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Ms Sheila Telford
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Dear Ms Telford

Thank you for your recent correspondence, raising issues arising from Government policies which are the responsibility of this Department. Government Ministers receive a large volume of correspondence and they are unable to reply personally on every occasion. I have been asked to respond.

I note your comments, but the policy on this issue is a long-standing one of successive Governments. The annual index-linked increases are paid to eligible UK State Pension recipients living outside the UK where there is a legal requirement. For example, where UK State Pension recipients are living within the European Economic Area or where there is a reciprocal agreement in place that allows for uprating of the UK State Pension.

Since the 1960s the UK has had a limited one-way social security arrangement with Canada that allows some former residents of Canada to qualify for certain UK benefits (such as basic State Pension, Jobseeker's Allowance and Child Benefit) following their arrival in, or return to, the UK. This arrangement reflected the extent of social security protection that would be provided by Canada to permanent migrants from the UK. The arrangement does not allow for UK benefits, including annual uprating increases in UK State Pension, to be paid in Canada. Canadian benefits are not payable at all under the arrangement.

In 1969 the UK concluded a social security agreement with the USA which included provision for future uprating increases of UK State Pension to be paid in the USA, but not including past increases (that is, partial unfreezing). Talks were then initiated at official level about a possible similar agreement with Canada which would have included uprating. However, at the time, Canadian legislation prevented inclusion of Old Age Security Pension (COASP) in reciprocal agreements with other countries, ruling out the scope for reciprocity in the export of pensions. In 1977, Canadian legislation was amended to permit payment of COASP abroad under the terms of reciprocal agreements. Canada then indicated its willingness to resume negotiations.

At that time the UK Government decided that insufficient resources were available for increasing the rates of UK State Pension payable in Canada. In line with the UK's general policy on frozen pensions, the position with regard to Canada remained unchanged. In 1995 the earlier arrangements I describe above were updated and consolidated, but the uprating or indexation of UK State Pensions payable in Canada was not an item for discussion as the UK's position remained the same.

In March 2010 the Grand Chamber of the European Court of Human Rights upheld the UK Government's policy on payment of pensions abroad in a case brought by the International Consortium of British Pensioners.

The UK Government have no plans to negotiate new social security agreements with other countries to include provision for the payment of annual uprating increases where they are not payable at present.

Yours sincerely

Goff Daft
Head of the Correspondence Team