Audit Committee report

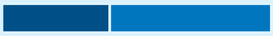
Committee overview

Committee meetings and membership

The Committee met five times during the year for an average of three hours per meeting. All members attended every meeting. The Committee fulfils the requirements of the Code by comprising only independent non-executive directors and fulfils the membership requirements in its terms of reference. Between meetings, the Chair met regularly with senior management across the group's finance, tax and internal audit functions, as well as the lead external audit partner.

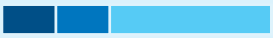
Members
Tushar Morzaria (Chair) (from May 2022)
Nilufer von Bismarck
Philip Broadley (Chair until May 2022)
Carolyn Johnson (from June 2022)
George Lewis
Toby Strauss (stood down from the Board and Committee in April 2022)

Gender



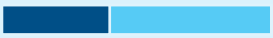
40% Women
60% Men

Tenure



20% Over 6 years
20% Between 3 – 6 years
60% Between 0 – 3 years

Ethnicity



40% South Asian
60% White

The role of the Committee

The Committee monitors the integrity of the group's financial reporting and financial statements (including climate and other ESG-related disclosures) and provides oversight of the control environment. In addition, the Committee monitors the adequacy and effectiveness of the group's system of risk management and internal control and the group's internal and external audit processes.

Key responsibilities

- Consider the integrity of the group's financial reporting, including formal announcements in relation to the group's financial performance.
- Assess the going concern assumption and the longer-term viability statement.
- Advise the Board on whether the annual report and accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.
- Review the group's accounting policies, including any proposed changes, and review the appropriateness of significant accounting policies and judgements.
- Review and make a recommendation to the Board on the adequacy and effectiveness of the group's system of internal control.
- Oversee the appointment, reappointment, remuneration, independence and effectiveness of the external auditor.
- Oversee the work of Group Internal Audit, and assess the independence and effectiveness of the function.
- Review the adequacy of the group's whistleblowing arrangements.
- Oversight of the audit committees of the company's principal subsidiaries.

Chair's introduction

I am pleased to introduce my first report as your new Audit Committee Chair. During the year ended 31 December 2022, the Committee continued to assist the Board in fulfilling its core responsibilities, including monitoring the integrity of the group's financial reporting, the adequacy and effectiveness of the internal control environment and the performance and objectivity of both the internal and external audit functions.

Composition of the Committee

I joined the Committee as Chair upon appointment to the Board in May 2022. I would like to thank Philip Broadley as the previous Committee Chair for his diligent leadership and constructive challenge over the last six years. In advance of taking over as Chair, I completed a thorough handover which included meetings with Philip and other key stakeholders such as the Group Chief Financial Officer, the finance, actuarial and tax management teams and the internal and external audit teams. In addition, I met with current Committee members to discuss any areas of improvement or where additional focus was required. The outcome of these handover meetings was positive. It was clear to see that the Committee was effective and able to assist the Board in discharging its duties. Philip remains a valued Committee member and his wise counsel is invaluable in ensuring continuity. Carolyn Johnson joined the Committee in June 2022 and brings extensive knowledge of the insurance and financial services industries. Toby Strauss stood down from the Committee in April 2022 following his retirement from the Board.

The Board is satisfied that the Audit Committee meets the composition requirements of provision 24 of the UK Corporate Governance Code (2018) and that I, as Chair of the Committee, have recent and relevant financial experience and am competent in accounting and auditing in accordance with the FCA's Disclosure and Transparency Rules. In addition, the Board is satisfied that the Committee members have a balance of skills and experience to deliver its responsibilities and that the Committee, as a whole, has competence relevant to the sector. The full biographies of all Committee members can be found on pages 64 to 65. All members of the Committee are also members of the Risk Committee, which ensures that there is appropriate identification and management of any issues that are relevant to both committees.

Key areas of focus in 2022

During the year, the Committee has spent considerable time focusing on the group's preparations for the transition to the new accounting standard for insurance contracts, IFRS 17, which came into effect on 1 January 2023. The new accounting standard will not change the group's strategy, solvency or dividends, nor change the underlying economics of our insurance contracts. It will, however, impact the reporting of our annuity and protection businesses, changing the timing of recognition of earnings from these products, but not the quantum. It was therefore appropriate that the Committee spend a significant proportion of its time overseeing the group's readiness for implementation, as well as being comfortable with the associated disclosures in the financial statements, including the judgements and assumptions that impact those disclosures.

Other key areas on which the Committee focused during 2022, discussed in more detail below, included:

- the impacts of economic volatility, with a particular focus on areas of judgement and estimates that are sensitive to rising interest rates and inflation
- ESG and climate reporting in light of rising stakeholder expectations
- activities associated with the operation of the group's framework of internal financial controls, including understanding and challenging the actions being taken to remediate any failings or weaknesses.

Evaluations

It remains an important aspect of the Committee's work to keep under review the quality and efficiency of the external audit process. The Committee received a presentation from the Chief Executive Officer of KPMG UK to understand the investments and improvements being made to KPMG's audit framework. An internal evaluation was undertaken which considered the views of both the Audit Committee and management on the effectiveness of the external auditor. Overall the evaluation was positive, with a small number of areas noted for consideration in future audit cycles. The Committee has also worked with management and KPMG to ensure audit costs are fair and proportionate to the audit work required for the group.

During the year, an externally facilitated evaluation was conducted by Deloitte, which assessed the independence and effectiveness of the Group Internal Audit function. The outcome of this evaluation was positive, with the function assessed as mature and in conformance with the Chartered Institute of Internal Auditors (IIA) standards.

Tushar Morzaria
Chair of the Audit Committee

Activities during the year

In line with its purpose and key responsibilities, the Committee's time over the course of the year was spent in consideration of:

- the integrity of the company's financial statements and Solvency II disclosures, including consideration of the viability statement and going concern assessments
- key accounting, financial reporting and actuarial areas of judgement
- the presentation and transparency of the group's financial disclosures, including consideration of the group's alternative performance measures (APMs)
- the group's preparations for the transition to the new accounting standard for insurance contracts, IFRS 17, including key accounting and actuarial judgements involved in the production of the opening balance sheet as at 1 January 2022
- the adequacy of climate-related and other ESG disclosures, including consideration of the group's climate report
- the resilience of operational and financial controls
- the adequacy and effectiveness of our systems of internal control, including whistleblowing
- the effectiveness, performance and objectivity of both the internal and external audit functions.

Review of financial disclosures

The Committee reviewed the half year and annual financial statements, which focused on the integrity and clarity of disclosure, application of accounting policies and judgements and compliance with legal and financial reporting standards. As part of its review, the Committee received regular updates from management and the external auditor, and was able to place reliance on the updates provided throughout the year on internal controls in relation to financial reporting.

In addition, the Committee considered whether the annual report was fair, balanced and understandable (FBU) and whether it provided the information necessary for shareholders to assess the company's position, performance, business model and strategy, as well as the risks facing the business including in relation to increasingly important ESG and climate considerations. The Committee reviewed the FBU assessment taking into consideration the impact of market volatility and the higher interest rate and inflationary environment, and giving due attention to the use of APMs in increasing the level of information available to investors on the company's underlying performance and the effects of one-off financial events. In conjunction with verification processes, management assurance and a report from the external auditor, the Committee recommended to the Board that the annual report and accounts, taken as a whole, is fair, balanced and understandable.

The Audit Committee, together with the Risk Committee, reviewed the key assumptions and methodologies of the risk-based capital model, Solvency II disclosures and disclosures made in relation to internal control and risk management, as well as the principal risks and uncertainties the group faces. The Committee can confirm that the key judgements and significant issues considered in relation to the 2022 financial statements are consistent with the disclosures of key estimation uncertainties and critical judgements as detailed in Note 1 on page 159. The statement is underpinned by the Committee's belief that all important information has been disclosed and that the descriptions and reviews of the group's business and performance as set out in the strategic report are consistent with the financial reporting in the group's financial statements.

During 2022, the group received notification of the outcome of the Financial Reporting Council's (FRC) Corporate Reporting Review team's review of the group's annual report and accounts for the year ended 31 December 2021. This review was undertaken in accordance with part 2 of the FRC Corporate Reporting Review Operating Procedures, and is based solely on the annual report and accounts, and does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. The review does not provide assurance that the annual report and accounts are correct in all material respects. The Committee was pleased to note that, based on the review, there were no further questions that the FRC wished to raise and that accordingly they have published that there was no requirement to enter into substantive correspondence with the group. A small number of areas for improvement were noted as part of the review, and management have briefed the Committee on how these have been addressed.

IFRS 17 and IFRS 9

With the implementation of IFRS 17, 'Insurance Contracts' becoming effective from 1 January 2023, the Committee has focused a considerable amount of its time overseeing the final elements of implementation, including monitoring the development and implementation of systems, processes and operating model changes to support the delivery of the new financial reporting requirements. While of less material significance to the group's financial performance, the Committee has similarly overseen the implementation of IFRS 9, 'Financial Instruments' which also has an effective date for the group of 1 January 2023.

In relation to the new standards, the Committee has spent time reviewing and approving methodologies, policies, assumptions and new reporting metrics, taking into consideration tax implications and the wider market response.

There has been a particular focus on those policies and assumptions that have impacted the initial transition and the expected adjustment to the group's consolidated balance sheet and opening equity at 1 January 2022, and the disclosure of those impacts in this annual report and accounts. The Committee has further received briefings to understand the effect that IFRS 17 will have on the group's underlying profit, and it was able to review and challenge the material that was presented as part of the IFRS 17 investor and analyst event in November 2022.

The Committee receives regular updates from management and KPMG and is supported by a number of board technical awareness sessions held outside of the normal Committee meetings. The Committee has also commissioned Group Internal Audit to perform audits on various aspects of the implementation to provide additional assurance.

ESG and climate reporting

Rising stakeholder expectations in respect of the group's ESG and climate reporting have rightly contributed to an increasing focus for the Committee in respect of the associated disclosure requirements and risks. ESG and climate reporting is a rapidly evolving discipline, with a lack of globally consistent reporting standards and a high reliance on third-party data. The Committee has focused on improvements that can be made to the group's climate-related disclosures in the financial statements and ensuring that there is a coherent link between those disclosures and the narrative in the front half of the annual report and accounts. The Committee also has responsibility for reviewing and approving the group's climate report and to that end has sought to understand the verification and assurance framework that is in place to ensure that climate disclosures were in line with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD), materially accurate, consistent, fair and balanced. The Committee was supportive of the proposal to commission limited third-party assurance over specific ESG and climate-related metrics in both the group's climate and social impact reports.

Internal control

The Audit Committee has the primary responsibility for the oversight of the group's system of internal controls including controls over financial reporting and the work of the internal audit function. The Audit Committee, in collaboration with the Risk Committee, seeks to ensure that the group operates within a framework of prudent and effective controls that allow risk to be identified, assessed and managed.

Policies and manuals in relation to International Financial Reporting Standards (IFRS) and Solvency II reporting requirements and a Financial Control Framework (FCF) are in place across the group. FCF is a first line framework that supports the Committee in enabling it to understand and assess the design and effectiveness of controls over financial reporting, covering IFRS, alternative performance measures, Solvency II and, going forwards, ESG and climate reporting. FCF is a risk-based approach with management identification, documentation, testing, remediation (as required), reporting and certification over key financial reporting-related controls.

The Audit Committee has completed its review and approval of the effectiveness of the group's system of internal control policies and procedures, during the year and up to the date of this report, in accordance with the requirements of the Guidance on Risk Management, Internal Control and related Financial and Business Reporting published by the FRC. During this review, the Audit Committee did not identify any weaknesses which were determined to be significant to the preparation of the financial statements. Where areas for improvement were identified, processes are in place to ensure that the necessary actions are taken and progress is monitored by the Audit Committee.

UK audit and corporate governance reform

In May 2022, the government published its response to the consultation paper, 'Restoring Trust in Audit and Corporate Governance', on strengthening the UK's audit, corporate reporting and corporate governance frameworks. The paper set out expectations and next steps on how the reforms might be implemented.

As a group, Legal & General remains supportive of a number of the proposals, and the Committee is actively engaged in overseeing the group's readiness for their implementation. We expect greater clarity to emerge during 2023 as to the timing, scope and nature of a number of the reforms through changes in corporate governance requirements and proposed legislation, and through the establishment and empowerment of the Audit, Reporting and Governance Authority (ARGA). The Committee will continue to keep a close focus on the reforms, including more active oversight of readiness, to ensure that the group continues to be seen as a strong advocate of high quality and transparent audit and corporate governance.

The Committee's terms of reference, which set out full details of its responsibilities, can be viewed on our website: group.legalandgeneral.com/committees

Key accounting and reporting judgements

Throughout the year, the Committee was briefed at each meeting on the group's key accounting and reporting judgements by management and KPMG. The Committee's response to each issue can be found below and the Committee is satisfied that the financial statements appropriately address the key accounting judgements and estimates in respect of both the amounts reported and disclosures made.

Issue	Committee's response
Valuation of non-participating insurance contract liabilities – retirement: The non-participating insurance liabilities for retirement products are significant in size and their estimation is inherently judgemental.	The Committee evaluated the significant judgements that have an impact on the valuation of non-participating insurance liabilities for retirement products. This included considering: Valuation interest rates – which are used to discount the liabilities. These are sensitive to judgements made, for example, on credit default of the backing assets, as well as the investment data used to calculate the internal rate of return. The Committee focused on management's proposed changes to reserving assumptions, other modelling changes, and the determination of the credit default assumption. This included analysis of internal historical data and external market experience. Longevity assumptions – which estimate how long policyholders receiving annuity payments will live. The challenge around the setting of longevity assumptions was a particularly significant area for review as the judgements made could be expected to have a material impact on the group's results. The Committee considered the effectiveness of the controls over the accuracy and completeness of the data used in determining the longevity assumption and the validity of independent industry data supporting those assumptions. The Committee also reviewed available data illustrating recent trends in mortality experience in the UK population and the mortality experience on different blocks of our business, taking account of the uncertainty in more recent data as a result of Covid-19. The Committee concluded that the retirement insurance contract liabilities are appropriate for including in the financial statements, reflecting the asset risks and the available data on policy holder longevity.
Valuation of complex investments: Mark to model investments can involve significant judgement and can produce valuation challenges for investments in new classes. Mark to model valuations inherently include assumptions that lead to the existence of a range of plausible valuations for financial instruments (known as valuation uncertainty). Certain assets are subject to a higher degree of valuation uncertainty, particularly where valuations are modelled using no market inputs or the valuations are affected by other factors such as the illiquidity of the asset.	The group balance sheet carries exposure to complex investments (typically classified as Level 3 in the fair value hierarchy), in line with the group's strategy and risk appetite. The valuation of these investments, including property assets, lifetime mortgages and private credit, requires the use of complex models and management judgement. The Committee seeks to ensure that the valuation process for these investments is robust. These harder to value assets remain are a key area of focus, partially heightened in 2022 as a result of the higher inflation and interest rate environment. The Committee has continued to review the processes and controls over investment valuations, and in particular the valuation uncertainty policies and governance which include management's assessment of valuation uncertainty by asset type. While we do not currently see any material impact on the valuation of our asset portfolio arising from climate change, we have noted an increased consideration of climate and other ESG factors in third-party valuations. We expect this to be an increasing area of judgement (and therefore disclosure) in future years, and it will form a key area of focus in the Committee's review of this area. The Committee concluded that there are appropriate controls surrounding the valuation of complex assets and that they are valued appropriately for inclusion in the financial statements.
Valuation of non-participating insurance liabilities – insurance: The non-participating insurance liabilities for protection contracts are an important driver of the profitability for this line of business and require judgements to be made regarding the assumed rates of mortality and persistency. The company makes extensive use of reinsurance to reduce mortality risk.	The Committee has reviewed the methodology for calculating reserves including the allowance made for payments to and from reinsurance counterparties. The assumptions for the rate of future mortality and morbidity (how many customers will die or become ill during the policy term) and persistency (how many customers will discontinue cover) are based on the company's internal experience and use judgement about how experience may vary in the future. During 2022, the Committee has continued to spend time reviewing the findings and judgements in respect of the mortality experience of our UK and US books as a result of Covid-19. The Committee reviewed the assumptions and the expected level of prudence taking into account market benchmarking, internal experience studies and the reinsurance structures. The Committee considered the effectiveness of controls in place over valuation models. The Committee concluded that the insurance liabilities of the group's insurance businesses are appropriate for inclusion in the financial statements.

Audit Committee report
continued

Issue	Committee's response
Alternative performance measures (APMs): APMs offer investors and stakeholders additional information on the company's performance and the financial effect of 'one-off' events, and the group uses a range of these metrics to enhance understanding of the group's performance.	As part of its consideration of whether the annual report is fair, balanced and understandable, the Committee has paid particular attention to the use of APMs in reporting the group's performance. The Committee has reviewed the application of adjusted operating profit, and specifically the inclusion of certain items either as part of adjusted operating profit or investment variances, to ensure that they are aligned to both the group's disclosed policies on these APMs and the underlying principles of fair and consistent reporting. Where appropriate the Committee has reviewed additional disclosures provided to enhance transparency in respect of the group's APMs. The Committee concluded that the use and disclosure of APMs, including the clarity of labelling the prominence of APMs versus statutory measures, are appropriate for inclusion in the annual report.
IFRS 17: IFRS 17 is a new accounting standard for insurance contracts due to take effect on 1 January 2023. IFRS 17 is expected to have a significant impact on the reporting of the group's financial performance.	As well as continuing to monitor the preparedness of the group to implement IFRS 17, the Committee has reviewed a number of papers during 2022, covering various areas of policy, methodology and assumptions. In particular, the Committee has reviewed the methodology and assumptions to support the transition to IFRS 17, and has reviewed and approved the impact of that transition on the group's balance sheet and equity position as at 1 January 2022, with a particular focus on the assumptions and judgements that have underpinned the calculation of the contractual service margin (CSM). The Committee concluded that the disclosures in respect of IFRS 17 (and IFRS 9) included in Note 1 Basis of Preparation are appropriate for inclusion in the annual report.

Internal audit

The Group Chief Internal Auditor has a standing agenda item at each Audit Committee meeting to update the Committee on audit activities, progress of the audit plans, the results of any unsatisfactory audits and the action plans to address these areas. The results of Group Internal Audit's work are important to the Committee and provide additional assurance to the controls framework in place at Legal & General. In particular, the Audit Committee evaluates the alignment of the internal audit plan with the group's key risks and strategy. Key areas of focus covered by Group Internal Audit's work during the year included: operational resilience; oversight and management of third-party suppliers; cyber security risk management; IFRS 17 implementation; and the continual oversight of the first and second lines in assessing and monitoring the ongoing risks and impact of the Russia/ Ukraine war on the group. In addition, while all audits undertaken include a consideration of risk and control culture, Group Internal Audit has performed specific assessments of the impact of the move to remote and hybrid working, and concluded there has to date been no identifiable deterioration in the group's risk and control culture as a result of this change.

The Audit Committee meets with the Group Chief Internal Auditor in private throughout the year. The Committee, in line with the IIA Financial Services Code of Practice, conducted an assessment of, and were able to confirm, the independence and professional character of the Group Chief Internal Auditor. The Committee's assessment focused on the key factors impacting independence and areas where the Group Chief Internal Auditor had demonstrated areas of substantial challenge during the last 12 months.

During the year, an externally facilitated evaluation was conducted by Deloitte, which assessed the independence and effectiveness of the Group Internal Audit function. The outcome of this evaluation was positive, with the function assessed as mature and in conformance with IIA standards.

Based on regular internal audit reporting, private sessions with the Group Chief Internal Auditor, and taking into consideration the externally facilitated evaluation noted above, the Committee is satisfied with the effectiveness of the Group Internal Audit function and the appropriateness of its resources.

External audit

The Audit Committee has the primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making recommendations for their appointment, re-appointment, removal and remuneration. The Audit Committee reviews and approves the terms of engagement of the external auditor and monitors its independence. The Audit Committee meets regularly and privately with the external auditor. These meetings allow for regular and open dialogue of any issues relevant to the Committee's work. Audit Committee members also meet regularly with management outside of formal Committee meetings to discuss the relationship with the external auditor and the efficiency of the audit process. Throughout the year the Committee has overseen the planned succession handover of the KPMG lead audit partner, challenged KPMG on the efficiency of audit processes and met with the Chief Executive Officer of KPMG UK to understand the improvements and investments being made to support the firm's commitment to audit quality.

Appointment

The Audit Committee is cognisant of the requirements governing the appointment of an external auditor, notably the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Uses of Competitive Tender Process and Audit Committee Responsibilities) Order 2014, including requirements for mandatory audit firm rotation. The company confirms that it has complied with such requirements for the financial year under review.

Following a competitive tender carried out in 2016, KPMG was appointed as the group's external auditor with effect from the financial year ended 31 December 2018. In May 2022, KPMG was reappointed as the group's external auditor for the financial year ended 31 December 2022, which is their fifth year as the group's external auditor. Rees Aronson, who had been the lead audit partner for KPMG since appointment, retired during the course of 2022 and the Committee accepted KPMG's proposal that Salim Tharani succeed Mr Aronson as lead audit partner for the 2022 audit. Mr Tharani has been a partner of the audit team since KPMG's appointment and in accordance with the ICAEW's requirements will be required to stand down in 2023. Mr Tharani will be replaced by Phil Smart, who has shadowed Mr Tharani during the 2022 audit. The Committee considers the quality and effectiveness of the external audit and recommends to the Board, on an annual basis, whether to recommend the reappointment of the external auditor for shareholder approval. On the basis that KPMG continue to maintain their independence and objectivity, and the Committee continues to remain satisfied with their performance, there are no plans as at the date of this report to conduct a tender exercise for external audit services before the end of the current required period of 10 years. The Committee believes it would not be appropriate to tender before the end of this period as it recognises that, while it is important to ensure the audit firm remains objective and does not become overly familiar with management, there is an important balance to be struck with the investment of time required both from management and any completely new audit team for them to gain sufficient understanding of a large and complex organisation, such as Legal & General, to ensure a top-quality audit.

Assessment of independence and effectiveness

The Committee is responsible for assessing the effectiveness, objectivity and independence of the external auditor. As part of this assessment, the Committee assesses the external auditor against a number of criteria, including but not limited to: provision of timely and accurate industry-specific and technical knowledge, maintaining a professional and open dialogue with the Audit Committee Chair and members at all times, delivery of an efficient and effective audit, the ability to meet objectives within the agreed timeframes and the quality of judgements and audit findings, management's response and stakeholder feedback. In addition, the Audit Committee holds private meetings with the external auditor to discuss the audit process and relationship with management.

The group undertakes an annual formal assessment of KPMG's performance, independence and objectivity. This assessment was conducted in late 2022, by way of a questionnaire completed by key stakeholders across the group, including a member of the Audit Committee. The questionnaire was designed to evaluate KPMG's audit process and addressed matters such as the quality of planning and communication, technical knowledge, the level of scrutiny and challenge applied and KPMG's understanding of the business. Overall the evaluation was positive, with a small number of areas noted for consideration in future audit cycles.

Taking into account the result of all of the above, the Committee considered that KPMG maintained its independence and objectivity and that the audit process was effective.

Non-audit services

In order to safeguard the auditor's independence and objectivity, the group has in place a policy setting out the circumstances in which the external auditor may be engaged to provide services other than those covered by the audit. The policy applies to all Legal & General subsidiaries and other material entities over which the group has significant influence. The core principle of the policy is that non-audit services (other than those legally required to be carried out by the group's auditor) should be performed by the auditor only in certain controlled circumstances. The policy sets out those types of services that are permitted (permitted services) and those types of services which are not permitted (prohibited services). The policy pre-approves certain of the permitted services provided the fee is below a certain threshold; all other permitted services must be specifically approved in advance by the Committee.

The policy is reviewed on an annual basis to ensure that it is fit for purpose and that it reflects applicable rules and guidelines. The policy is aligned with the FRC's requirements and includes the requirement to consider the self-review test under the International Ethics Standards Board for Accountants (IESBA) Code of Ethics, applicable for periods beginning on or after 15 December 2022, before a proposed engagement is assigned. It is also aligned with KPMG's own internal policy on non-audit services for FTSE 350 companies, which broadly restricts non-audit work to services that are 'closely related' to the audit. Any changes to the policy are required to be approved at by the Committee. This is in accordance with laws applicable in the UK and FRC guidance, pursuant to which audit committees of Public Interest Entities are required to approve non-audit services provided by their auditors to such entities; and subsidiary Public Interest Entities in the UK – such as LGAS – can rely on the approval of non-audit services by the ultimate parent's Board Audit Committee.

Assessment of fees

The Audit Committee assesses the external auditor's fee structure, resources and terms of engagement annually. In addition, it also reviews the non-audit service policy and any non-audit services provided by KPMG. Total fees paid to the auditor for the year were £17.5 million (2021: £11.9 million), of which £1.7 million (2021: £1.3 million), was spent on non-audit and other assurance services. £1.6 million (2021: £1.3 million) was spent on audit-related services required by legislation, which is excluded from any calculation of the ratio of non-audit to audit fees in accordance with the UK FRC Revised Ethical Standard for Auditors (2019). Further details can be found in Note 31 to the consolidated financial statements. The non-audit fee represents 10% of the total audit fee for 2022.

Included within KPMG's fees for 2022 are additional audit fees related to the implementation of IFRS 17 and IFRS 9, and specifically work to support KPMG's audit opinion in respect of the transitional impact to the group's balance sheet and equity position as at 1 January 2022.

	2022	2021	2020
Audit	14.2	9.3	10.1
Audit-related required by legislation	1.6	1.3	1.4
Other audit-related	0.9	1.2	0.6
Other assurance	0.8	0.1	0.6
Non-assurance	–	–	–
Total	17.5	11.9	12.7

The Audit Committee is satisfied that this level of fee is appropriate in respect of the audit services required for the group and that an effective audit can be conducted for this fee. The Committee continues to work with KPMG to ensure costs remain appropriate and proportionate to the services provided.