

Mr Michael Hesketh  
Paragon Housing Association Ltd  
Invergrange House  
Station Road  
Grangemouth  
FK3 8DG

29 March 2018

Dear Mr Hesketh

### **Regulatory risk assessment 2018/19: low engagement**

I am writing to let you know that we have completed our annual regulatory risk assessment and decided on the level of engagement that we need to have for all registered social landlords (RSLs) during 2018/19.

Our assessment takes account of the most recent information returns from RSLs including the Annual Return on the Charter (ARC), the return on the Energy Efficiency Standard for Social Housing (EESH), audited accounts, five year financial projections, loan portfolio return and other information from our engagement with individual RSLs. We have also taken account of the regulatory implications of risks we have identified that could impact on all RSLs.

In line with our regulatory framework, we have categorised the level of engagement we need to have with individual RSLs into three categories - low, medium and high.

We have decided to have a low level of engagement with your organisation at this time. This means we have not published a regulation plan for you.

To assess the risk to social landlord services we have reviewed and compared the 2016/17 performance of all Scottish social landlords to identify the weakest performing landlords. We found that Paragon Housing Association (Paragon) is in the bottom quartile for all social landlords in relation to satisfaction with the overall service, satisfaction with opportunities to participate in decision-making, satisfaction with the quality of home, tenants who feel the rent for their property represents good value for money and lets to homeless people.

For all five of these indicators Paragon's performance has deteriorated since the 2013/14 ARC return.

We will review the information you give us about these issues in the ARC, due to be sent to us by 31 May 2018, and may contact you after that to discuss.

We note that you have plans to develop new affordable housing. We expect developing RSLs to self-assess if they are meeting the principles set out in our Development Thematic (March 2017). If there are any material adverse changes to your plans which might affect the financial position or reputation of Paragon, please let us know in line with our notifiable events guidance.

As for all RSLs, we will keep this level of engagement under review and may revise it in response to changes in your circumstances or depending on the level of assurance we need. You should continue to send us the annual regulatory returns we review for all RSLs. You should also alert us to any notifiable events and seek our consent as appropriate.

You will find a fuller explanation of our approach in our Framework for the Regulation of Social Housing in Scotland. You can find this on our website at [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).

If you would like to discuss any of this please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "Helen Shaw". The signature is written in a cursive style and is underlined with a single horizontal stroke.

**Helen Shaw**  
**Assistant Director, Finance and Risk Division**