

SUBJECT

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10 DOWNING STREET

From the Private Secretary

17 February, 1982

As you know, Mr. Robert Kilroy-Silk, M.P. came to see the Prime Minister yesterday to discuss two closures in his constituency. Mr. Baker was present.

Mr. Kilroy-Silk spoke first about Ashland Mill. He explained that this plant, at the Preston end of his constituency, faced problems very similar to those involved in an earlier Courtauld Group closure which he had discussed with the Prime Minister. Carrington Viyella had a trained, loyal workforce producing obsolescent output. The workforce had accepted redundancies, had given up free transport, and had increased their productivity. But the Group had not been prepared to invest in modernisation of the plant, at a time when they were concentrating production on plants already updated. There was no prospect of similar employment in the area. These constituents were not Mr. Kilroy-Silk's natural supporters, and they were now asking him what they had done wrong.

In further discussion, the Prime Minister acknowledged that the problems appeared to lie with past management inadequacies. But she and Mr. Baker confirmed that there was no prospect of direct Government assistance.

Mr. Kilroy-Silk then turned to Hygena, at the Merseyside end of his constituency. He expressed his dissatisfaction with Norcross' handling of the closure, after their frequent contacts with him during the period of Labour Government. In both cases, he felt that the Government ought to be prepared to bring pressure on the Groups which owned the factories but, failing that, he hoped that it might be possible for the Government to assist with a management buy out proposition under preparation for Hygena. The proposal was still confidential. The company's Managing Director was in a position to raise some capital, and about fifty employees were ready to pool their redundancy payments. An advance factory had already been offered, and Norcross were prepared to allow the continued production of one of their lines. Mr. Baker said that he had not previously been aware of how far this proposal had gone. He would, as a matter of urgency, look

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at the possibility of providing some assistance, perhaps by putting those involved in touch with one of the companies now specialising in support for this kind of management buy out. He would be in touch with Mr. Kilroy-Silk direct.

I should be grateful if you would let me have copies of any follow up correspondence arising from the meeting. At present, I see no need for the Prime Minister to write further unless Mr. Kilroy-Silk approaches her.

M. A. PATTISON

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Department of Industry