

18 July 2025

Colin Smyth, MSP
Convener
Economy and Fair Work Committee
By email: economyandfairwork.committee@parliament.scot

Dear Colin,

Thank you for your letter dated 8 July 2025 regarding Alexander Dennis Ltd (ADL). I share the Committee's concern about the potential impact of ADL's proposed site consolidation on Scotland's manufacturing base and workforce and welcome the opportunity to provide further detail on Scottish Enterprise's extensive engagement and targeted support to the company spanning many years.

As the company has highlighted, the recent consultation on consolidation of its manufacturing operations has been driven by fundamental and rapid changes in demand due to the increased proportion of non - UK manufactured zero emission buses.

Over the last decade, Scottish Enterprise (SE) has provided ADL with wrap around support via a dedicated account team of specialists from across the organisation, as well as funding to support their growth plans in Scotland. Our support has primarily focused on an extended programme of R&D, which has enabled the company to make the necessary and significant transition from a diesel bus manufacturer, predominantly in UK markets, to a global provider of zero emission buses.

I outline below our key grant funding support, which is all subject to rigorous monitoring and safeguarding measures.

Grant Funding and Monitoring

Between 2022 and 2025, ADL was awarded a single Research and Development (R&D) grant of £13.2 million to support the development of zero-emission buses. Of this, £11.2 million has been drawn down to date. All grant awards are subject to SE's standard terms and conditions. These typically include obligations such as job creation or retention, match funding, and alignment with Fair Work First principles. While the specific terms agreed with ADL are commercially sensitive, I can confirm that SE rigorously monitors all funded projects to ensure compliance and value for public investment.

Monitoring includes regular reporting on technical progress, milestone achievements, and any deviations from the original project plan. Risks are assessed prior to each payment. As of the most recent review, no risks had been identified that would preclude continued funding. SE's grant conditions include key safeguards and the option to claw back funding. No funding has been paid out since the company announcement.

Current Support and Coordination

Scottish Enterprise is working closely with ADL, the Scottish Government, and UK partners to exploit all viable options to retain ADL operations and employment in Scotland. Our current focus is on workforce development which complements Scottish Government's work on furlough options, SMAS interventions including diagnostic assessments to inform quality improvement, market research, and supply chain engagement.

We are also part of the Joint UK Working Group, working with Scottish Government and UK Government to identify solutions that support continued investment and employment at ADL's Scottish sites, and we remain fully committed to supporting ADL and safeguarding Scotland's strategic manufacturing capabilities. We will continue to work closely with all partners to explore all avenues to retain jobs and secure long-term investment.

I hope my response provides the Committee with the assurance of the strong strategic intent, thorough monitoring and the safeguards attached to grant funding support provided and our work at pace to secure a future for ADL in Scotland.

Yours sincerely,

Adrian Gillespie
Chief Executive