and external conditions* which might affect LIOs' effectiveness, sustainability and quality. The table below outlines the ten conditions and provides a rationale for their potential significance. The framework formed the basis for the analysis.

Conditions	Comments	Hypothesis
Internal conditions		
I1: Mission, culture and approach	Including values, commitments and ways of working	Provides a sense of overall purpose, ethos, direction and intended impact.
I2: Geographical scale/remit	Includes area of benefit, but also scope of LIO activities	Affects scale and reach across areas of work and communities, but also proximity and embeddedness
I3: Governance and leadership, structures, policies and procedures	Including capabilities and diversity of the board, board/chair and CEO relationships, structure and operation	Stewarding resources to pursue mission and objectives
I4: Workforce capacity and capabilities	Including the availability, retention, motivation, diversity and capabilities of paid staff and volunteers	People do the work to make an impact, so capacity, skills, approach, knowledge and experience matter
I5: Financial resources and assets	Amount, security, conditions and diversity of funding; financial management; role of buildings/assets	LIO work costs money, so that availability, terms and management of money in relation to costs all matter
External conditions		
E1: Relationships with statutory authorities	Includes profile/visibility, reputation and legitimacy with LAs, health bodies/structures, partnerships, etc.	How well regarded and relevant an LIO is matters for trust, resources and opportunities for system influence
E2: Relationships with the VCSE sector	Includes profile/visibility, legitimacy and accountability with VCSE members and diverse communities	LIOs have a mandate to operate through extensive engagement with members and the wider VCSE sector
E3: Relationships with other VCSE infrastructure organisations	Includes profile/visibility, reputation and legitimacy with other infrastructure provision in the locality	The position of an LIO is affected by potentially competitive and/or collaborative relations with other LIOs
E4: Wider policy environment	Support for the VCSE sector and the idea of infrastructure, locally and nationally	How central is the VCSE sector and infrastructure in the thinking, policy and strategies of other bodies
E5: Wider resource environment	Availability of resources, for the VCSE sector and infrastructure	Funding opportunities and constraints form the basic resource context for the VCSE sector and infrastructure

Analysis took the form of a 'framework' approach, using a spreadsheet as a matrix to record and reflect upon observations, notes and comments about internal and external conditions generated from reading documents, re-listening to audio recordings and reading transcripts. Reflections were also noted on equality, equity, diversity and inclusion (EEDI) considerations, as well as on the role of the four functions of infrastructure, support needs of LIOs and of the VCSE sector.

As well as weekly updates, interim analysis was undertaken and shared with NAVCA as the research progressed in two interim reports:

- ‘Interim Synthesis – Document Analysis’ (31-5-24)
- ‘Case Study Emerging Findings’ (28-8-24)

The research findings were also discussed with NAVCA’s senior staff and three Development Programme secondees in a ‘Sharing insights’ session (19-9-24) and at a NAVCA stakeholder roundtable on ‘The Future Development of Local VCSE Infrastructure’ (8-10-24).

Limitations

There are three main limitations to the research undertaken in this project:

1. Given the resources for the research, the case studies attempted to strike a balance between breadth (eight contrasting LIOs and contexts) and depth (84 participants representing different kinds of stakeholders with an interest in the work of LIOs - VCSE organisations, external stakeholders and the LIO itself). Given the complexity of LIO circumstances and histories – a point taken up in section 3 of this report – the eight cases cannot be wholly representative of NAVCA’s membership. Rather they were selected to provide a reasonably diverse range of contexts, in order to inform the Development Programme. In addition, the research in each case was designed to provide sufficient detail to answer the research question, although capacity pressures meant they were not equally able to take part in the time available. A fuller account of the work and challenges of individual LIOs would be possible with more in-depth work amongst fewer case studies.
2. The overarching research question focuses on conditions that make for effective delivery of objectives, efficient operation as a sustainable organisation and achievement of quality accreditation status. However, the research and analysis focused more on the first part of the question rather than the second, i.e., on the conditions thought to influence the *perceived* effectiveness, sustainability and quality of local VCSE infrastructure. This is because effectiveness, sustainability and quality are complex and multi-faceted concepts which are open to interpretation, and which are not easy to identify in advance of data collection.
3. The secondary analysis involved applying an analytical framework devised for this project, to material collected for other purposes. The existing material did not always speak directly to the research question addressed here, or the analytical framework, creating a gap which was bridged through the need for some degree of post-hoc interpretation.