



10 DOWNING STREET

THE PRIME MINISTER

29 September 1980

Dear Mr. Paybody,

Thank you for writing to me on 11 September about the situation at Fodens and your hopes for the Company's future.

I understand that the receivers have now received an offer, which they have publicly described as acceptable, from PACCAR Inc. of Seattle to buy Fodens as a going concern. While this offer does not meet with your wish for Fodens to remain under British ownership, it does present an opportunity for the Company to continue manufacturing and maintain employment. I am very sorry that Fodens were unable to weather their present difficulties unaided; but I trust that the eventual settlement negotiated by the receivers will provide the best solution for those currently involved with the Company and for the UK industry as a whole.

Yours sincerely,

MT

J. Douglas Paybody, Esq.

Handwritten: 29/9/80

Handwritten: Incl Mr. Juf 24/9
e.D.I
Bide

Handwritten: Juf



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
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PS/ *Secretary of State for Industry*

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

26 September 1980

From Ministry

Draft reply attached

Dear Tim,

... I attach a draft reply for the Prime Minister to send to Mr J Douglas Paybody, the Chairman of Fodens Limited who manufacture a range of standard heavy trucks and also specialist vehicles including some for the Ministry of Defence. The company went into receivership on 14 July and has been run as a going concern since then.

2 In my letter to you of 28 August I detailed the recent history of Fodens which has been one of some financial difficulty. There has been a major development since the receipt of Mr Paybody's letter in the Receivers announcement on 22 September that they had had an 'acceptable' offer for the company from PACCAR Inc of Seattle. PACCAR occupy a similar position in the North American lorry market to that of Fodens in the UK and their product ranges should be complementary. No details of the offer have been made public but the Receiver has indicated that he does not foresee any hitches in the completion of the deal in about three weeks. PACCAR had been looking for a base from which to expand into Europe and were attracted to Fodens because of its modern assembly facilities which are currently being used at only 25% of their annual single-shift capacity of about 6000 units a year. Foden's site also has room for further expansion. Press reports indicate that PACCAR's offer has been welcomed by the 2000 workforce.

3 My Paybody's letter is a general complaint about the position in which he and the company find themselves and, because of the PACCAR offer, has been overtaken by events. I suggest, therefore, a brief reply as attached, touching on the latest developments and wishing the company well for the future.

*Yours ever,
Pete*

PETER STREDDER
Private Secretary



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO

J Douglas Paybody Esq
Chairman
Fodens Limited
Birkwray Farm
Outgate
Ambleside
Cumbria LA22 ONH

Thank you for writing to me on 11 September about the situation at Fodens and your hopes for the company's future.

I understand that the receivers have now received an offer, which they have publicly described as acceptable, from PACCAR Inc of Seattle to buy Fodens as a going concern. While this offer does not meet with your wish for Fodens to remain under British ownership, it does present an opportunity for the company to continue manufacturing and maintain employment. ^{I am very sorry} ~~It is unfortunate~~ that Fodens were unable to weather their present difficulties unaided, but I trust that the eventual settlement negotiated by the receivers will provide the best solution for those currently involved with the company and for the UK industry as a whole.



26 SEP 1980

RECEIVED

81f 26-9-80

18 September 1980

The Prime Minister would like to reply personally to the enclosed letter from the Chairman of Fodens. I would be grateful if you, in consultation as necessary with the Department of Trade, would let us have a draft.

I am sending a copy of this letter and the enclosure to Stuart Hampson (Department of Trade).

TL

Ian Ellison, Esq.,
Department of Industry.

jfh

18 September 1980

I am writing on behalf of the Prime Minister to acknowledge your letter of 11 September.

I will place this before the Prime Minister and a reply will be sent to you as soon as possible.

TL

J.D. Paybody, Esq.



10 DOWNING STREET

Dear Mr. [unclear]

Do you wish to
reply to his further

cri de coeur from Chairman

of Foden's? (his previous

letter was a joint one

from himself and Mr Foden).

We should

ask DOT

to provide

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draft 4/9 m

CHECKLEY FARM, CHECKLEY, NANTWICH,
CHESHIRE. CW5 7QA.
BRIDGEMERE (09365) 210.

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Dear Mr Thatcher,

Thank you so much for your
letter of 2nd September written in reply to mine
about the collapse of Fodene.

I very much appreciate you taking
the time and trouble to write so fully.

Yours sincerely

Joanna Fodene

FODEN

JDP/MW

11th September, 1980

URGENT

The Right Honourable Margaret Thatcher, M.P.,
10, Downing Street,
LONDON.

Dear Prime Minister,

I write to you as Chairman of Fodens Limited following a letter I wrote to you on 10th July, 1980, under the joint signature of the then Chief Executive and myself. On that day we were making a presentation to the Department of Industry seeking a financial umbrella of £4-5 million pounds whilst we tried to conclude discussions with possible buyers. We also stressed the military necessity to Britain, and others, of this 124 year old company and listed the £50 million orders for military vehicles alone which we then had in hand. We were in a dark tunnel, but there was light at the end of it then.

We were very satisfied that day with the reception our case received from the D.O.I. representatives and others who attended. It was, we know, referred to the Minister at once. At the same time we presented our case at your doorstep and you were kind enough to reply. Also at the same time a member of our Board visited Peter Thorneycroft to solicit his support. This three pronged approach I confess was made because many of we industrialists

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up here, whilst finding it difficult to fault the Minister's economic theories, feel he does not live in the real world. That we support you so strongly and admire your courage seems to make us schizophrenics.

My childhood background has similarities to your own. I became a professional accountant and started six years of infantry service in 1939. I finished as a Lieutenant Colonel in Montgomery's Army and decided on demobilisation, the next battle for Britain was in industry.

So I spent thirty years helping to build a fine engineering company, Mather & Platt, into one of the most successful international companies in this part of the world. For many years I was its Group Managing Director. I make these personal observations so you will accept I am objective.

In 1977 I was invited to join the Board of Fodens Limited, amongst others, and just two months before the receivership became its non-Executive Chairman. Its problems were immense but I thought these wonderful people deserved someone to fight for them. Yet with these excellent workpeople, the best truck works for its size in Europe, and superb products we became short of cash. Last year our results (unpublished), were that we lost some £3 million, of which over £2 million was interest paid to the Bank, which pulled the rug from under us. How different if our Banks operated with industry as those in some competitors' countries.

You include a professional background amongst your various qualifications, as indeed I have. But to be on the receiving end of a Receivership seems so different from the theory we both studied. Top management is

/immediately....

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immediately removed and ignored. The Company is run down rapidly as the only seeming object is to get the money for the bank and to hell with what's left. Frankly I can see nothing now for Shareholders and the creditors will get a bruising too. Fodens is being destroyed faster than in all my years of industrial experience I thought would be possible. A small example. Two young inexperienced men (not directors) have been despatched to Japan to try and sell the Company and we, the Board, are not supposed to know. They have never been to Japan before....but nor have the Receivers. Some of us have years of international experience but we are ignored as if we who care so much for the survival of the Company are a fifth column not to be trusted. Sadly we also suffer from Receivers composed of two firms who have only recently joined forces and have "growing pains" and we are their first victim. Sadly too professional people seem so seldom to have any vestige of leadership ability with the shopfloor or indeed even to care about it.

Present indications are, and as I am largely ignored I may be out of date, that if a purchaser is found the price will be rock bottom and foreign at that. Then another piece of valuable Britain will be sold in the bargain basement. You have a crusading zeal for Britain. So have I. Cannot we work together for the sake of this dear country?

To be constructive. I believe the D.o.I. supports our cause. When the Bank pulled the rug I had made contact with Vickers (Peter Matthews) and Bill Foden with Rolls-Royce (David Plastow). If we could put Fodens into a grouping with these two companies and other suitable British companies (Tilling? E.R.F.? G.K.N.?) we could not only continue to serve the Nation's military requirements but build a truck company in the private sector which could take on the world and BRITISH to the core. Later, if desired, it

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could be floated off.

I'm sure John Biffen, whom I knew well in my Mather & Platt days, will vouch for my sincerity. Alas poor John Davies can do so no longer.

With very best wishes,

Your Sincerely,
J Douglas Paybody

J. Douglas Paybody.

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