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**Sheffield
Hallam
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Centre for
Regional Economic
and Social Research

Walking a tightrope: Exploring the conditions for effective local voluntary and community sector infrastructure

Summary for NAVCA Members

January 2025

Introduction

What are the conditions that allow local VCSE infrastructure organisations [LIOs] to thrive and deliver for stakeholders?

NAVCA commissioned a research project to answer the 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 research reported in January 2025, having analysed evidence from documentary sources, fieldwork interviews and focus groups with eight local VCSE infrastructure organisations. It draws five conclusions which are summarised in Figure 1.

Figure 1: The conditions that influence the effective operation of local infrastructure organisations.



The research explored:

- five internal conditions: mission, geographical scale, governance and leadership, workforce and financial resources
- 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, they are fundamentally intertwined. There is a significant task for LIOs and their CEOs in 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.

The research was carried out by CRESR, the Centre for Regional Economic and Social Research at Sheffield Hallam University during 2024, funded as part of the NAVCA Development Programme by The National Lottery Community Fund.

1. Leadership and relationships

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).**

The LIO's connection with the VCSE sector fundamentally anchors the LIO. The support for and from local VCSE organisations 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 research suggests that **strong relationships between LIOs and the VCSE sector are based upon trust and are bolstered by regular contact and good communication.** Trust is 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. The case studies demonstrate the value of clear communication with staff, the wider VCSE sector and external stakeholders.

It is **vital to build and maintain productive relationships with statutory authorities.** 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 necessarily at a significant scale.

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. However, this is a delicate balancing act, LIOs need to use considerable skill and leadership to navigate astutely the balance between challenge and support. **Relationship building is work – taking time, energy, skill and resources, when people are otherwise stretched.**

The role of the chief executive is brought out as a highly significant lynchpin. 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. **The capabilities, knowledge, expertise, experience and approach of staff and volunteers are also very important.**

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. **Approaches to mitigate these risks included CEOs prioritising strategically significant work and delegating to others. The burden of responsibility can 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].

2. Sufficient long term funding is important – but not the only factor

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, although they are an important enabler. **Funding is implicated in complex links with other conditions associated with people and relationships.**

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. **Financial and other resources are often insufficient when set against the context of high expectations, increasing pressure on frontline organisations and demand for support.** The overall picture reflects both the longer term squeeze on resources for local VCSE infrastructure, austerity and post-COVID-19 pressures on public finances and trusts and foundations.

Poor or inadequate commissioning and grant-making approaches include short term project funding, pressure for less than full cost recovery, 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 a focus on outcomes.

Long term funding is beneficial for LIOs to:

- create a degree of security which underpins the LIO’s independence
- facilitates collaboration with other VCSE organisations
- avoids LIOs competing with the local VCSE sector for the same funding pot.

However, external stakeholders in several case studies note **how much the LIO is able to do with relatively small teams, punching well above its weight.** Whilst a positive statement in some respects this leads to challenges of:

- prioritising the work of the LIO
- saying 'no' to some requests
- meeting expectations and responding to the needs of a diverse sector.

The broad mission, approach and ethos of the LIO is important, along with engaged leadership supported by strong governance and an overarching vision and strategy to give clear priorities and action around what the LIO is trying to achieve and the role it plays.

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 direct impact of competition can affect the standing of each. The case studies also 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. 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.

3. Complexity, expectations and context

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.

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. Given how stretched statutory authorities have become in recent years, the relationships between them and LIOs can often be laden with very high expectations. Core work funded by a local authority or health system, can translate into repeated requests to undertake work unrelated to the LIO's agreed funding.

The work of LIOs is complex 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.

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. 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.

4. Stabilising or destabilising forces

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
- 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.

Destabilising forces include:

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

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
- a settled collaborative set of relationships with other LIOs.

An LIO working within a stabilising rather than destabilising context reduces the risk of operating in survival mode, and enables the LIO to work effectively with and on behalf of the VCSE sector and other partners.

5. Interconnections and spirals

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 chains of connection and feedback loops working from one condition to others. 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.

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.

The loss of significant funding, in contrast, 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.**

Implications

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.

If local infrastructure is considered to be less than effective it is important to ask the question 'why?' The reasons for variable quality will be complex and deeply interrelated, and unlikely to be limited to one or two factors over which the LIO has control. Where local infrastructure would benefit from development or improvement, this requires a long-term process.

How does this research inform the further development of support for LIOs? The main implications are:

- using a basic and provisional theory of change for development support explaining the pathways through which interventions to support LIOs may be expected to improve their position, effectiveness and sustainability
- the 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 faced
- the creation a mixed portfolio of approaches to generate learning about the most effective means of supporting LIOs
- targeting interventions to specific issues and needs.