



**SAMPLE**

## **The Institute of Risk Management**

### **2008/09 Assignment proposal application form**

This form must be completed and submitted from 1 September to 30 September or from 1 March to 31 March.

#### **Question 1: What is the title of your proposed assignment project?**

'Risk Pooling in UK Local Authorities: Is it legal? Should it be legal?'

#### **Question 2: What are the reasons for choosing this assignment project?**

A recent court decision in the UK cast a long shadow over the legality of risk pooling in the public sector. Prior to this decision, there was general agreement that risk pooling was both legal and (from a public policy standpoint) desirable. However, questions now exist as to whether local authorities have the legal capacity to join other authorities in financing risks.

There is a great practical interest in answering the title question. Until this matter is resolved, the likelihood of new pools forming is virtually non-existent. Central government, however, has declared pooling to be an excellent example of public sector innovation worthy of emulation. Thus, answering the question of legality must both address the technical aspects of legality, but also the policy aspects of pooling as a public innovation.

#### **Question 3: What are the aims and objectives of the proposed assignment project?**

Primarily, the purpose is to establish the legal basis either for or against pooling in the UK. Adjunct to that issue is an analysis of the policy implications of pooling. Is it really an 'innovation worthy of emulation'? If so, why? How is policy reconciled with the law? If not, why not?

#### **Question 4: What are the benefits to your organisation, department or you for completing this assignment project?**

I am a risk manager of a police authority. We have been contemplating the use of pools as a means of financing risk, but we have a high level of uncertainty as to whether this is a viable option for us.

#### **Question 5: What information will you require and how do you intend to obtain this?**

There is quite a bit of writing on the pooling phenomenon. I intend to investigate the academic and practitioner writing on the subject. Notable will be the work undertaken by Peter Young in the US, and John Hood of Glasgow Caledonian University in the UK. Also, I intend to research the legal writing on local authorities in the UK, with special reference to the

matter of *ultra vires*, which is to say the matter of what local authorities are and are not permitted to do. And, of course, I intend to review all the material arising from the recent court case, which, I as understand it, did not clearly render a view on legality per se.

ALARM has also produced some writing on pooling in the UK, and the IRM specialty module on public sector risk management (especially Fone & Young's articles) provide a good foundation for beginning my work.

**Question 6: What problems or issues can you anticipate may arise by undertaking such a project and how will you overcome these problems?**

Probably the biggest problem I see is that there may be only a limited legal literature on pooling per se. I very well may have to rely on analysis by analogy to reason my way toward a conclusion. I believe this in part because the most recent court ruling (referenced above) is judged to be inconclusive.

**I have attached a draft time scale plan for completing my assignment project.**

As this subject arises from my two specialty modules (public sector and risk financing), I have done some of the background reading already. However, I intend to undertake a literature review in September and October, and to produce a literature review statement summarising all the writing (both academic and practitioner) on the subject of public sector risk pooling and on the legal authority of local authorities within the UK.

I expect that the bulk of my time in November, December and January, will be used in answering the questions. I have contacted my authority's legal counsel and will conduct some interviews with legal experts to better understand the legal landscape that can or will influence any logical argument for/against pooling. I also have made a connection to the Home Office to look into the possible policy dimensions of pooling. I will be particularly interested to understand the political dynamics behind the Central Government interest in pooling.

I intend to draft my assignment by the end of January and to use February to revise and finalise the paper.

**Please add any addition general comments you would like to make to the assessor.**

I think this topic meets important criteria for me. It is an important issue in my job and for my organisation; it is a highly timely and topical issue in public sector risk management; and it is particularly interesting to me as I have past experience in the insurance industry and think that alternative risk financing is very promising development in the world of risk management.

**Signed declaration**

**Name of candidate.....Signature of candidate.....**

**Date.....**