

Directors' Report

The directors present their report and the consolidated financial statements of the Group for the year ended 31 March 2021.

Dividends

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 March 2021 of £Nil (2020: £693,000). The directors do not propose the payment of a final dividend (2020: £Nil).

Directors

The directors who served the Company during the year and to the date of this report were as follows:

AM Hathorn
KD Reid
G Bissett
EJE Haggerty

The Group maintains appropriate insurance for directors of the Company and certain directors of associated companies against any liability incurred in the execution of their duties.

Financial instruments

Details of the Group's financial instruments are given in notes 15, 16, 17, 18, 22 and 23 to the financial statements.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2020: £Nil).

ESG

The Group's policies in respect of employee engagement and statement of employees' involvement in the Group; customer, supply chain and community engagement; and disabled persons policy, have been disclosed within the Strategic Report.

Streamlined Energy and Carbon Report (SECR)

The Streamlined Energy and Carbon Reporting (SECR) regulations were implemented on 1 April 2019. This is the second report prepared by the Group and encompasses information in relation to energy and carbon usage for the period from 1 April 2020 to 31 March 2021 and includes details for those subsidiaries who would be required to comply with the regulations themselves and are consolidated in these accounts as follows:

- Cruden Investments Limited
- Cruden Building (West) Limited (formerly Cruden Building & Renewals Limited)
- Cruden Building (East) Limited (formerly Hart Builders (Edinburgh) Limited)
- Cruden Homes (East) Limited

The Group is supportive of the house building industry's target of net-zero emissions by 2045 and other policies that require all new homes to use renewable or low-carbon heating from 2024.

Reporting parameters

The reporting parameters are the financial year ended 31 March 2021 and cover the operations of the subsidiaries listed above. In addition to reporting on mains gas, grid electricity and transport emissions, the Group has also chosen to report its use of gas oil for on-site electricity generation as this is a key energy source used throughout the Group's businesses.

The reporting intensity ratio used is tonnes of CO2 emission per £million turnover. It is considered that this provides the best representation of activity across the Group and comparison through the industry sector.

Directors' Report (continued)

Streamlined Energy and Carbon Report (SECR) (continued)

Energy consumption and greenhouse gas emissions

Energy consumption and subsequent emissions are a result of activities carried out by the subsidiaries listed above and include the use and consumption of electricity, natural gas, gas oil and transport fuel. The figures presented are a snapshot of activities based on the current period and it should be noted that energy consumption and the resultant emissions may differ significantly depending upon contracts awarded and works required.

The tables below show the total energy consumption and resultant emissions for the period 1 April 2020 through to 31 March 2021 as well as details from the prior year for comparison purposes.

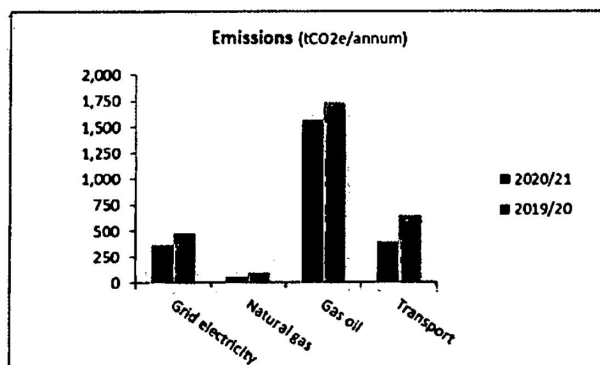
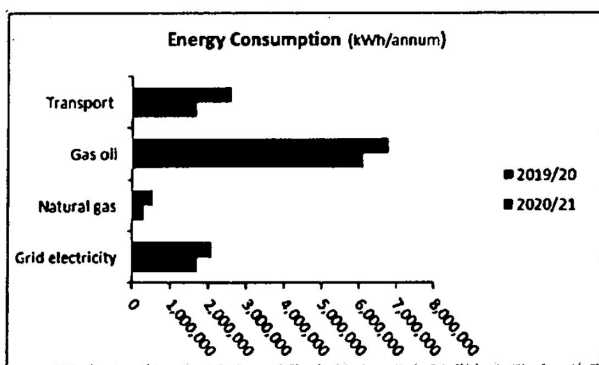
Energy consumption and carbon emissions consolidated totals

ENERGY CONSUMPTION

	2020/21	2019/20	Change from 2019/20	
			<i>kwh/annum</i>	%
Grid electricity	1,700,997	2,067,554	(366,557)	(18)%
Natural gas	318,798	536,834	(218,036)	(41)%
Gas oil	6,097,108	6,770,704	(673,596)	(10)%
Transport	1,673,341	2,581,540	(908,199)	(35)%
TOTALS	9,790,244	11,956,632	(2,166,388)	(18)%

GREENHOUSE GAS EMISSIONS

	2020/21	2019/20	Change from 2019/20	
	<i>tCO2e/annum</i>	<i>tCO2e/annum</i>	<i>tCO2e/annum</i>	%
Grid electricity	361.2	482.0	(121)	(25)%
Natural gas	58.4	98.7	(40)	(41)%
Gas oil	1,565.7	1,738.2	(173)	(10)%
Transport	396.3	652.6	(256)	(39)%
TOTALS	2,381.6	2,971.5	(590)	(20)%



Directors' Report (*continued*)

Streamlined Energy and Carbon Report (SECR) (*continued*)

Intensity ratio

The energy intensity metric being reported is tCO₂e/£million turnover and the results are shown below:

	Emissions	Turnover	Intensity Ratio
	<i>tCO₂e/annum</i>	<i>£m</i>	<i>tCO₂e/£m turnover</i>
Year to 31 March 2021	2,382	£190.0m	12.53
Year to 31 March 2020	2,971	£231.5m	12.84

The intensity ratio for all energy consumed in the reporting period was therefore 12.53 tonnes of CO₂ per million pounds of turnover, a reduction of 2.3% from the prior year.

Methodology used for data collection

Measurement of total energy consumption has focussed on the supply of all electricity, natural gas, gas oil, and transportation fuel. This includes all site consumption related to construction activities, office buildings and road vehicle transportation for the business. This methodology uses UK Government Environmental Reporting Guidelines; including Streamlined Energy and Carbon Reporting requirements (2019) and the UK Government GHG Conversion Factors for Company Reporting (2020). The Greenhouse Gas Protocol Standard was referred to where appropriate.

COVID-19

Business operations were adversely affected by the pandemic during the reporting period of 1 April 2020 through to 31 March 2021. As such energy usage and the resultant emissions have been influenced by Government regulations and guidance. For example, the initial countrywide lockdown that closed construction and housebuilding sites has had a direct impact on the figures reported this year and subsequently delayed the ability to implement some proposed energy efficiency measures.

Energy efficiency

The Group has been working for a number of years to ensure good practice in terms of energy efficiency and has instigated a number of measures over the past few years. However, the Group realises that it must continue its focus on this area to ensure that energy and money is not wasted and that the impact on the environment is minimised.

COVID-19 seriously impacted on business operations and a number initiatives and actions planned for the year were not able to take place. It is hoped that with the easing of restrictions and mitigations to protect the health and safety of employees, customers and visitors that the Group will be able to continue towards reducing energy consumption and carbon emissions through, for example, good housekeeping; such as turning off lighting and heating when unnecessary and carrying out 'site walk rounds' to improve monitoring and control of energy.

The Group continues to take the reduction of the use of fossil fuels and carbon emissions very seriously and energy efficiency plays an important role in the decision-making process both at strategic and operational levels. The Group is aware and remains focused on the potential impacts its operations may have on the environment and is committed to working practices to minimise such impact.

An important development in the Group's drive towards reduction is an agreement entered into with one of the major energy suppliers to provide construction sites with 100% renewably sourced electricity and to further develop a range of renewable and other clean, green energy solutions and smart technologies to reduce emissions and drive down our customers energy bills.

The Group is dynamically involved in the delivery of housing which have a range of new technologies embedded to reduce energy consumption; photovoltaic panels, ground source heat pumps, district heat and power networks, as well as fabric first design such as Passivhaus. As such, the Group is extremely well placed to assess the effectiveness of new technologies in achieving sectoral environmental goals.