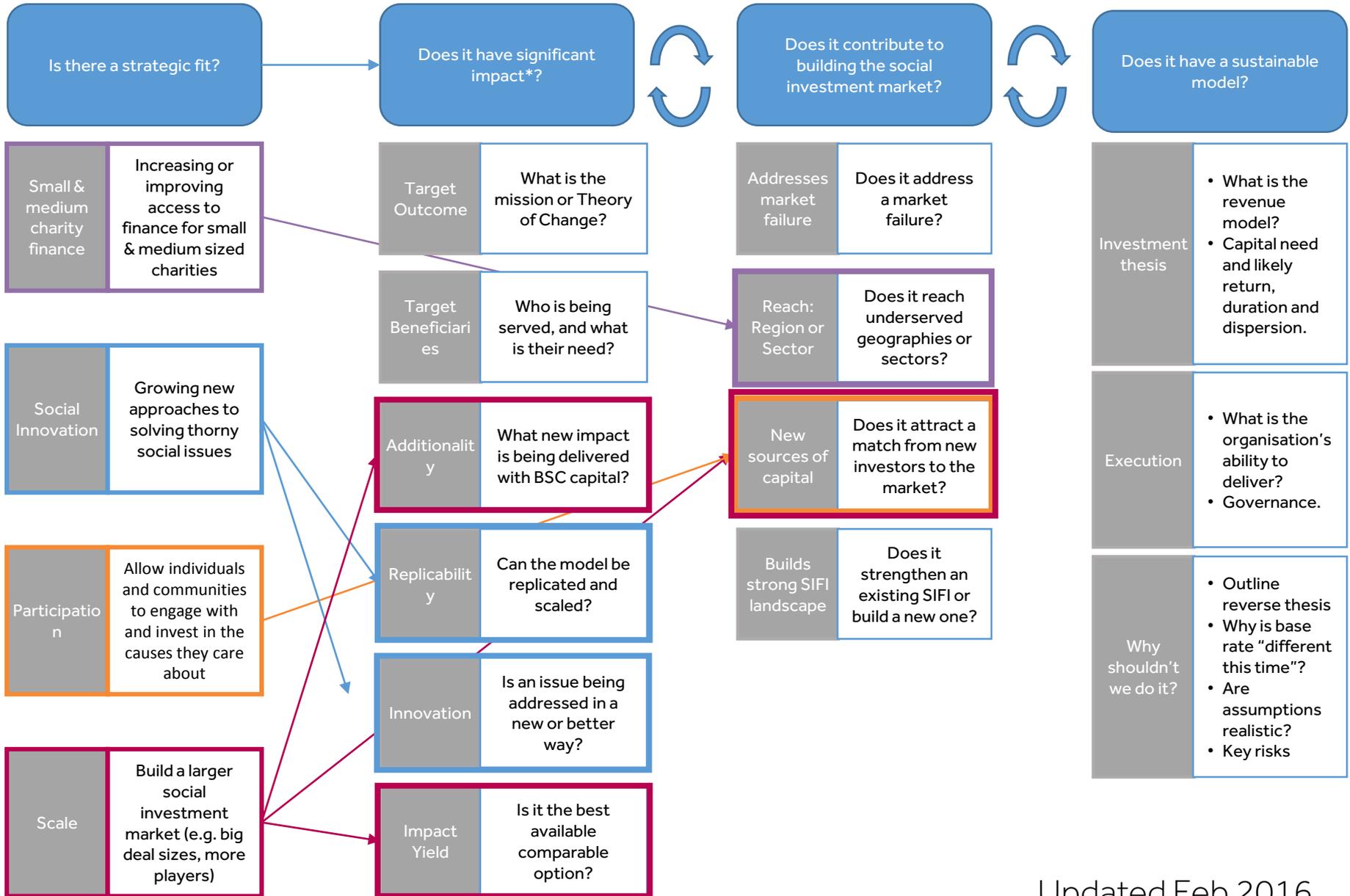


# Pre-DD Screen

\*Augmented subset of BSC Social Impact Tests representing minimum requirements



# BSC will assess impact slightly differently according to the strategic aims proposals address



	SME Charity Finance	Innovation	Participation	Scale
1 Target Outcome	<ul style="list-style-type: none"> <li>Multiple – see Outcomes Matrix</li> <li>Regular tracking and reporting of outcomes and indicators</li> </ul>	<ul style="list-style-type: none"> <li>Prioritise those which address specific outcome areas</li> <li><b>Effective, robust tracking and measurement of outcomes (e.g. success) is crucial to prove efficiency of innovative approach</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Community-level outcomes</b> (e.g. cohesion, reduced isolation, inclusion, engagement, participation)</li> <li><b>Socio-economic outcomes driven by local need</b></li> <li>Outcomes reporting is proportional to org capacity</li> </ul>	<ul style="list-style-type: none"> <li>Clear theory of change, and investment thesis (e.g. health, housing, criminal justice, employment)</li> <li>Regular tracking and reporting of outcomes and indicators</li> </ul>
2 Target Beneficiaries	<ul style="list-style-type: none"> <li>Multiple – prioritise vulnerable and disadvantaged groups.</li> </ul>	<ul style="list-style-type: none"> <li>Prioritise product/service innovations for specific groups (e.g. homeless, ex-offenders)</li> </ul>	<ul style="list-style-type: none"> <li>Accessible, affordable and inclusive to all in the community</li> <li>Demonstrate genuine effort to involve harder to reach groups</li> <li>Prioritise communities in greater need (IMD/potential to deliver strong outcomes)</li> </ul>	<ul style="list-style-type: none"> <li><b>Target specific, vulnerable beneficiaries</b> – there is a need to prove why project is different to other, large-scale, commercial projects</li> </ul>
3 Additionality	<ul style="list-style-type: none"> <li>Clear market failure – SME Charities cannot access appropriate finance elsewhere</li> </ul>	<ul style="list-style-type: none"> <li>BSC capital is additional – the innovation wouldn't happen/scale without it</li> </ul>	<ul style="list-style-type: none"> <li>Clear market failure – groups fail to find finance elsewhere</li> <li>Strong support for community groups</li> </ul>	<ul style="list-style-type: none"> <li><b>Additionality is crucial</b> – why is this deal not happening with mainstream finance?</li> </ul>
4 Replicability	<ul style="list-style-type: none"> <li>Provision can be scaled up – <b>ensuring regional access is crucial</b></li> <li>Encourages mainstream finance to serve new segment/market</li> </ul>	<ul style="list-style-type: none"> <li><b>Replicability is crucial</b> – when testing and scaling proven models of innovation, the ability to scale, spread and disseminate learning will determine success</li> </ul>	<ul style="list-style-type: none"> <li>Willingness and ability to share learnings with greater 'community' sector</li> <li>Prioritise interventions which encourage and support follow-on projects</li> </ul>	<ul style="list-style-type: none"> <li>Prioritise those deals which serve as exemplars for others to follow suit</li> </ul>
5 Innovation	<ul style="list-style-type: none"> <li>Prioritise fit-for-purpose products driven from market demand (e.g. unsecured lending products)</li> <li>Prioritise new mechanisms enabling capital to reach the SME Charities who need it (e.g. blended models)</li> </ul>	<ul style="list-style-type: none"> <li>Achieves outcomes for beneficiaries in new and/or better ways</li> <li>Support all types of innovation: product, service business model, delivery model, financial, distribution</li> <li><b>Prioritise preventative interventions and integration</b></li> </ul>	<ul style="list-style-type: none"> <li>Prioritise community based interventions</li> <li>Prioritise models encouraging dis-intermediation</li> </ul>	<ul style="list-style-type: none"> <li>Prioritise those deals which address barriers to scale</li> </ul>
6 Impact Yield	<ul style="list-style-type: none"> <li>Can only be judged via reach: Number of charities accessing finance, their reach in terms of no. of beneficiaries served</li> </ul>	<ul style="list-style-type: none"> <li>Depth/breadth important to prioritise between innovations.</li> <li>Proving it works will enable scale and growth, increasing the yield</li> </ul>	<ul style="list-style-type: none"> <li>Size and scale of communities – how many people will it reach, both directly and indirectly</li> <li>Longevity of impact</li> </ul>	<ul style="list-style-type: none"> <li><b>Impact Yield is crucial because of large mainly asset-based deals:</b> need to show great breadth at minimum, prioritise deeper interventions</li> <li>Prioritise interventions with quicker capital recycling</li> </ul>

Organisation:	XYZ Limited
Proposal summary:	This proposal....
Strategic strand:	1) SMC Finance; 2) Social Innovation; 3) Participation; 4) Scale ( <i>delete non-applicable categories</i> )

Impact Analysis	Market Development Analysis	Financial Analysis
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<p><b>Target Outcome:</b></p> <ul style="list-style-type: none"> <li>• What is the social mission? What is the objective as an organisation?</li> <li>• What are the outcomes and how will they be screened for and measured? Are there any ancillary benefits?</li> <li>• Does it deliver best practice outcomes for that issue?</li> <li>• RISK: How will outputs deliver intended outcome and impact (impact chain risk)?</li> </ul> <p><b>Target Beneficiaries:</b></p> <ul style="list-style-type: none"> <li>• Who is the target beneficiary? What is their need?</li> <li>• What is the proposed solution?</li> </ul> <p><b>Additionality:</b></p> <ul style="list-style-type: none"> <li>• Is it unlikely to happen without us?</li> <li>• Is there a clear market failure?</li> <li>• Is the sector underserved?</li> <li>• What additional support is the SIFI offering SSOs (capacity-building)?</li> </ul> <p><b>Replicability:</b></p> <ul style="list-style-type: none"> <li>• Is the model scalable?</li> <li>• Does it address a UK-wide issue?</li> <li>• Can it be profitable - does it have the potential to bring in traditional investors in the future?</li> </ul> <p><b>Innovation:</b></p> <ul style="list-style-type: none"> <li>• Is it addressing an issue in a new or better way?</li> <li>• Is it preventative, community based, integrates across service silos?</li> <li>• Does it encourage disintermediation?</li> </ul> <p><b>Impact yield:</b></p> <ul style="list-style-type: none"> <li>• Is it the most cost-effective way of achieving those specific outcomes?</li> <li>• What is the depth of impact? (e.g. How many beneficiaries will we reach for every £100k we invest?)</li> <li>• Is the impact direct to beneficiary?</li> <li>• What is the timescale?</li> </ul>	<p><b>Market Failure:</b></p> <ul style="list-style-type: none"> <li>• Does this proposal address a market failure?</li> </ul> <p><b>Reach:</b></p> <ul style="list-style-type: none"> <li>• Does the proposal address previously unreached geographies?</li> <li>• Does it operate in an underserved sector?</li> <li>• Will it reach SSOs who haven't been reached before?</li> <li>• Does it have an engagement approach?</li> </ul> <p><b>Sources of capital:</b></p> <ul style="list-style-type: none"> <li>• Is the proposal attracting new investors to the market?</li> <li>• How much additional capital is it bringing in?</li> <li>• How likely will it be for them to raise match funding?</li> </ul> <p><b>Strong SIFI landscape:</b></p> <ul style="list-style-type: none"> <li>• Is this strengthening an existing SIFI?</li> <li>• Is it building a new SIFI? If so, how does it complement the existing SIFIs?</li> <li>• Is the SIFI fulfilling a specific need?</li> <li>• Innovative approach?</li> <li>• Will the SIFI address systemic barriers to demand, such as culture?</li> </ul>	<p><b>Investment Thesis</b></p> <ul style="list-style-type: none"> <li>• Revenue model:</li> <li>• Capital need and likely return on capital:</li> <li>• Drivers of investment return incl exit:</li> </ul> <p><b>Execution</b></p> <ul style="list-style-type: none"> <li>• Organisation mgmt ability to deliver:</li> <li>• Financial sustainability:</li> <li>• Environment:</li> </ul> <p><b>Reverse Thesis</b></p> <ul style="list-style-type: none"> <li>• Outline reverse thesis: why we shouldn't do it</li> <li>• Why is base rate "different this time":</li> <li>• Realism of assumptions:</li> <li>• Key risks:</li> </ul>
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Recommendation:	Proceed to full due diligence and application / Do not proceed	3
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