



PARISH ANNUAL REPORT

for the financial year ended 31st August 2022

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The Financial Statements in this report have been prepared as information documents for the parishioners of The Parish of St. Peter and the Winchester Martyrs. The Parish maintains its own financial accounting records but is not required to publish individual statutory accounts as for legal and reporting purposes it is part of the Catholic Diocese of Portsmouth

PARISH PRIEST'S REVIEW from Fr Mark Hogan

Dear Parishioners,

Bringing people closer to Jesus Christ in HOPE and JOY

Last year, following the release of the Parish Financial Report, I received favourable comments that the report was actually much broader than a financial one. Rather, it gave a summary of some of the key activities across our parish over the course of the year, different ways in which we are trying to live out our mission of bringing people closer to Jesus Christ in hope and joy. I hope you don't mind, then, that the report this year has been 'renamed' as a 'Parish Annual Report', whilst aware that our parish finances and property are key elements which underpin all that we do. I am, as always, indebted to the Parish Finance and Property Advisory Committee, as well as others from the Parish Senior Leadership Team and the Parish Evangelisation Strategy Group who have contributed to the preparation of this report.

This parish would not exist without you, our parishioners, each playing your own part in our story, in various different ways offering your time, talents and treasure in helping us to be a parish where every day we are "bringing people closer to Jesus Christ in hope and joy". I would like once again, therefore, to begin by saying thank you so much to all of you, clergy, staff, volunteers, parishioners and guests for all the sacrifices and contributions you have made.

For yet another year, the global pandemic and the impact which this has had on all of us, provided both challenge and opportunity. Christmas 2021, for example, was still celebrated under the government's "Plan B" and with restrictions to numbers and booking required for all our Masses. We continue to pray to the Lord for healing of souls and bodies and with gratitude to all those who have done so much to ease suffering and offer hope and joy.

This report primarily gives an opportunity to thank God for some of the blessings of the last financial year, which include the following:

- ✘ It was in September 2021 that we said farewell to Fr Stephen Vooght, who had been with us for two years and all throughout the lockdown and COVID period. Fr Stephen was asked by Bishop Philip to move to the Isle of Wight, where he has been working alongside Fr Joe McNerney. [It's been really great that Fr Stephen has been able to come back recently - January 2023 - to celebrate Mass with us].
- ✘ During the year, we also continued to participate in the diocesan 'Closer to Christ' campaign, aimed at supporting our priests (through their time in seminary, with ongoing development and formation, and then into retirement) as well as allowing us locally to develop our church buildings and our parish life in readiness for the centenary celebrations of St. Peter's Church in 2026. Approximately £800,000 has been pledged by you over five years. This really is an incredible amount, so thank you sincerely for this trust and commitment. (If there are any of you who have recently moved into the parish, or were not previously in a position to pledge, and would like to know more, please contact me for details).
- ✘ We are very grateful to Winchester Cathedral for allowing us to continue with our quarterly Masses there, as far as the pandemic's restrictions would allow. Masses during this period were celebrated at the main altar which was a huge privilege. These Masses take place usually at 10am on the first Saturdays of March, June, September and December and everyone is welcome to join us in the Lady Chapel.
- ✘ September 2021 saw our first party for the whole parish since the pandemic, held in and on the grounds of the St. Peter's Pastoral Centre. It was wonderful to see people coming together from across





our four worshipping communities and seven different Sunday Mass communities, young and no longer quite so young alike.

✘ Over the last year we also saw a change in leadership of our parish “Evangelisation Strategy Group” (or ‘ESG’). For those of you unsure what an ‘ESG’ might be, it might be helpful to recall that Bishop Philip has asked that all parishes have ‘pastoral councils’ which are less focussed on ‘parish maintenance’ and more focussed on being outward-looking and missionary. The ESG draws on wisdom from across the parish to help us at a strategic

level discern how best we can share the joy of the Gospel, in word and deed. In other words, what high-level decisions will help us become better at bringing people closer to Jesus Christ in hope and joy? I would like to express my profound gratitude to Richard Eastham who guided us as chair through the turbulent storms of COVID and also to thank Ania Slinn and Matthew Hill, who have taken the helm as co-chairs.

✘ The summer of 2022 also saw Nick and Alison Kelly stepping down from their leadership of our parish Journey in Faith group after many decades. Countless members of our parish have experienced their warmth, dedication, wisdom and love as they supported others in deepening their faith and prepared adults for the sacraments of initiation (Baptism, Confirmation and Eucharist). I am sure they will want to join me in thanking them. Nick and Alison are still very much part of the team, which is now led by Alexis de la Ferriere. We are very grateful to Alexis for taking on this important role, and to the Holy Spirit for prompting him to offer his services.

✘ Another area where COVID had a big impact was on our parish organists, several of whom decided it was time to step back from playing at Mass. I was able to thank Chris Allain, Jo Kelly (supported as always by Peter), the late Richard Codd, Sheila Tucker and Ian Waring-Green for their combined decades-worth of contribution to parish music ministry. Only Sheila and Ian continue to bless us in the parish with their musical gifts.



✘ We are now finally back on track with our First Holy Communion preparations, having celebrated First Holy Communion Masses in October 2021 and June 2022. Well done and thank you to Catechists, parents and children for their faith, perseverance and witness. The Masses were all beautiful celebrations.

✘ Alpha, our primary evangelisation tool, has continued to grow and develop. We are continuing to see people discovering or deepening faith as they walk alongside others on this course, and experiencing the power of the Holy Spirit at work in their lives. The awaydays in particular have been moments of growth for many and have had a profound and positive impact on several of our guests and team.



✘ Our parish Acorn groups have also started to take root and grow, and those who are members of a group have found true friendship in faith as they accompany one another amidst the joys and struggles of life through love and prayers. We also held our first ‘Acorn Retreat’, which was a real blessing for all who were able to attend.

✘ Once again we were able to welcome the Mayor of Winchester, Vivian Achwal, to join us for a Civic Mass in the parish and an opportunity for parishioners to meet her after the 10:30am Mass over tea and coffee.

- ✘ Advent and Christmas 2021 saw us reflect on the fact that “It’s a Wonderful Life”, full of blessings, even though we are not always aware of them, and are sometimes oblivious to the joy which we ourselves bring into the lives of others. It gave us a chance in an otherwise busy season to pause and think of some of those ways in which we can say thank you to God for all he continues to give us.



- ✘ One of the blessings of January 2022 was in being able to welcome David Bateman, a seminarian studying for the priesthood in our diocese. David was here for a few weeks only but made a wonderful impression and we continue to support and pray for him as he prepares for his priestly ordination, God willing, this coming summer.

- ✘ I was given the privilege of being invited to offer the sermon at the Winchester Churches Together Christian Unity Service in early 2022 at Winchester Cathedral, and was very grateful for the support of members of our community cheering me on silently from the pews.

- ✘ I was also blessed to have been invited by Revd Christopher Walker of the Upper Itchen Benefice to share a few thoughts at a service in Cheriton.



- ✘ From February 2022, we have been responding to the situation in the Ukraine, offering prayers and practical help, especially through what is now called our “St. Peter’s Sanctuary Welcome Hub”

- ✘ “Ecumenical ashing” on Ash Wednesday outside Winchester Cathedral was another privileged shared moment. Sincere thanks to Dean Catherine for having invited me.

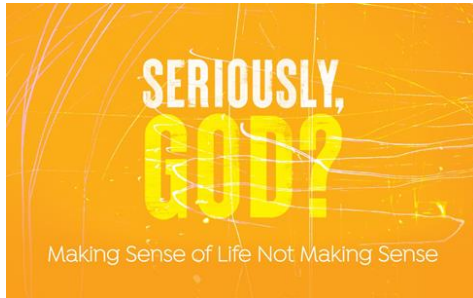
- ✘ Last year also saw us welcome Revd Heather Brearey to the Arle Valley Church of England Benefice and Revd Peter Walker to the Itchen Valley Church of England parish. I very much look forward to us working alongside both Revd Heather and Revd Peter, and other ecumenical brothers and sisters in Christ, and to seek further opportunities for us to continue to develop our strong ties through fellowship, outreach, music and prayer.

- ✘ Pope Francis has invited the whole Church to reflect on what it is to be a ‘Synodal Church’, that is a Church where we walk alongside one another, listening to each other as we journey together in faith. I had the joy of inviting some of our local ministers from other Christian denominations to participate in the process and our ESG led our own listening process, allowing us to contribute to the diocesan feedback. This in turn formed part of the national and international listening exercise in preparation for the Synod next year. It has also helped us begin to reflect locally on how we might become a more truly Synodal parish community moving forwards, so that listening and walking alongside one another, especially including those on the peripheries, forms part of who we are, and isn’t just something we occasionally do. Once more, I’m very grateful to the ESG for their considerable thought, work and prayer in moving this forward. The Synodal feedback also formed part of the diocesan listening exercise as part of the development of a 10-year strategic plan.

- ✘ I was very honoured to have been invited to join the distinguished guests who met in Winchester’s Great Hall on the day that the then Prince Charles was due to unveil the statue of Licoricia. As many of you will know, Prince Charles tested positive with COVID that morning and so was unable to join us, returning later to Winchester. Nonetheless, it was a significant occasion for the city and also for Interreligious relations, Licoricia having been an important Jewish businesswoman in medieval England.



- ✘ Lent 2022 saw our highly successful ‘Spiritual Campaign’, entitled ‘Seriously, God?’ Through homilies, newsletter inserts, book reading, video clips and small group conversations, we were all invited to delve more deeply into some of those questions and issues which prompt us to wonder what on earth is going on. Sometimes things happen, in our world, to loved ones, to us, that can cause us to say something like, “seriously, God, what are you doing?” We learnt that asking these questions can, if we allow it, lead us deeper into our trust in the God who answers us most fully through the life, death and resurrection of his only begotten Son, Jesus.



- ✘ The Tichborne Dole returned in person in 2022 after two years of ‘drive by’ blessings. It was wonderful to see people turning up to receive their blessed flour, and contributing to charity in the process.
- ✘ It wasn’t until February 2022 that we dispensed with the need for booking for our Sunday Masses and gave people the personal choice of whether or not to wear a mask or face covering at Sunday Mass. As with most other public services and venues where large amounts of people gather, there was always some discernment required as to how we should best balance personal choice and convenience with the need to protect the vulnerable and allow them to participate in our public worship. I think and hope that we mostly got this balance right, but I’m also delighted now that the need to book for Mass is a thing of the past, hopefully permanently.

- ✘ In May 2022, we hosted a ‘Divine Renovation Connect Day’ here in the parish. As many of you will be aware, our parish belongs to a network of parishes across the globe who aim to support each other in being more mission-focussed. Some might fear that belonging to the Divine Renovation Network means that we become a franchise of some large corporate organisation or have to fit all our activity into a pre-cast mould. In reality, this is very far from the truth and the network is an opportunity to learn from each other, whilst committing to developing three key areas: evangelisation, leadership, and reliance on the Holy Spirit. The DR Connect Day brought together parish priests and lay leaders from parishes across our diocese and beyond and gave us the opportunity to share our experiences, listen to each other’s joys and struggles and eat and pray together. It was a beautiful and uplifting day for all of us.



- ✘ May was also the month when we held our parish retreat, led by Teresa Carvalho, who used to work at the Bishops’ Conference of England and Wales. This was another blessed experience for all who participated in any or all of the three sessions held over the Friday evening and Saturday morning and afternoon, and an opportunity for us to be refreshed and renewed.

- ✘ Fr John Cooke, our diocesan Vocations Promoter, came and celebrated several of our Sunday Masses last summer. He encouraged us to pray for vocations, especially to the diocesan priesthood but also to all states of life within the Church. Let us not be afraid to encourage our young people to prayerfully discern the path that the Lord has in mind for them. If we really believe that God knows and loves us better than we know and love ourselves, why would we not say ‘yes’ to whatever it is He is calling us to, echoing the ‘yes’ of Jesus, of Mary and of countless other saints throughout the ages? Why would we not encourage others to do the same?
- ✘ Our Winchester Catholic History Society celebrated its Silver Anniversary with an excellent and engaging talk by Dr Thomas Penn. He spoke on “The Brothers York: an English Tragedy” at this delightful summer event, which Winchester College kindly allowed us to host in their grounds.



- ✘ The summer term and year came to a close with yet another parish party. This one was to celebrate the ordination and first Mass of the now Fr James Lewis. Many of you will recall that James spent a year in our parish from 2018-19 as part of his seminary formation, and so it was a delight to be able to share in the joy of his ordination and an honour that he wanted to celebrate his first Mass as a priest with us. It was a beautiful weekend, full of hope and joy. Fr James is now serving in the Waterlooville / Horndean area of our diocese, working in the parishes there and also in Queen Alexandra hospital. We continue to pray that the Lord will continue to bless James and others through his selfless ministry.



- ✘ We installed and blessed a beautiful tabernacle in St. Stephen’s Church.
- ✘ We installed new screens in St. Peter’s and made other minor alterations to create a more welcoming space; introduced a new Order of Mass booklet to help people participate in the celebration of Mass; and introduced a new votive candle tray in in St. Peter’s (which is more elegant and safer!)

All of this, without mentioning the rhythm of daily and weekly masses, prayers and sacraments, and countless activities supported by our ministry groups.

We:

- ✘ Continued with live streaming for daily Morning Prayer, Mass and Night Prayer;

- ✘ Continued an Outreach exercise called ‘PeterCares’, supporting elderly and vulnerable parishioners through a regular friendly call;



- ✘ Continued to hold “pulpit presentations” and second collections, bringing greater awareness and raising funds for key charitable initiatives;

- ✘ Continued to support and liaise with the many parish based and ecumenical groups who serve the needy in our local Winchester community. Besides PeterCares, these include SVP, Churches Together in Winchester, Street Pastors, Basics Bank, Night Shelter and Trinity Centre;

- ✘ Continued with our social outreach initiatives through soup and pud lunches, cake on Wednesdays, Pies and Puds and much more;

- ✘ Continued to support our young people and families through Sacramental preparation, Children’s Liturgy of the Word, Altar Servers, Youth Group, Young Adults Group and more;



- ✘ Continued to light candles for anyone who asks, almost every week throughout this period;

- ✘ Continued to communicate with people via our website, the parish newsletter, Peterpost, our YouTube channel and our Facebook page and Instagram account; and the termly Parish magazine Crosskeys;

- ✘ Continued to support hospital staff and patients, offer comfort to the bereaved and provide funeral services (with livestreaming providing much comfort for those unable to attend in person);

- ✘ Continued to celebrate weddings and baptisms, many of them having been postponed due to various lockdowns (some of them more than once!);

- ✘ Continued to offer pastoral support to our school staff and students.

This list is far from exhaustive but gives some insight into many of the ways in which we’ve been able together to bring hope and joy into the lives of our own community members and those around us, bringing each other and others closer to Christ in the process.

Since the year ended, we have also:

- ✘ said a sad farewell to three of our much-loved clergy members: Fr Anthony Chiatu Njingo and Deacon Gerard Dailly, both of whom have been asked by Bishop Philip to serve in the Immaculate Conception Parish, Portswood, Southampton; and Fr Tom McGrath who has relocated to Maidenhead where he previously served happily for many years as parish priest.



- ✘ said farewell to Tina Backhouse in her role as Chair of Governors of our parish primary school, St. Peter’s. Tina has served the school with true dedication and commitment and has decided that now is the time to step down from this demanding leadership role. We are grateful to her and also to Kevin Mahoney who has been elected as the new Chair of Governors.

- ✘ celebrated Tony Darlison receiving the ministries of lector and acolyte as part of his journey towards diaconate ordination, God willing this summer.
- ✘ awaited the arrival of Fr Benedict who will hopefully be coming soon to serve in our parish as assistant priest.
- ✘ begun a Year of the Holy Spirit in our parish and diocese.

We owe a huge debt of thanks to Bishop Peter Doyle and various other supply priests who've been helping us out in our time of need.

Countless 'thank you's for the various ways in which you support our parish mission through the generous offering of your time, talents and treasure. Let's continue to encourage each other, and allow the Lord to empower all of us, as we strive **to bring people closer to Jesus Christ in hope and joy so that he can heal our souls and bodies and restore our broken lives by the power of the Holy Spirit.**

With every blessing,



Fr. Mark Hogan
2nd Feb 2023 (Candlemas or "The Presentation of the Lord")



COME, HOLY SPIRIT, COME!

The Parish of St. Peter and the Winchester Martyrs

STATEMENT OF FINANCIAL ACTIVITIES

for the financial year ended 31 st August	2022 £	2021 £	2020 £
ORDINARY PARISH INCOME			
Offertory and donations	259,171	245,391	254,182
Gift Aid tax refunds	50,343	54,388	53,314
Divine Renovation hypothecated income	52,234	58,476	38,266
Hall and room hire	27,126	5,432	18,339
Grants	95,834	68,748	-
Other ordinary income	10,608	4,041	4,216
Sub-total	495,316	436,476	368,317
RENTAL PROPERTY INCOME			
Rents received	200,620	209,326	175,565
Professional fees and insurance	-24,917	-23,019	-26,545
Repairs and maintenance	-36,299	-39,492	-22,468
Other operating costs	-7,745	-15,438	-3,086
Sub-total	131,659	131,377	123,466
ORDINARY PARISH EXPENDITURE			
Diocesan levy	-113,201	-113,201	-103,635
Staff costs	-132,762	-111,589	-107,525
Clergy costs	-37,213	-24,727	-29,366
Liturgy and worship costs	-9,935	-9,675	-9,463
Divine Renovation costs	-59,825	-58,475	-38,321
Faith, ministries, and outreach	-15,326	-4,713	-11,082
Repairs and maintenance	-70,906	-66,865	-37,970
Equipment, furniture, and fixtures	-9,599	-13,536	-7,169
Utility charges	-26,661	-30,292	-35,820
General administration, IT, and insurance	-32,528	-32,299	-34,364
Other operating costs	-9,522	-14,860	-11,796
Sub-total	-517,478	-480,232	-426,511
ORDINARY INCOME LESS ORDINARY EXPENDITURE	109,497	87,621	65,272
OTHER MOVEMENTS IN FUNDS			
Net proceeds from sale of property	313,438	-	-
Major property works costs	-106,678	-10,179	-
DOPIFS investments valuation movement	-983	7,707	-
Net transfer from deferred income to ordinary income	-131,334	-122,746	-38,266
Unused prior year provisions and adjustments	-	17,009	-625
Other funds received	12,875	229,890	81,412
Sub-total	87,318	121,681	42,521
NET INCREASE IN PARISH FUNDS	196,815	209,302	107,793
DOPIFS investments brought into income reserve	-	-	55,622
Total funds brought forward	434,243	224,941	61,526
TOTAL PARISH FUNDS CARRIED FORWARD	631,058	434,243	224,941

BALANCE SHEETas at 31st August

	2022	2021	2020
	£	£	£
CURRENT ASSETS			
DOPIFS investments	77,346	63,329	55,622
Cash at bank and in hand	559,923	525,713	345,169
Accounts receivable	29,025	17,691	26,636
Total current assets	<u>666,294</u>	<u>606,733</u>	<u>427,427</u>
CURRENT LIABILITIES			
Accounts payable	-35,236	-47,209	-77,205
NET CURRENT ASSETS	<u>631,058</u>	<u>559,524</u>	<u>350,222</u>
OTHER LIABILITIES			
Diocesan loan repayable	-	-125,281	-125,281
NET ASSETS	<u>631,058</u>	<u>434,243</u>	<u>224,941</u>
PARISH FUNDS			
Income account reserve	242,799	159,036	68,660
Deferred income	4,000	135,334	36,737
Parishioner fundraising funds	23,728	23,679	21,334
Major property works reserve	262,964	46,940	35,158
Legacy funds	50,139	42,639	36,639
Diocesan Living Our Faith (LOF) grant funds	25,058	25,058	25,058
Other funds	22,370	1,557	1,355
Total Parish funds	<u>631,058</u>	<u>434,243</u>	<u>224,941</u>

**FUNDS MOVEMENT ANALYSIS
financial year ended 31st August
2022**

	Ordinary income less expenditure	Other funds movement	Transfers between funds	Net funds increase / (decrease)	Funds b/f 1 Sept 21	Funds c/f 31 Aug 22
	£	£	£	£	£	£
Income account reserve	109,497	205,777	-231,511	83,763	159,036	242,799
Deferred income						
National Lottery grant funding	-	-76,580	-	-76,580	76,580	-
Divine Renovation funding	-	-49,754	-	-49,754	49,754	-
Other	-	-5,000	-	-5,000	9,000	4,000
Parishioner fundraising funds	-	49	-	49	23,679	23,728
Major property works reserve	-	-	216,024	216,024	46,940	262,964
Legacy funds	-	7,500	-	7,500	42,639	50,139
Diocesan LOF grant funds	-	-	-	-	25,058	25,058
Other funds	-	5,326	15,487	20,813	1,557	22,370
Sub-total	<u>109,497</u>	<u>87,318</u>	<u>-</u>	<u>196,815</u>	<u>434,243</u>	<u>631,058</u>

FINANCIAL COMMENTARY

Financial overview for the year

The financial year ending 31st August 2022 saw the Parish emerge at last from the Covid pandemic restrictions and disruption.

Income from offerings, donations and related Gift Aid tax refunds in total was slightly more than the previous year – and although planned giving was almost unchanged, ad-hoc giving (by plate collections, online and newly introduced contactless card payments) returned close to historical levels. Net rental properties income was in line with the previous year while hall and room hire income recovered to almost pre-pandemic levels, with a mix of old and new hirers. We were able to draw on the unused balance of the National Lottery Recovery Fund grant (awarded to the Parish in May 2021) to support our recovery through 2021/22. The final tranche of hypothecated Divine Renovation funding (originally awarded in 2019/20 for three years) was drawn down in the year. Votives donations increased as St. Peter's opened its doors again.

Other ordinary expenditure, in total, increased over the previous year mainly because of higher staff and clergy costs, reflecting the resumption of a full programme of Masses (supply priests and travel expenses), resumption of normal working hours for staff and the end of the furlough and Job Retention Scheme rebates. Repairs and maintenance expenditure was in line with the previous year. Faith, ministries, and outreach costs increased significantly, mainly through the resumption of Alpha and other faith course meetings in person.

Ordinary income (including net rental income) exceeded ordinary expenditure by £109,497 (2021: £87,621; 2020: £65,272).

There were other movements in funds amounting to £87,318 (2021: £121,681) including proceeds from the sale of 43 Romsey Road, Winchester (Cemetery Cottage) less the costs of major repair work to 8 and 9 St. Peter Street and less the drawdown of funds from deferred income to ordinary income.

This resulted in a net increase in total Parish funds of £196,815 in the financial year (2021: £209,302 increase; 2020: £107,793 increase) to a closing balance of £631,058 at 31st August 2022 (2021 £434,243; 2020 £224,941).

Statement of financial activities

The statement of financial activities (SoFA) provides details of all income, expenditure and other gains and losses recognised in the income account for the financial year. It also shows other movements in and transfers between funds, reconciling to the closing balance of Parish funds at the year end.

Ordinary parish income

Total ordinary parish income at £495,316 was £58,840 (14%) higher than the previous year (2021: £436,476):

Offertory and donations for Parish funds at £259,171 increased by £13,780 (6%) compared to the previous year (2021: £245,391). This comprises:

Offertory and donations category:	2021/22	2020/21	2019/20
	£	£	£
Planned giving (standing orders and direct debits)	182,750	182,116	181,744
Offertory collections – Gift Aid envelopes	2,255	5,418	10,664
Offertory collections – plate	33,551	20,031	36,438
Offertory collections – contactless card payments	7,267	-	-
Offertory – online payments	11,076	13,132	4,436
Donations – charitable trusts	15,000	15,000	15,000
Donations - other	7,272	9,694	5,900
Total offertory and donations	<u>259,171</u>	<u>245,391</u>	<u>254,182</u>

While total planned giving was virtually unchanged compared to the previous financial year, offertory collections (Masses) amounted to £43,073 representing a £17,624 (69%) increase (2021: £25,449) including £7,267 of contactless card payments at St. Peter's Church. Online payments were slightly down. Once again we received a major £15,000 donation from a charitable trust but other private donations of £7,272 were less than last year (2021: £9,694).

The above figures do not include special/second collections. These comprise Christmas and Easter offerings for our priests, Mass intention offerings and various special/second collections (regular retiring collections and other charity appeals). These are not accounted for as Parish funds but are paid over directly to the respective beneficiaries. However, it is gratefully acknowledged that our parishioners give generously to these collections and appeals as can be seen from the table below:

	2021/22	2020/21	2019/20
	£	£	£
Special/second collections:			
Diocesan second (retiring) collections	10,564	5,636	10,437
CAFOD Ukraine appeal	10,572	-	-
CAFOD other	1,564	1,207	3,607
Covenant With the Poor (CWP) appeals	18,967	15,022	20,556
SVP appeals	3,659	3,678	1,775
Other charity appeals	6,523	3,182	2,512
Sub-total	<u>51,849</u>	<u>28,725</u>	<u>38,887</u>
Christmas and Easter offerings to priests	21,510	17,949	23,444
Mass intention offerings	6,638	3,457	2,082
Total	<u>79,997</u>	<u>50,131</u>	<u>64,413</u>

Gift Aid tax reclaimed from HMRC relating to offertory and donations amounted to £50,343 (2021: £54,388).

Divine Renovation hypothecated income of £52,234 (2021: £58,476) is specific funding from the Diocesan Living Our Faith fund and private donors for Divine Renovation ministry costs. Most of this funding was received as lump sum payments covering the three financial years 2019/20 to 2021/22. The whole amount has now been used up as ordinary income to cover the actual Divine Renovation costs incurred up to 31st August 2022.

Hall and room hire income - from St. Peter's Pastoral Centre, the Milner Hall and St. Gregory's Pastoral Centre – had a successful year, generating income of £27,126 representing an increase of £21,694 compared to the previous year (2021: £5,432) which was badly affected by the pandemic restrictions.

Grants income for the year was £95,834 (2021: £68,748), mainly National Lottery Recovery Fund grants of £92,230 comprising £76,580 deferred from the previous year plus £15,650 of further payments received in the year.

Other ordinary income of £10,608 (2021: £4,041) comprises mainly votives box donations (net of votive candle costs), interest on our DOPIFS investments and various small sundry items. Votive box donations have recovered well after been badly impacted by the reduced church opening hours during the coronavirus pandemic.

Rental property income

Rental properties net income at £131,659 was virtually unchanged (2021: £131,377). This income represents the rents received from the Parish's properties portfolio – the flats at 8 and 9 St. Peter Street, the house at 10 St. Peter Street, the flats and office premises at 29 Jewry Street (The Old Presbytery) and the former Alresford Presbytery - after deduction of related expenses, mainly repairs and maintenance and professional fees. Gross rents received at £200,620 were down by £8,706 (4%) but related expenses were also lower by a similar amount. The sale of the rental property at 43 Romsey Road (Cemetery Cottage) was completed in the year.

Ordinary parish expenditure

Total ordinary parish expenditure at £517,478 was £37,246 (8%) higher than the previous year (2021: £480,232):

Diocesan levy at £113,201 was the same amount as charged in the previous year. All parishes in the Diocese are subject to the levy - essentially a contribution to central costs - of 25% of their income (less levy-free allowances for certain categories of income).

Staff costs at £132,762 were £21,173 higher than the previous year (2021: £111,589). This cost covers the Parish staff team – pastoral workers, sacristy, housekeeping, facilities management, finance, and general administration. Discontinuation of furlough and Job Retention Scheme rebate accounted for £9,987 of the increase. Actual payroll costs increased by £11,186 which includes the full year effect of changes made part way through the previous year.

Clergy costs – comprising the Parish and Assistant priests' stipends, supply priest fees, travel, living costs and training - at £37,213 were £12,486 more than the previous year (2021: £24,727) mainly because of the increased need for supply priests and increased travel expenses, reflecting the resumption of a full programme of Masses.

Liturgy and worship costs - comprising altar supplies (communion wafers, wine, candles, incense etc.), flowers, and liturgy and music expenses were £9,935 (2021: £9,675).

Divine Renovation costs for the year at £59,825 were in line with the previous year (2021: £58,475). These costs were mainly funded from the remaining hypothecated income, as noted above.

Faith, ministries and outreach expenditure amounted to £15,326 (2021: £4,713). The increase of £10,613 is mainly related to the resumption of Alpha course in-person sessions and the return of Parish events, particularly the garden party in July. We continued to make contributions to the City Centre Chaplaincy and Churches Together in Winchester and Alresford.

Repairs and maintenance costs at £70,906 were £4,041 more than the previous year (2021: £66,865). These costs cover planned and regulatory maintenance (including cleaning and gardening), routine repairs and non-routine repairs for all Parish facilities and grounds (the four churches, St. Peter's Pastoral Centre, Peterhouse, St. Gregory's Pastoral Centre, Milner Hall, Convent (White House) and St. James Cemetery).

Equipment, furniture, and fixtures expenditure was £9,599 in the year (2021: £13,536).

Utility charges of £26,661 (2021: £30,292) are for heating, lighting and water supply to the Parish churches and other facilities.

General administration, IT and insurance expenditure of £32,528 was virtually unchanged from the previous year (2021: £32,299). It includes telephone, IT costs, printing, postage, stationery, travel expenses and insurance premiums (Diocese all-risks cover).

Other operating costs were £9,522 (2021: £14,860) including council tax charges on Parish facilities, and general consumables. The £5,338 reduction mainly relates to non-recurring survey fees for the White House in the previous year.

Other movements in funds

There were other movements in funds amounting to a net increase of £87,318 (2021: £121,681) as analysed in the Statement of Financial Activities and in the Funds Movement Analysis.

As explained in last year's report, sale of the rental property at 43 Romsey Road, Winchester (Cemetery Cottage) was completed in January 2022. Net sale proceeds were £313,438 of which £116,852 was used, as planned, to fund major repair works to the exterior of the rental properties at 8 and 9 St. Peter Street (£106,678 incurred in 2021/22, the remainder in the previous year). The remaining £196,586 of proceeds was transferred to the major property works reserve.

The DOPIFS investment valuation decrease of £983 (2021: £7,707 increase) is the unrealised change in market value of the investment units during the year.

There was a net drawdown of £131,334 (2021: £122,746) from deferred income to ordinary income mainly relating to National Lottery grants and Divine Renovation funding received in advance in prior years.

Other funds received of £12,875 include legacies and sundry other items. The prior year figure of £229,890 mainly related to National Lottery grants and Divine Renovation funding receipts.

Transfers between funds

The net transfer of £216,024 from general income account reserves to the major property works reserve, as shown in the Funds Movement Analysis, comprises:

	2021/22	2020/21	2019/20
	£	£	£
Reserve made for delayed projects	-19,438	-	-35,158
Drawdown to cover actual delayed projects expenditure	-	8,218	-
Sinking fund transfer re: Parish buildings and rental properties	-	-20,000	-
Property sale proceeds less major repairs works cost	<u>-196,586</u>	<u>-</u>	<u>-</u>
Net transfer to major property works reserve	<u>-216,024</u>	<u>-11,782</u>	<u>-35,158</u>

Funds to the value of £15,487, having been identified as being subject to restrictions on use, were transferred from general income account reserves to a separate restricted fund.

Balance Sheet

Parish funds

There was a net increase in Parish funds of £196,815 in the financial year (2020/21: £209,302 increase) resulting in a closing total Parish funds balance of £631,058 at 31st August 2022 (31st August 2021: £434,243).

The total closing Parish funds balance at 31st August 2022 comprises:

Total funds analysis 31 st August 2022:	Total £	Unrestricted funds		Restricted £
		General £	Designated £	
Income account reserve	242,799	242,799	-	-
Deferred income	4,000	4,000	-	-
Parishioner fundraising funds	23,728	-	15,000	8,728
Major property works reserve	262,964	216,586	46,378	-
Legacy funds	50,139	-	36,139	14,000
Diocesan Living Our Faith grant funds	25,058	-	-	25,058
Other funds	22,370	-	-	22,370
Total	631,058	463,385	97,517	70,156

The designated parishioner fundraising and property works reserve funds amounting to £61,378 relate to various delayed projects which are being carried forward.

Unrestricted legacy funds of £36,139 have been designated to supplement Closer to Christ funds for transformational purposes in the Parish.

The £70,156 of restricted funds comprises funds from various sources where specific conditions apply as to the use of those funds.

Assets and liabilities

Only current assets are recognised in the Parish balance sheet comprising DOPIFS investments, cash and bank balances and accounts receivable (mainly Gift Aid tax refund claims awaiting receipt).

An additional £15,000 was transferred in the year from cash and bank balances to Diocesan DOPIFS investments.

Current liabilities comprise supplier invoices outstanding at the year-end together with special collections and other third-party funds awaiting payment to the beneficiaries.

The Diocesan loan of £125,281 was fully repaid in January 2022.

Looking ahead

Starting from a strong financial position

At the time of writing, the Parish is in a strong financial position. Thanks to the generous ongoing support of our parishioners, National Lottery grants and the sale of a rental property we have been able to maintain healthy financial reserves even through the pandemic. In addition, many parishioners have responded incredibly generously to the Closer to Christ campaign which will allow us to invest in people to support our mission of evangelisation, and to improve our church buildings in time for the centenary of St. Peter's church in 2026.

Significant financial challenges ahead

However, our latest 5-Year Financial Projections show there are significant financial challenges ahead. To some degree, our reported financial reserves are flattered by delays to essential maintenance of our buildings. The delays are the result of the pandemic, both directly – in that we were not able to carry out work for an extended period – and indirectly – as it's proved difficult to secure the services of some tradespeople since the end of lockdown restrictions. We have scheduled the essential catch-up work over the next couple of years, but this will impact on our financial results in the years ahead.

Inflation is affecting everyone and that includes our Parish. We anticipate significant increases in our cost base over the coming few years. To give one example: our energy kWh tariffs have tripled in the last year. We're now anticipating spending £300,000 on utility costs over the coming 5 years.

We are also being asked to do more. For example, our Diocese is working on plans to improve its own financial position and has asked larger parishes - like us - to support its efforts by increasing the Diocesan levy (the contribution each parish makes to support the running of the diocese). As a parish we naturally support their initiative (we are all, after all, members of the same diocesan community) but, nevertheless, there is an impact on our local financial position.

The effect of all the changes is that, as things stand, we expect to see a significant reduction in our financial reserves both this year and for the next four years.

Action plan

Our current position is strong and that gives us time to identify the changes required for the future and formulate an action plan. Decisions will be taken, and initiatives launched that will allow us to maintain a sustainable financial position by making the necessary changes sooner rather than later so that they have time to work.

Budget framework and summary

Given the context laid out above we have tried to set the Parish Budget for 2022/23 within the following framework:

1. We have set an **underlying** 'break-even' Budget at ordinary income less ordinary expenditure level, with the objective of planned ordinary expenditure being wholly funded from expected ordinary income (including net rental properties income) for the year.
2. Approximately £125,000 of planned project expenditure is classified as exceptional items. These are items either rescheduled from previous year's budgets or more akin to major expenditure not expected to occur every year. This exceptional expenditure will be funded from brought forward reserves.
3. The Parish share of Closer to Christ pledges is being accumulated in a separate fund as payments are received, for use on eligible expenditures. As Divine Renovation enters its fourth year these specific costs will now be covered from Closer to Christ funds.

Other assumptions in our budget process

- income from offertory and donations and related Gift Aid tax refunds is based on a modest increase over current run-rates.
- net rental properties income (excluding exceptional property costs of c. £77k) is assumed to be in line with last year with letting voids expected to remain low and some opportunity for rent increases, given positive market conditions.
- hall and room hire income is a key focus and, based on current hire levels and prospects, a 40% growth in income has been included in the budget.
- with assistance from the Diocese fundraising team, we are seeking new sources of grant funding – a modest target amount is included in the budget but we do not expect any further major grant awards this year (such as National Lottery).
- the Diocese has introduced a higher-rate tier of income levy which will increase our annual levy payment by c. £24,000 compared to the actual charge for 2021/22.
- the staff costs budget is based on current staff levels and includes the Diocese-wide pay increase from 1st September 2022. An allowance for temporary cover for staff sick leave has also been included.
- Energy costs within the budget have been increased significantly, however, it is now apparent that we did not increase them enough. Based on our current and new fixed price contracts we now expect energy costs in the financial year ending 31st August 2023 to be circa 150% higher than the financial year ending 31st August 2022

- the budget includes the cost of a full programme of Alpha, formation courses, small groups, continued contributions to Churches Together and City Centre Chaplaincy, and allowance for several events including the annual Parish garden-party.
- costs are included for basic upkeep and maintenance of the White House but no major expenditures (see additional comments below).
- other ordinary operating expenditures (including clergy, worship, routine repairs and maintenance, insurance, office, administration, IT) are based on current run-rates or commitments and will continue to be carefully managed by the respective budget-holders.

Exceptional project costs

The £125,000 of planned exceptional project expenditures in 2022/23 comprises £77,000 for the rental properties and £48,000 for Parish facilities. The main rental properties items are: new fire doors, CH/HW boiler replacements and energy efficiency (EPC) compliance improvement works. The main Parish facilities items are: White House/site development consultancy fees, Diocese quinquennial property survey fees, St. Peter's campus broadband improvements, and St. Gregory's hall redecoration and acoustic baffles.

Closer to Christ campaign

St Peter's parishioners have responded with wonderful generosity to this campaign appeal. At the time of writing, they have pledged a total of £785,000 to the Closer to Christ campaign. The Parish share is expected to amount to just over £450,000 which will be paid to us as received over the next four years and placed in a separate fund.

These funds are reserved for expenditures in direct support of the Parish evangelisation mission including Divine Renovation and church building improvements. The Diocese share will be used for the support of the clergy - vocations and training, active ministry and retirement provision.

Divine Renovation costs will be funded from our Closer to Christ Fund as from 2022/23. This includes some additional resources - a Pastoral Evangelisation Support Assistant from January 2023 and a Music Team Leader for 18 months from early 2023.

White House (Convent) building

Work is continuing on developing viable options for the White House which formerly housed the convent and is now unoccupied. Two surveys, both non-intrusive and intrusive, were carried out in March 2020. These allowed an order of cost to be determined both to stabilise the fabric of the building and to introduce services into the White House. In February 2022 we presented the data to the Diocesan Capital Expenditure Committee and proposed a more detailed feasibility study. The Diocese agreed with much of our proposal but asked that we extend the scope of the feasibility study to take into account the broader context of the entire St Peter's site. This would allow us to consider how the various buildings on the campus interact and to create a masterplan for the whole site.

We have commissioned a specialist firm of architects to carry out this masterplan and feasibility study and their work is now (as of January 2023) nearing its completion. We have involved a number of parishioners in the study to try and ensure that the masterplan is sympathetic to the broader goals of the Parish. We hope that the architects' report will come up with more clearly defined options on how we can bring the White House back into use in a way that generates adequate returns on the investment required, taking into account the constraints caused by the building's location within the St. Peter's site and its listed building status.

Prepared and issued by the Parish Finance and Property Advisory Committee 31st January 2023