



haysmacintyre

PARN Financial Benchmarking

30 November 2022

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Agenda

- 16:30 – Registration
- 16:40 – Welcome, haysmacintyre
- 16:45 – Financial Benchmarking for Professional Bodies 2020-21: Introducing the report, PARN and haysmacintyre
- 17:30 – Cyber security update, Simon Bulleyment, Director, Sibrossa Ltd
- 17:55 – Final remarks and close
- 18:00 – Drinks and networking
- 19:00 – Launch close





Professional Associations
RESEARCH NETWORK

FINANCIAL BENCHMARKING FOR PROFESSIONAL BODIES

2020-2021 report

***Remunerations for CEOs and Most Senior Finance
Role***

Robert Pitts

30 November 2022

13th Annual Benchmarking report for the sector

Analysis of a range of financial and organisational metrics

Segmentation of results distinguishing:
Sector, Constitution,
Size

Survey results on Remuneration



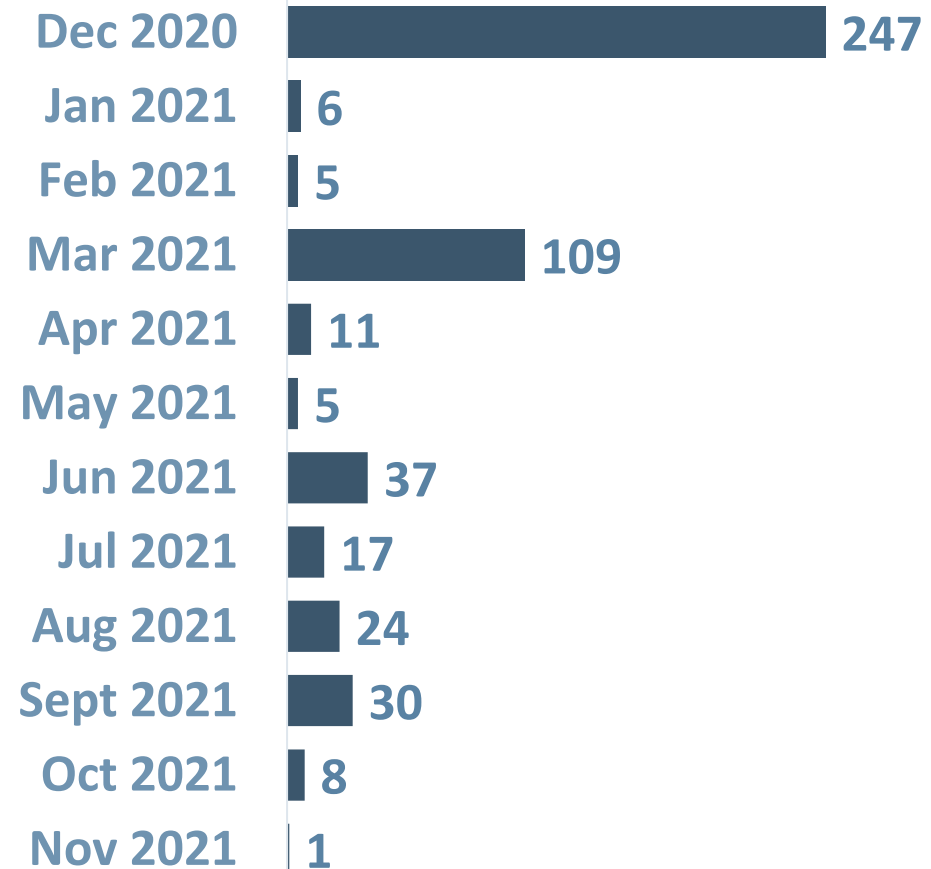
Our data

Returns from 500 professional bodies

Two years of data:

- **2021:** FYE between end Dec 2020 and end Nov 2021
- **2020:** FYE between end Dec 2019 and end Nov 2020

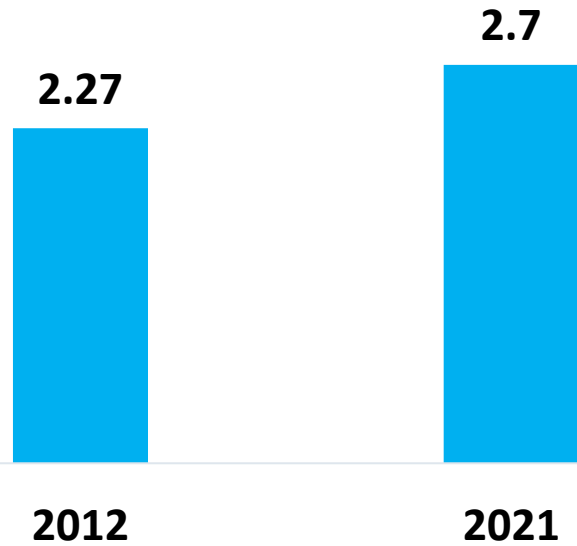
Longitudinal results 2012-21



Professional Body Sector 2012 -2021

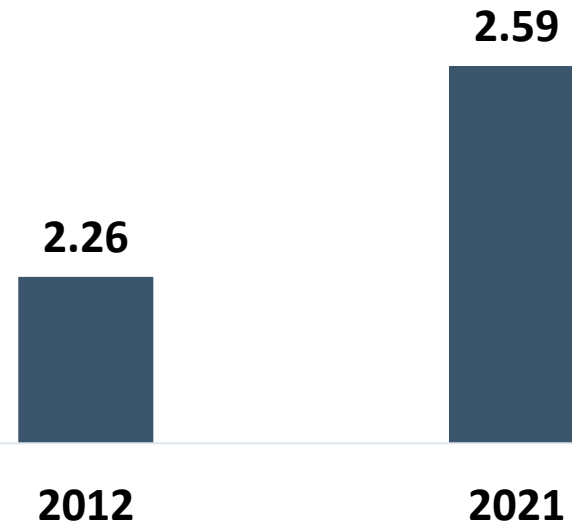


Total Income (£ bn)



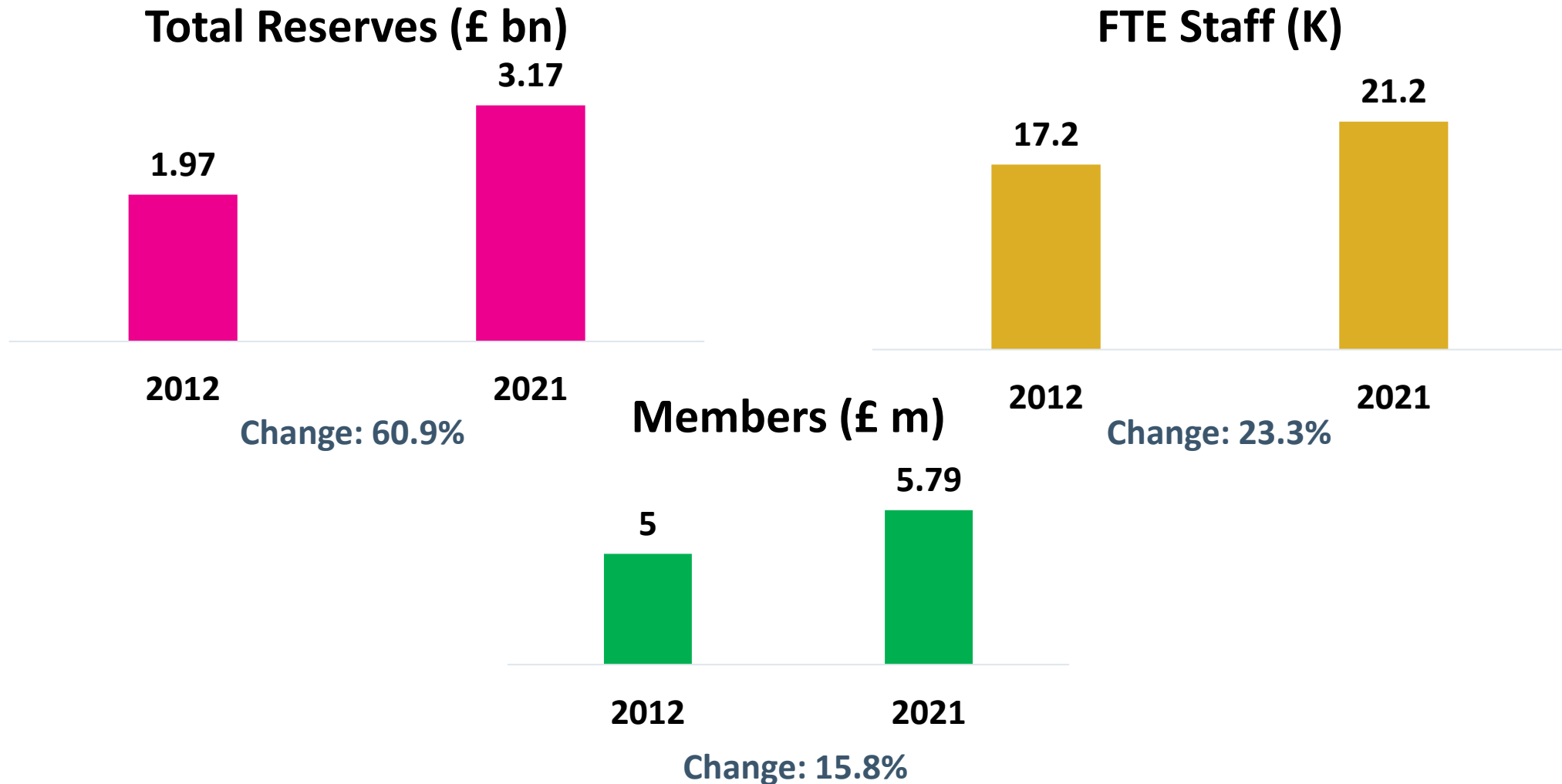
Change: 18.9%

Total Expenditure (£ bn)

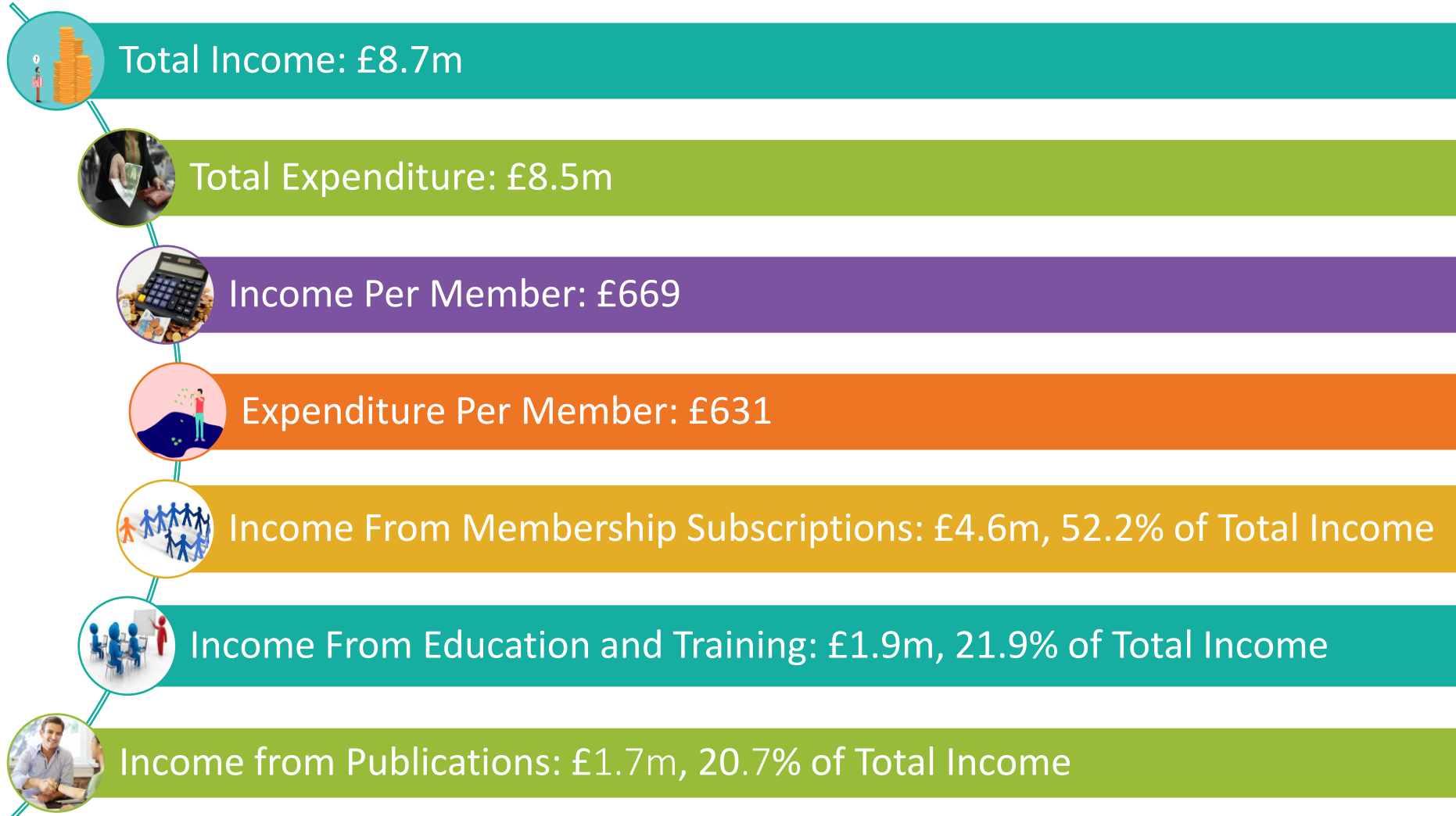


Change: 14.6%

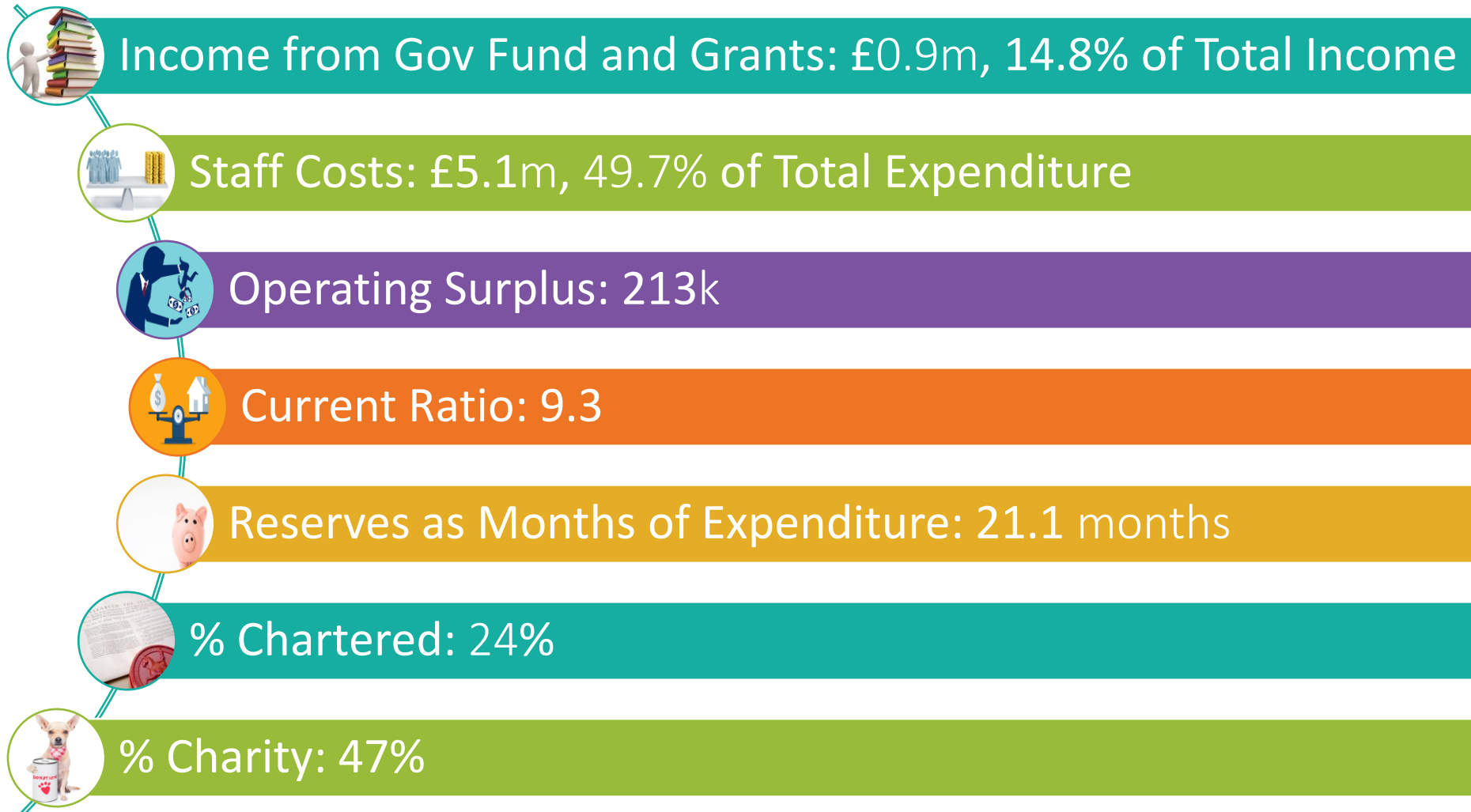
Professional Body Sector 2012 - 2021



Average Professional Body in 2021



Average Professional Body in 2021



Income from Gov Fund and Grants: £0.9m, 14.8% of Total Income



Staff Costs: £5.1m, 49.7% of Total Expenditure



Operating Surplus: 213k



Current Ratio: 9.3



Reserves as Months of Expenditure: 21.1 months







% Chartered: 24%



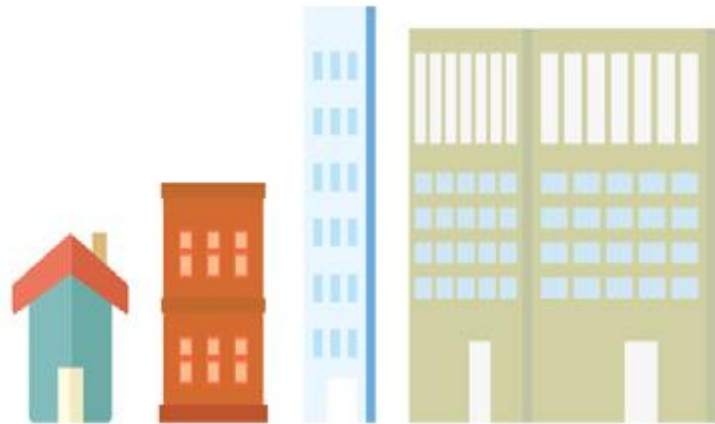
% Charity: 47%





Analysis by sub sector



Averages	Business 	Engineering 	Health 	Other 
Total Income	£12.9m	£8.2m	£9.1m	£3m
Income from subs as % of income	52.1% ↑	49.2% ↑	58.1% ↑	44.7% ↑
Total Expenditure	£11.9m	£8.1m	£8.8m	£3.6m
Operating surplus/deficit	£852.5k	£96.2k	£280.9k	-£638.1k
Current Ratio	6.8	6.4	8.3	16.7
Reserves as Months of Expenditure	11.8	26.4 ↑	26.3 ↑	18
Number of Members	47.5k	26.6k	42.3k	11.6k
Number of FTE Employees	82	74	82	30



Analysis by Size (FTE staff)



Averages	Micro (<10 FTE) 	Small (10-49) 	Medium (50-249) 	Large (>249) 
Total Income	£0.5m	£2.6m	£13.5m	£68.7m
Income from subs as % of income	53.2%	46.7%	50.3%	52.1%
Total Expenditure	£0.5m	£2.6m	£13.1m	£66.9m
Operating surplus/deficit	£26.3k	£78.3k	£352.9k	£1.35m
Current Ratio	11.97	3.91	2.13	1.42
Reserves as Months of Expenditure	25.69 ↑	17.69	15.65	19.0
Number of Members	2.9k	12.9k	31.6k	194.8k
Number of FTE Employees	5	25	120	623



Analysis by Charity Status



Averages	Charity 	Non- Charity 
Total Income	£5.9m	£14.7m
Income from subs as % of income	47.7% ↑	66.7% ↑
Total Expenditure	£5.8m	£14.2m
Operating surplus/deficit	£122.3k	408.7k
Current Ratio	7.74	10.68
Reserves as Months of Expenditure	25.84 ↑	10.89
Number of Members	25.9k	51.4k
Number of FTE Employees	71	70

Analysis by Chartered Status



Averages	Charter 	No Charter 
Total Income	£15.8m	£5.0m
Income from subs as % of income	46.7% ↑	55.4% ↑
Total Expenditure	£15.1m	£5.0m
Operating surplus/deficit	£620.4k	£2.6k
Current Ratio	3.20	11.20
Reserves as Months of Expenditure	21.09	21.16
Number of Members	46.4k	25.9k ↑
Number of FTE Employees	145	40

Remuneration Survey

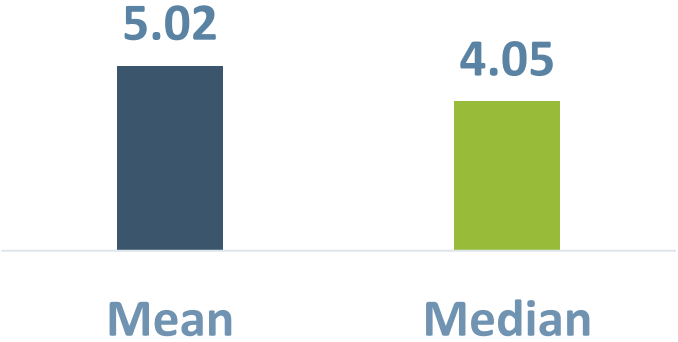


Professional bodies sector

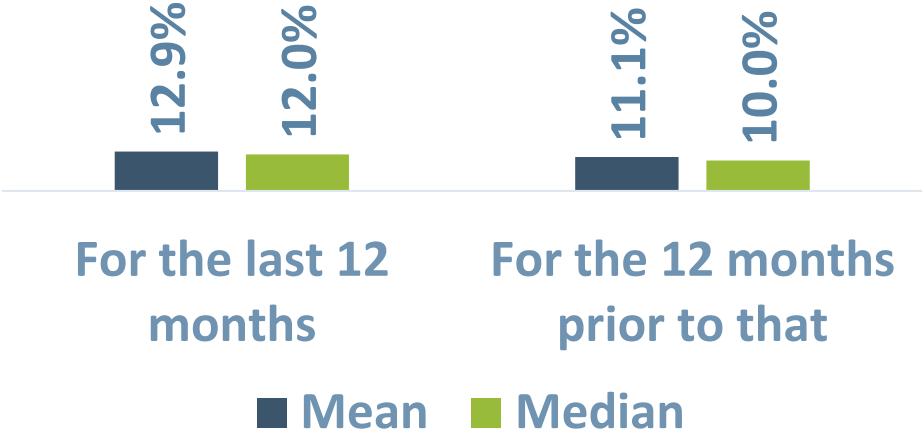


68% living wage employers

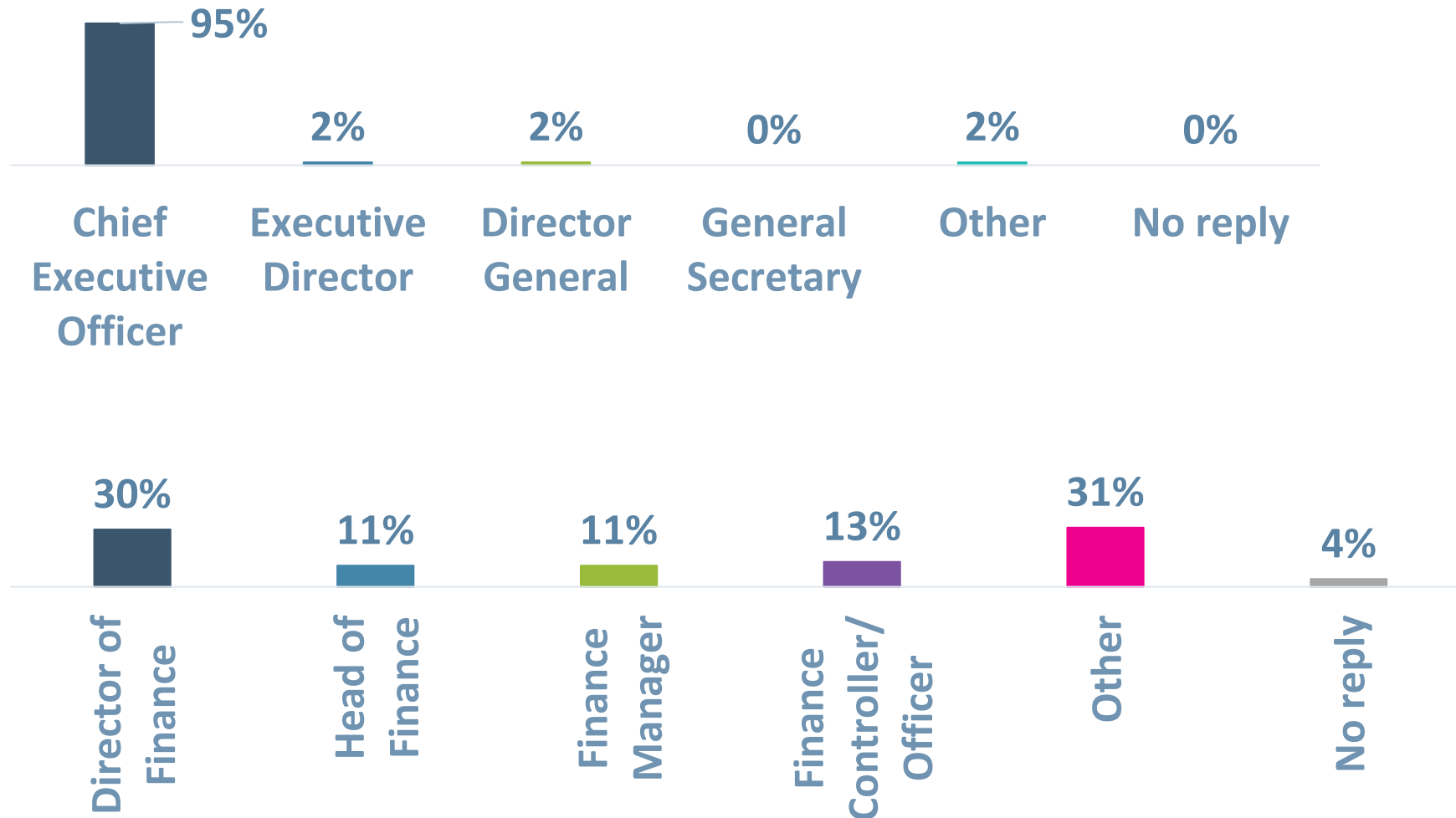
Pay ratio



Employee turnover



Job title



Salary (£000)



	CEO		Finance	
	Mean	Median	Mean	Median
All	£120.9	£107.0	£78.5	£72.5
Business	£166.7	£150.0	£100.4	£102.5
Engineering	£130.8	£109.0	£85.6	£82.0
Health	£108.5	£112.0	£68.7	£65.0
Other	£84.8	£95.2	£60.2	£57.1
London/South East	£124.0	£112.0	£80.2	£76.5
Elsewhere	£112.3	£100.0	£74.5	£66.5
Micro (<10 FTE)	£71.2	£75.0	£48.3	£51.4
Small (10-49 FTE)	£114.9	£110.0	£71.6	£70.0
Medium (50-249 FTE)	£161.5	£152.5	£94.7	£88.0

Salary (£000)



	CEO		Finance	
	Mean	Median	Mean	Median
Under 3 years	£126.1	£104.0	£69.9	£65.0
3-5 years	£112.8	£106.0	£86.0	£83.8
More than 5 years	£119.1	£106.0	£79.6	£76.5
Male	£131.6	£115.5	£81.3	£83.8
Female	£98.9	£93.0	£77.8	£63.5

Salary increase



	CEO		Finance	
	Mean	Median	Mean	Median
All	3.7%	3.0%	4.5%	4.0%
Business	4.0%	4.0%	4.4%	4.0%
Engineering	4.3%	2.1%	6.0%	4.0%
Health	3.3%	3.0%	5.1%	3.5%
Other	3.1%	2.5%	3.0%	3.0%
London/South East	3.3%	2.5%	4.8%	4.0%
Elsewhere	4.7%	4.0%	3.9%	4.0%
Micro (<10 FTE)	5.8%	3.5%	2.8%	3.0%
Small (10-49 FTE)	3.0%	3.0%	4.0%	3.5%
Medium (50-249 FTE)	3.6%	4.0%	4.8%	4.0%

Salary increase



	CEO		Finance	
	Mean	Median	Mean	Median
Under 3 years	3.4%	2.0%	7.1%	5.6%
3-5 years	4.7%	4.0%	3.7%	4.0%
More than 5 years	3.5%	3.0%	4.4%	3.0%
Male	3.9%	2.8%	4.0%	3.5%
Female	3.4%	3.0%	4.9%	4.0%



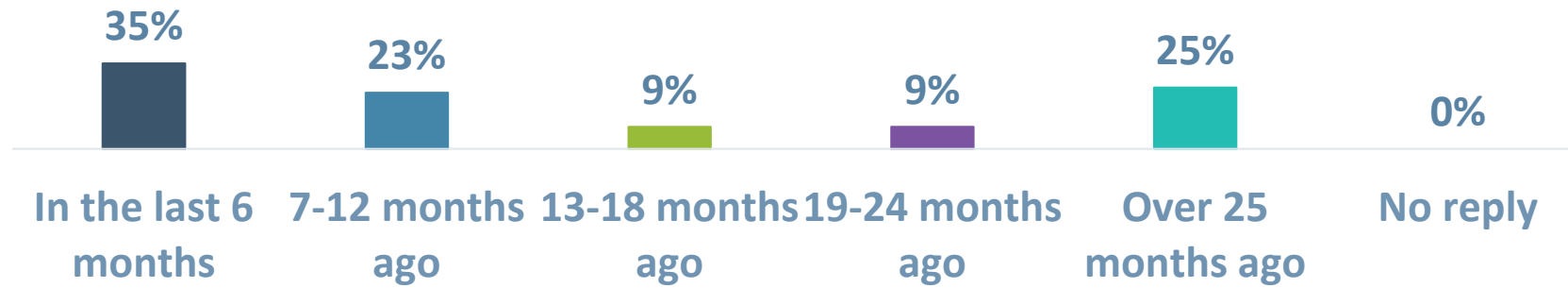
Bonus and holiday allowance

	CEO	Finance
Receive a bonus	39%	31%
Type of bonus	Performance related (86%) Fixed at set level (14%)	Performance related (94%) Fixed at set level (6%)
Bonus paid last year	Mean 11.9%	Mean 8.7%
Holiday allowance	Mean 29.1 days pa	Mean 28.6 days pa

Benefits



Last benefits review



Top Benefits

	CEO	Finance
Pension plan	88%	85%
Season ticket loan	49%	50%
Wellbeing resources	49%	48%
Training and development	47%	50%
Paid professional m/ship	47%	50%

Download Financial Benchmarking for Professional Bodies Report



www.parnglobal.com/Common/Uploaded%20files/FBR2022.pdf



Customised Reports

- **More finely defined sub sectors**
 - For instance Accountancy, Marketing/PR, IT/Comms, or Arts/Creative
 - Also whether Charities, Regulatory Bodies, Chartered
- **More detailed size breakdown by members or staff**
- **A particular set of professional bodies you may wish to benchmark yourself against**
- **Reports priced from £150 for PARN Members**

Training & Events from PARN



Finance SIG : Tax update, 9 February

Finance SIG , 7 June

PARN training

Working for a professional body, 17 Jan

Managing volunteers, 26 January

Governance: principles and best practice, 9 February

Membership development, 16 February

Developing and managing CPD, 23 Feb

Bespoke Training
Customised
learning for staff
or volunteers at
your offices

*See Sector News
for Further Future
Events and
Training Courses*



Professional Associations
RESEARCH NETWORK

Any Questions?



Key statistics from the benchmarking

Subscriptions accounts for 52.2% of total income

Followed by:

- Education and training (21.9%)
- Publications (20.7%)
- Government funding and grants (14.8%)
- Member services (9.9%)



MEMBERS PROVIDE MAJORITY OF THE INCOME AGAIN



Key statistics from the benchmarking

- Staff costs remain largest cost – on average between 49-52% of total expenditure
- Governance costs – no more than 13% for 95% of professional bodies – and generally between 1% and 5%
- 39.6% in operating deficit and on average the deficit was 1.1%

Key statistics from the benchmarking

- Total sector reserves £3.32bn
- On average professional bodies had £6.66m in reserves
- Typically reserves between five and 23 months of expenditure
- Royal Charters had higher reserves than non Royal Charter
- Charities higher reserves than non charities



Uncertainty

- Data is from December 2020 to November 2021
- 49% December 2020 year-ends
- 36% March 2021 year-ends
- 27% April to November 2021 year-ends





Current economic impact – key questions

- How will inflation impact sector growth?
- Will cost of living impact staff retention and pay?
- Have membership bodies become more reliant on their members? Affordability?
- Investment bounce back impacting reserves? And current drop?
- Property values – how have these changed balance sheets?
- What impact will we see on pension schemes and deficits going forward? Changes in discount rates have seen huge swings in current valuations


• Cyber Security Update

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Certified Information
Systems Security Professional





Key trends

- Ransomware
- Social engineering

- Evolving state threats
 - Russia, China, North Korea, Iran
- Digital supply chain attacks
 - SolarWinds, Log4j
- Attack points
 - Backup systems, remote access systems, weak passwords, unpatched systems



Ransomware – what's changed?

- How it was
 - WannaCry (2017)
- 'Professionalisation' of ransomware organisations
- Ransomware as a Service
 - Shift from sophisticated to the less sophisticated
- Double extortion tactics
 - Data exfiltration
- Multi extortion tactics
 - Denial of Service (DoS) attacks
- Recent notable incidents
 - Ireland's Health Service Executive (Conti), UK education sector (Ryuk)
 - 2021 - 20% of incidents NCSC handled targeted at health/vaccine orgs



Ransomware in 2022



66%
hit by ransomware in the last year



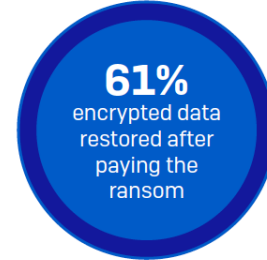
65%
attacks resulted in data encryption



72%
experienced an increase in volume/
complexity/impact of cyber attacks



46%
paid the
ransom



61%
encrypted data
restored after
paying the
ransom



\$812,360
average ransom payment
(excluding outliers)



86%
ransomware attack caused
loss of business/revenue

SOPHOS
Cybersecurity delivered.

The State of Ransomware 2022

Findings from an independent, vendor-agnostic survey of 5,600 IT professionals in mid-sized organizations across 31 countries.



83%
have cyber insurance
against ransomware

98%
pay-out rate on ransomware claims



Social engineering attacks

- Targeted phishing attacks
- The rise of smishing
- Microsoft Threat Intelligence Center (Aug 2022)
 - SEABORGIUM
 - Primarily targets NATO countries, particularly US/UK
 - Source of attacks ... guess who?!
 - Use of social media, LinkedIn, general open-source intelligence
 - Attacks on Microsoft 365 (email: attachments/URLs, OneDrive)
- What can you do?
 - Review email security controls
 - User awareness and processes
 - Implement multi-factor authentication (MFA)



SEABORGIUM



@outlook.com>

4:37 AM

Increasing cybersecurity.

If there are problems with how this message is displayed, click here to view it in a web browser.

Dear colleagues,

In the context of growing tension in the international community and an increase in the number of active hacker groups operating in the information field, we are recording attempts by unidentified persons to **attack** the information infrastructure of our institute.

First of all, we cooperate with information security experts to increase the level of security of our resources.

At the same time, do not forget about the **personal training** of each employee.

For your safety and informational awareness, we have prepared **analytical material** for possible review.

[International Cyber-Activity.pdf](#) (reading time 13 min.)

We hope that by joint efforts we will achieve significant success in the security of our institute.

Sincerely,

[Redacted signature]

I shared the paper. Did you get it?

Cheers,

[Redacted name]

From: [Redacted]
Sent: [Redacted]
To: [Redacted]@outlook.com>
Subject: Re: Wondering what you guys think

Please send the attachment

Get [Outlook for iOS](#)

From: [Redacted]@outlook.com>
Sent: Tuesday, June 8, 2021 8:53:41 AM
To: [Redacted]
Subject: Re: Wondering what you guys think

[Redacted name]

I know you have your hands full at the moment, but nevertheless thought this would interest you (attached).



Where can you get help?

- National Cyber Security Centre guidance
- For smaller organisations, cyber security guides
 - Small Charity Guide - <https://www.ncsc.gov.uk/collection/charity/cyber-security-small-charity-guide-pdf-download>
 - Small Business Guide – <https://www.ncsc.gov.uk/collection/small-business-guide>
- For medium and larger organisations, 10 Steps to Cyber Security
 - <https://www.ncsc.gov.uk/news/large-uk-organisation-10-steps-stay-ahead>
- For larger organisations, the cyber security Board Toolkit
 - <https://www.ncsc.gov.uk/collection/board-toolkit>



What can you do?

- Update risk assessments
 - <https://www.ncsc.gov.uk/collection/risk-management-collection>
- Cyber improvement plan/strategy
- Implement controls, review effectiveness, test
- Cyber insurance
- Cyber incident response plan
 - Consider a third-party service
 - Table-top exercises
 - Red Team testing
- NCSC Early Warning Service
 - <https://www.ncsc.gov.uk/information/early-warning-service>



Cyber Essentials

- Government backed
 - Aim
- Value to organisations
- What is is
 - Self assessment
 - Covers five areas
 - Annual renewal
 - Fixed fee
 - Prescriptive controls
- It's difficult to achieve ... and that's a good thing!
- Cyber Essentials Plus



Micro organisations (0-9 employees)	£300 +VAT
Small organisations (10-49 employees)	£400 +VAT
Medium organisations (50-249 employees)	£450 +VAT
Large organisations (250+ employees)	£500 +VAT



Q&A



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Winner: Audit Team
of the Year



Winner of the Bronze Award
for 2018 and 2017

BRONZE
Best Professional Services
Firm in Sport

CHARITY FINANCIALS
Insights, analysis, benchmarking

Top adviser to the top 5,000 charities,
Charity Financials' league table 2021

Charity Finance

Top ten by audit fees in the
2020 Charity Finance Audit Survey