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Convener
Economy and Fair Work Committee

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Dear Colin,

I am writing to the Economy and Fair Work Committee to keep you informed of the action being taken by the Scottish Government and its partners in supporting Alexander Dennis Ltd (ADL) to identify ways of securing vital jobs in Scotland. This follows the appearance of both the company and representatives of the trade unions at Committee last week.

The company has been clear with Ministers and with the Committee that there are a number of factors that impact on its decision about the future of its workforce in Scotland: the availability of orders both in the short and long term; changes to the regulatory landscape around procurement; and assistance in supporting a short-term company furlough scheme. The Scottish Government is continuing to work tirelessly on this issue, and is maintaining close contact with the company, the unions and the UK Government to understand all options to support the workforce.

In a positive development, as you may be aware, ADL have written to inform the Scottish Government that they have extended the consultation period to provide more time to explore all viable options to retain their hardworking staff and facilities at Falkirk and Larbert. This welcome decision is a good sign of collaborative working.

In relation to orders, the key issue is to establish greater confidence in demand for the double deck vehicles which ADL manufacture in Larbert. Given the relative size of the Scottish bus market, the English market for double deck vehicles is clearly critical. There are around 3,500 public sector vehicle buses operating in Scotland, with a split between double deck and single deck. Meanwhile there are around 30,000 such vehicles in the English market. Around 14% of the Scottish fleet is zero emission, whereas only 7% of the English fleet is zero emission, and in areas outside of London this decreases to 3.6%. Local transport authorities and Mayoral Combined Authorities in England must consider the impact

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of their purchasing decisions on domestic manufacturers, and it is important that the UK Government publishes a future pipeline of orders as soon as possible.

Reference has been made in the media to historic procurement of 160 ADL buses by Transport for Greater Manchester. The Committee will know that the bus market in England operates differently to that in Scotland. In England, mayors are buying buses for specific operators in their areas operating through franchise. In Scotland, the Scottish Government has provided funding for national grant programmes that have supported needs of bus operators across the whole country.

Since 2020, through these competitive funding programmes, Alexander Dennis has secured orders for more than 360 vehicles, more vehicles than any other manufacturer. The Scottish Government is urgently examining options to provide greater confidence regarding short-term demand for bus manufacturing in Scotland. This exploration includes consideration of what can lawfully be done to provide support to the bus manufacturing industry in line with procurement and subsidy control rules.

Officials have met with ADL to discuss a potential company furlough scheme which, if progressed, would be the business's offer to its employees to prevent compulsory redundancies among the manufacturing workforce, and would be administered by the business. We are in discussions with ADL on the potential for the Government to support the company's scheme for a defined period.

Officials from both Governments continue to meet regularly on the above matters, through a joint Scottish Government / UK Government working group, which met for the fourth time on 30 June. Meetings are also taking place between myself and ADL, as well as with Unite and GMB.

I hope that this update makes clear the importance we have placed on a coordinated response. We will continue the engagement with UK Government and press them to provide clarity on a number of issues. We will provide a further update in due course.

Yours sincerely,



SHONA ROBISON

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