

A Fair Tax Mark for pension funds? Now there's an idea

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The SNP membership sent a clear message to their party yesterday when they (in my opinion, very sensibly) voted for Scotland to have a National Infrastructure Company to build the projects to be funded by its National Infrastructure Bank. As [the Guardian has reported](#):

The party's spring conference overwhelmingly supported calls for Scottish ministers to set up a publicly funded infrastructure agency after the Guardian disclosed new evidence that [firms in offshore tax havens invest heavily in Scottish government-sponsored building projects](#).

Research for the Guardian and the [Ferret website](#) found offshore firms stand to earn more than £1.7bn from contracts to build and run 47 new hospitals, motorway upgrades, schools, health centres and colleges overseen by an agency set up by the SNP government, the Scottish Futures Trust (SFT).

But what I was really interested in noting in that report was this comment:

The Guardian also revealed that public sector pension funds run by 14 English and Scottish councils, and one for the Environment Agency, have invested hundreds of millions of pounds in SFT projects that are controlled by offshore companies.

Dave Watson, head of policy for the public sector union [Unison Scotland](#) and an expert in pensions, said ministers could already insist that public pension funds sign up to the “fair tax mark” which prevented them from investing in tax avoidance schemes.

“It is simply wrong that public money and our members pension contributions should be invested in tax avoidance mechanisms. Billions of pounds of revenue are lost every year that could have been invested in vital public services,” he said.

I admit I have always had a lot of time for Dave Watson: he's always been a great ally to policy based economic reform. I am delighted he wants companies to sign up to the [Fair Tax Mark](#), just as the [Norges Bank now wants multinational corporations to sign up to country-by-country reporting](#). But Dave's suggestion got me thinking in another way.

It has been to ask myself what a Fair Tax Mark pension accreditation might look like.

I stress that right now, as far as I know, the [Fair Tax Mark](#) is thinking of no such thing.

But the reality is that one of the big scandals around pensions is that they do not have to produce proper accounts for their members. And I stress, I do not mean the pension companies or even the funds as a whole: I actually mean accounting for the investment funds to which most member contributions are allocated, and about which most pension fund members have almost no knowledge despite this being the only way in which most people engage with stock market investments and these funds being amongst their biggest assets, if not their biggest, asset.

I promised myself a weekend off. But that just means I take time to think. This might be what I spend some time sketching out.