



CITY OF GOTHENBURG
ANNUAL REPORT

2014

The City Executive Board Chairman summarises 2014

Gothenburg is continuing to develop strongly, with a growing population, more jobs and significant investments. Gothenburg is and should be a sustainable city full on, a city that is open to the outside world. In a turbulent world dealing with the wake of the financial crisis and serious unrest in Syria and Ukraine, we have a responsibility to offer people a safe haven and stand up for human rights. In Gothenburg, particular focus is put on children. This perspective influences all decisions.

An organisation for the citizens

The assignment from our citizens is at the heart of the city's work. To succeed in our assignment and achieve the set goals, the work of the City of Gothenburg organisation must be characterised by a "whole city" perspective. One important change that characterised 2014 is the new corporate structure, which went into effect at the start of the year. The new structure is an important step in creating even better operations, improved governance and ultimately more benefit to Gothenburgers.

Gothenburg in the world

Gothenburg is a city that is open to the world and has been historically characterised by international exchanges, trade and external changes. 2014 has been a year of many trouble spots around the world. According to the UN, over 50 million people were displaced – the highest number since World War II. The war in Syria, with about 9 million people displaced, has generated the largest group seeking asylum in Sweden. Gothenburg plays an important role and has a responsibility to offer people fleeing war and unrest a safe harbour and the possibility of a new life.

During the year, the global economy remained unstable. The recovery in the US and the UK shows that it is possible to reverse the trend, although development remained weak in the Euro area. The economic crisis resulted in increased polarisation and the success of anti-EU and xenophobic parties is worrying. With the increased international turmoil also follows a growing threat from violent extremism with both political and religious overtones that the city has to counteract and prevent. In Gothenburg, no one should have to be afraid because of their identity or religious affiliation.

For Sweden, the weak global demand means that exports are not taking off, which inhibits growth and investments in businesses. This means that Volvo's announcement that it will introduce a third shift in the Torslanda plant is particularly welcome news. Young people are a vulnerable group in the labour market and need special initiatives, particularly those who have not

completed their upper-secondary education. A positive example is the "Angered Challenge", an initiative in which Angeredsgymnasiet collaborated with the business world during the year and took major steps to break barriers to employment for young people and created more routes to work. An important change in Gothenburg's work is the new Labour Market and Adult Education Committee, which has been given an expanded mission and began taking shape in 2014. Reducing differences in health and living conditions between different socio-economic groups and areas of Gothenburg is one of the most crucial challenges ahead that will require a long-term perspective. During the year, the Committee for Allocation of Social Welfare started planning for the work with the City Council's goals all over the city.

During the year, Gothenburg continued its strong development into a tourism and events city. The number of guest nights grew for the 23rd consecutive year to four million. In December, the World Floorball Championship was held in Gothenburg and the city was used as an arena, with the opening ceremonies at Götaplatsen. In the summer, Gothenburg's first food truck made its way through the city. This has caused the fast food offering to blossom significantly thanks to the food trucks and street food venues that are popping up around the city. The city's goal is for accessibility to culture to increase and new meeting points for cultural practices have been established. April saw the rededication of the newly remodelled Stadsbiblioteket library and the popular Stadsbiblioteket 300m2 library, located just a few minutes' walk from Centralen and Nordstan, remained open. 2014 also became known as a "super election year" with elections to the European Parliament, the Swedish Riksdag and the Regional Council and the City Council. A consultative referendum on the congestion charge was also carried out. It was gratifying to see that voter turnout in Gothenburg increased slightly.

In the field of education, there was a significant trend with an increase in opportunities for children and students to acquire and develop knowledge in Gothenburg.



The Chairman of the City Executive Board, Anneli Hulthén, reflects on the past year.

Photo: Peter Svensson

The city has worked strategically, giving special focus to educational leadership, systematic quality assurance and the compensatory assignment. In 2014, the percentage of students with a passing grade in all subjects in grade 9 in Gothenburg increased by about three percentage points compared to 2013. In 2014, the city also achieved its goal of full needs coverage in pre-school and a major home-help services initiative was launched in order to increase influence and autonomy.

A city of growth

Extensive urban development with infrastructure development and construction of housing is under way to create long-term attractive and sustainable urban environments for residents, visitors and the business community. The River City vision and the West Sweden Package are strategic initiatives that run like a golden thread through the city's development in the coming years, as is the work for the city's 400th anniversary celebration in 2021. An important part of the city's strategy for increased social mobility and integration is to build a mixture of dwelling types. 671 tenant dwellings, 799 tenant-owner dwellings, 237 private houses and 86 special housing units were completed in 2014.

Implementation of the West Sweden Package continues and is being linked with the planning of a new

main line for high-speed trains between Gothenburg and Stockholm. Upon discovery of problems with the bearing capacity of the taxiways was discovered at Göteborg City Airport last autumn, owner Swedavia decided to close down the airport. This makes it even more important to improve rail access to and from Landvetter as soon as possible.

Globally, 2014 was the warmest year to date and reports indicate that the sea temperatures are on the rise. In 2014, the city decided on a climate strategy programme. Activities related to this programme are now being initiated. The programme applies a unique approach that is based on consumption-based emissions. In addition, sustainable travel has increased and shipping is becoming more environmentally friendly. The Port of Gothenburg has shown a positive trend with reduced greenhouse emissions. The climate will continue to be a key issue for not only Gothenburg but the entire world.

Anneli Hulthén (Soc. Dem.), Chairman of Gothenburg City Executive Board

How to read the City of Gothenburg Annual Report

The City of Gothenburg Annual report is submitted by the City Executive Board to the City Council. It is also intended for external stakeholders in the form of lenders, suppliers and other public authorities. The Annual Report is produced by the City Management Office for the City Executive Board.

By way of introduction in the Annual Report, the Chairman of the City Executive Board, Anneli Hulthén, makes summarising comments on the past year. The City's organisation and the members of the City Executive Board are also reported. The City of Gothenburg Annual Report is then divided into four blocks:



BLOCK 1 Administration Report

The first block contains the Administration Report, which is to be included in the Annual Report in accordance with the Municipal Accounting Act. It comprises a summary of the Annual Report with a focus on the essential parts of the City's economy and activities. The City of Gothenburg's Administration Report comprises a strategic analysis, followed by an assessment of the future that highlights the City of Gothenburg's opportunities and risks based on known conditions. It then goes on to present a summarising financial analysis of the municipality and combined accounts. A follow-up of the City Council's prioritised goals is also presented. A personnel economy report is also made in the Administration Report.




BLOCK 3 Municipal City of Gothenburg – financial analysis and accounts

The block opens with an in-depth financial analysis of the City's accounts and a presentation is made of good economic management, the balanced budget requirement and the earnings equalisation reserve. The term Municipal City of Gothenburg refers to the committees and central municipal items. With the analysis, there is an account that shows for what activity the municipal tax revenue is used and what sponsorship exists within the City of Gothenburg. In the "Financial operations and risk management" section, an analysis is then made of the City's financial commitments in the form of borrowing and the like. The section is followed by the City's financial statements, notes and accounting principles. Finally, the block gives a brief description of the financial results of the district committees and the departmental committees, followed by the City's operational and investment accounts.



BLOCK 2 Activities of the City of Gothenburg

This block is used to report parts of the activities conducted by the City of Gothenburg's 30 or so committees and its 20 or so Groups and companies in 2014. The block is divided into the following areas of activity, taken from the City Council budget: education, individual and family care, people with functional impairment, elderly care and home medical care, labour market initiatives, building and housing, traffic, culture and leisure, industry and tourism, climate and the environment, human rights, equal opportunity, public health, children and finally foundations. In each area, important events and trends are described from different perspectives. Each area concludes with a brief assessment of the future.



BLOCK 4 Combined accounts – financial analysis and accounts

Group accounts are referred to as combined accounts in the municipal sector. This block begins with a financial analysis of the combined accounts. This is followed by financial statements and notes. After this, there is a summary analysis of the earnings and investment analyses of some of the larger Groups and companies in the City of Gothenburg. Finally, all of the larger Groups and companies are shown in tabular form, where earnings, total assets and various key ratios are presented for each individual Group or company.

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Organisation of the City of Gothenburg

CITY COUNCIL

CITY EXECUTIVE BOARD

DISTRICT COMMITTEES

Angered
Askim-Frölunda-Högsbo
Centrum
Lundby
Majorna-Linné
Norra Hisingen
Västra Göteborg
Västra Hisingen
Örgryte-Härlanda
Östra Göteborg

DEPARTMENTAL COMMITTEES

Adult Education Committee
Archives Committee
Chief Guardians' Committee
City Management
City Premises Committee
Committee for Allocation of Social Welfare
Committee for Consumer and Citizen Services
Committee for Intraservice
Cultural Affairs Committee
Eco-cycle and Water Committee
Education Committee
Electoral Committee
Environmental and Climate Committee
Parks and Landscape Committee
Planning and Building Committee
Property Management Committee
Road Traffic Committee
Special Transportation Services Committee
Sports and Associations Committee

JOINT STATUTORY AUTHORITIES

JOINT STATUTORY AUTHORITIES

Greater Gothenburg
Rescue Services
Stretered

CITY COUNCIL

CITY AUDITORS' OFFICE

NOMINATIONS COMMITTEE

COMPANIES

Göteborgs Stadshus AB

Internal companies Göteborgs Gatu AB Göteborgs Stads Upphandlings AB Försäkrings AB Göta Lejon Kommunleasing i Göteborg AB AB Gothenburg European Office	Energy Göteborg Energi AB
Temporary placement Boplatz Göteborg AB	Housing Förvaltnings AB Framtiden
Regional companies Renova AB Gryaab AB Göteborgsregionens Fritidshamn AB (Grefab)	Premises Higab AB
	Industry Business Region Göteborg AB
	Public transport Göteborgs Spårvägar AB
	Port Göteborgs Hamn AB
	Tourism, culture and events Göteborg & Co Kommunintressent AB

Göteborgs Stadshus AB is organised with internal, regional and temporarily placed companies that are directly under the parent company. There are also seven sub-groups with associated parent companies, each of which has a number of subsidiaries.

Members of the City Executive Board 2014



Anneli Hulthén
(Soc. Dem.)
Chairman



Jonas Ransgård
(Mod.)
Vice Chairman



Dario Espiga
(Soc. Dem.)
City Councillor



Kristina Tharing
(Mod.)
City Councillor



Kia Andreasson
(Green)
City Councillor



Maria Rydén
(Mod.)
City Councillor



Marina Johansson
(Soc. Dem.)
City Councillor



Mats Pilhem
(Left)
City Councillor



Helene Odenjung
(Lib.)
City Councillor



Johan Nyhus
(Soc. Dem.)
City Councillor



Martin Wannholt
(Mod.)
City Councillor



Thomas Martinsson
(Green)
City Councillor



David Lega
(Chr. Dem.)
City Councillor



Mats Arnsmar
(Soc. Dem.)
Deputy City Councillor



Hampus Magnusson
(Mod.)
Deputy City Councillor



Anna Johansson
(Soc. Dem.)
Deputy City Councillor



Ann Catrine Fogelgren
(Lib.)
Deputy City Councillor



Robert Hammarstrand
(Soc. Dem.)
Deputy City Councillor



1 ADMINISTRATION REPORT

According to Chapter 4 of the Municipal Accounting Act, the City shall prepare an Administration Report for the Annual Report. This shall be a summary of the Annual Report, with a focus on the essential parts of the City's economy and activities.

ADMINISTRATION REPORT

11 Strategic analysis

The purpose of this section is to describe community development in Gothenburg and the region from an outside world perspective.

14 Assessment of the future

This section presents and discusses expectations for the future based on concrete and known conditions.

15 Summarising financial analysis

The summarising financial analysis presents important financial trends within the City, certain large separate companies and the combined accounts (the Group).

17 Prioritised goals and assignments

An important part of management in the City of Gothenburg is made up of the prioritised goals that the City Council has set in the budget. A follow-up of these goals is presented here.

24 Personnel

The Administration Report shall describe "significant personnel conditions". This section focuses on City personnel from a number of aspects.

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Strategic analysis

2014 was a record year demographically and in relation to the number of displaced people hoping to find a safe haven in Sweden. At the end of the year, 541,145 persons were registered in Gothenburg, an increase of 7,874 Gothenburgers for the year. During the super election year, there was an increase in voter turnout in the country and in Gothenburg. Geopolitical issues took up a great deal of space on the EU agenda. The conflict in Ukraine increased concerns about Russia's foreign policy. The difficult economic situation in Italy, France and Greece with high unemployment contributed to tensions within the EU. Globally, 2014 was the warmest year to date.

Record population growth

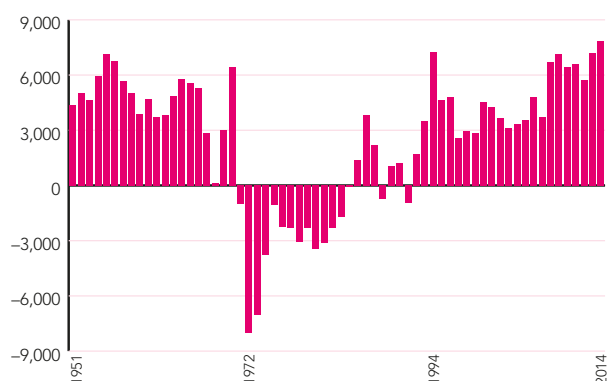
For the first time ever, Sweden's population increased by over 100,000 people in a single year in 2014. Record-breaking immigration, 127,000 people, was a major reason for the huge increase. One in five immigrants were born in Syria, which made the Syrians to the largest immigration group. The largest population increases occurred in the metropolitan areas, which meant that urbanisation rate continued to rise. In the last ten years, Sweden has the fastest growing urbanisation in the EU, albeit from a relatively low level. The Gothenburg region grew by 12,888 people – with the current growth rate, the region will break through million-barrier some time in 2017.

Gothenburg had the largest increase in at least 65 years, which is the period during which there is reliable annual population data. There is data on population change elements since 1969 and the record-breaking is fast and furious. The difference between the number of births and deaths, birth net, broke records and accounted for more than 3,400 people of the population increase. This is because the number of deaths was at a record low, while the number of births was at a high. Net migration accounts for the remaining 4,400 people, with further records behind this figure – both in-migration to and out-migration from the city broke records as did immigration.

Not all children leave Gothenburg, even though families with children make up a large proportion of those who move out to neighbouring municipalities. An ongoing relocation study shows that of the children born in Gothenburg, approximately 15 percent had moved to a neighbouring municipality when it is time to start school. Another eight percent live in other parts of Sweden and five percent have moved abroad. Thus, seven out of ten children are still living in the city at the time of school start. There is also an in-migration of children to Gothenburg, although it is smaller than out-migration. When it comes to domestic migration, Gothenburg acts like a magnet for the entire Gothenburg region – with a

major in-migration from the nation outside of the region and an equal level of out-migration within the region. Of those migrating out, many still have major aspects of their life (school, work, leisure activities) in Gothenburg but live outside of the municipal boundaries. This shows the importance of looking beyond municipal boundaries and considering the entire region and the dynamics within it in relation to factors such as the housing and labour market.

Population change in Gothenburg – 1951–2014



Large number of displaced people

According to the UN, over 50 million people were displaced during the year – the highest number since World War II. By far the largest number of refugees were received by neighbouring countries of those affected, but a large number has also made its way to Europe. The year was marked by war in Syria, with about 9 million people displaced, of which 2.5 million Syrians abroad.

80,000 sought asylum in Sweden, with the largest single group being Syrians. 45,000 new arrivals were given residence permits and the opportunity to start a new life in the country. More than 7,000 of the asylum seekers were unaccompanied minors. Other large refugee groups came from Somalia, Afghanistan or were

stateless. Sweden has not had such high levels of refugee intake since the Balkan Crisis in the mid-1990s. In the next few years, refugee intake is expected to remain at these high levels, which increases pressure on the efforts of municipalities.

All countries in the country took in new arrivals, but approximately 10,000 of the new arrivals moved on and arranged housing on their own. Relocation occurred primarily in the metropolitan areas. Approximately 3,000 refugees came to Gothenburg, compared to 2,400 in 2013. Around 1,000 were children and young people, of which 400 were unaccompanied minors. The forecast for the next two years is 3,000 to 3,500 new refugees per year, of which 450-500 unaccompanied minors. The actual intake of new arrivals, i.e. the percentage of the population, was slightly higher in Gothenburg (0.5%) compared to Stockholm (0.3%) and Malmö (0.3%). Over the past fifteen years, it is the difference between immigration and emigration which has accounted for the largest share of Gothenburg's positive net migration, while the difference between domestic in- and out-migration has often been close to zero. This was also the case in 2014. Like in the rest of the nation (and the world), the crisis in Syria caused an increase in immigration.

During the year, the distribution of efforts to take in asylum seekers was debated, both between municipalities in Sweden and the EU. In 2014, six out of the 28 EU member states took in almost 80 percent of the refugees that came to the EU. Sweden is the country in Europe that takes in the highest number of asylum seekers per capita and in absolute terms only in Germany has more people seeking asylum.

The EU's last major poll, Europe Barometer, showed that Swedes are by far the most positive towards immigration. 72 percent of respondents were positive, both in terms of immigration from other member states and from countries outside the EU. In contrast, more than 60 percent of surveyed EU residents were opposed to immigration from outside the Union.

Increased turnout during the "super election year"

The city's electoral commission had an intense year of work with the European Parliament election, parliamentary election and elections to the Regional Council and the City Council. A consultative referendum on the congestion charge was also carried out.

The European Parliament election in May was historic in the sense that it was the first time that more than half of all Swedes (and Gothenburgers) voted. The Swedish turnout was 51.1 per cent, an increase of 5.5 percentage points over last election in 2009. In Gothenburg, 54.6 per cent participated in the election, an increase in line with the national level. The European turnout decreased marginally to 42.5 per cent, which means that the unbroken decline continues – participation has declined in every election since the first EU elections in 1979.

In September, the Swedes went to the polls once again and voter turnout increased compared with the

election four years ago. 85.8 per cent of Swedes voted in parliamentary elections, an increase of just over one percentage point. In Gothenburg, voter turnout increased slightly in relation to elections for the Riksdag (82.8%), Regional Council (78.5%) and City Council (79.2%).

Fluctuation in cohesion

Continued economic crisis in several member countries, weak growth, growing income gaps and high unemployment for some groups in society contributed to the cohesion fluctuating in the EU and the nation. These factors have created polarisation in both a socio-economic plane and in public opinion. Several surveys in recent years have indicated increased segregation in metropolitan areas in Europe and Sweden.

This year's EU elections represented a success for anti-EU and xenophobic parties and composition of the Parliament became more polarised when the outer edges grew at the expense of the political centre. Not since World War II have so many xenophobic or extremist parties been elected to the parliaments, both within the member countries and the European Parliament. This may have contributed to extreme movements beginning to gain a foothold even in Sweden, which has hitherto been rather spared from extremism. Fear of the unknown creates gaps and extreme views, and during the year threats against various religious communities increased, intolerance was demonstrated more openly and a number of young Swedish citizens joined extremist groups.

Freedom of movement is one of the corner stones of cooperation within the EU cooperation. In recent years, some EU member countries have expressed concern about "welfare tourism". But according to an EU study, the concern is unwarranted because EU citizens living in other member countries in most cases does not use its social security system to a greater extent than other inhabitants of the country. The main reasons for the move are to find work, relatives or immediate family.

The trend of provision in the street rose in Europe as did the debate around the issue, which led to several countries banning begging. There are no statistics on how many people came to Gothenburg, but about 600 people slept at the Stjärnklart night shelter since November 2013, and some of these are Roma. The Commission against Antiziganism reported that there are indications that antiziganism has increased, or at least become more visible, and sought a clearer rights perspective. The report said that antiziganism is deeply rooted in Swedish society and the discrimination has not been seriously questioned. The debate spilled over and created greater intolerance even against Roma groups who have been Swedish citizens for generations.

Increased employment but not in manufacturing

The global economy remained volatile in 2014. True recovery started in earnest for the United States and Great Britain, but development in the Eurozone – an area important to Swedish export – remained weak.

In December 2014, about 24 million people were unemployed in the EU. This corresponded to an unemployment rate of 9.9 percent and was a decline of 1.7 million compared to December 2013. The sharp increase in unemployment since the 2008 crisis seems to have reached its peak in mid-2013 and a tentative recovery has begun. Swedish unemployment reached its peak in 2010 (8.6%), but little has happened since then. 7.8 percent in December 2014 remains slightly below the EU average, but in line with recent years.

Weak global demand kept Swedish exports down, and thereby growth and indirect investments in business were also low. Despite this, the number of employed continued to increase in 2014 by about 70,000 persons, of which foreign-born accounted for two-thirds. Employment grew in almost all branches of the Swedish economy. The major exception was the manufacturing industry, where employment decreased for the third year in a row. Volvo announced a third shift in the Torslanda plant, which is particularly welcome news.

The labour force also grew during the year, both for purely demographic reasons and as the result of measures to stimulate supply, which explains why Swedish unemployment remained generally flat despite increased employment.

Statistics from the Swedish Public Employment Service show that enrolment declined slightly during the year after generally remaining at 2008's high level in recent years. Unemployment in Gothenburg, both total and for young people, was in line with the national level. The level was higher compared to Stockholm, but significantly lower than in Malmö.

Registered unemployed, percentage (%) of workforce

All, 16–64 years old	2012	2013	2014
Stockholm	6.7	7.1	6.6
Gothenburg	9.3	9.4	8.8
Malmö	14.0	14.9	14.9
Sweden	8.4	8.5	8.0
Young people, 18–24 years old	2012	2013	2014
Stockholm	8.7	9.6	8.6
Gothenburg	15.4	15.3	13.1
Malmö	23.0	24.5	23.3
Sweden	17.7	17.2	15.0

Source: The Swedish Public Employment Service

Climate remains a hot topic.

Globally, 2014 was the warmest year to date. There were also disturbing reports of rising sea temperatures. The year was marked by preparations for the 2015 climate summit in Paris, with a summit in New York and climate negotiations in Lima. It was important that China and the US finally pledged to make emissions reductions, even if they are still too small. Sweden climbed to tenth place on the WWF's list of the world's

largest global footprint. One reason is that the Swedish economy has been good in comparison to many others, but can also be attributed to our huge meat consumption and import of goods from e.g. China. It is therefore good that Gothenburg's climate strategy programme has a consumption perspective.

The transition to a more sustainable economy is under way and some progress was seen during the year. One acclaimed report, *The New Climate Economy*, with contributions made by the Stockholm Environment Institute, showed that a transition to a climate-adapted society is possible and that it is possible to create growth in a sustainable manner. A model for the circular economy and the EU proposal "Towards a circular economy: a zero waste programme for Europe" was circulated for review during the year and Gothenburg was in favour of higher ambitions in this sector. However, the Commission was forced to withdraw the proposal, which in conjunction with other actions by the new Commission may indicate that the EU's environmental work has changed course. The transition to a circular economy affects many sectors of society, particularly design and production but also waste management and purchasing. Also required are new business models and a new view of ownership. The Committee for Consumer and Citizen Services is trying to provide support for development in this area.

Over the past five years, wind power has quadrupled its production in Sweden and now represents eight per cent of the energy supply. In comparison, it represents 39 per cent in Denmark. Solar energy is predicted to be the largest source of energy in 2050, largely because the price per unit is dropping. During the year, the City of Gothenburg installed both solar panels and solar cells on the roofs of various organisations, such as the City Premises Administration, and more will be installed in the upcoming years. Oil prices plummeted in the autumn, which has both pros and cons from an environmental standpoint. It is a negative in that alternative fuels lose their competitive edge, but a positive in that it is no longer profitable to pick up inaccessible reserves. But, the continued drop in oil prices could delay the green transition.

The demand for increased transparency in society has generated increased pressure to review holdings of fossil investments – something that municipalities, banks, institutions and pension funds have undertaken. The City of Gothenburg has no holdings in funds with fossil extraction.

Assessment of the future

Last year was the warmest year on record. It reminds us that climate change has gone from being a global future threat to also having a direct impact on the municipal everyday life here and now. This will in all likelihood become increasingly clear in coming years.

Last year was also the year in which the Gothenburg experienced its largest population increase in 50 years. The reason is both the increasing globalisation that makes more people want to live in metropolitan regions and conflicts in the world that make people flee to countries like Sweden to find security for themselves and their families. Here we face a great challenge to provide good housing and communal services, such as pre-schools and schools, to more people.

Gothenburg's population and settlement structure and the population development we anticipate going forward also poses challenges when it comes to building a functional infrastructure that enables us get to our jobs and schools in a manner that is quick and environmentally friendly.

In all, the means that we must be able to finance both a functioning welfare system for more people and investments in infrastructure such as streets, public transport

solutions, premises, etc. This will require us to think in new ways to find both new financing solutions and new ways to carry out our assignments.

Gothenburg is also a divided city with big differences in living conditions between different parts of the city. This negatively impacts all of us. Efforts to create a socially sustainable city with reduced differences engage many of the city's administrations and companies. It is important that the commitment continues and is transformed from words into concrete action.

Gothenburg is the growth engine for western Sweden, along with other metropolitan regions important for growth throughout Sweden. It is therefore crucial that Gothenburg continues to be an attractive city for business and students. In and around our universities and colleges, a creative environment often forms, where ideas for future development and the companies of tomorrow take shape.



Gothenburg's population growth poses challenges both in terms of being able to offer good housing and build a functioning infrastructure.

Photo: Klas Eriksson

Summary financial analysis

The Municipal City of Gothenburg reported net earnings of SEK 392 million for 2014. If extraordinary items and capital gains are excluded, a break-even result was achieved according to the balanced budget definition. The financial margins declined in 2014 and the structural earnings were halved compared to 2013.

The City of Gothenburg's collective volume of investments for 2014 amounted to SEK 2,190 million, which was about the same level as for 2013.

The City of Gothenburg Group reported net earnings for 2014 in the amount of SEK 433 billion. Compared to 2013, earnings were 1,300 million lower, of which the municipality accounted for 760 million and the company sector accounted for 540 million.

The financial analysis reported on the following two pages should be seen as a summary of the financial development and position of the City and the City of Gothenburg Group. More in-depth analyses are found in blocks three and four further on in the Annual Report.

MUNICIPAL CITY OF GOTHENBURG

Net earnings in the municipality

When analysing the earnings of the Municipal City of Gothenburg, it is important to eliminate non-recurrent items of various types to look at the underlying current operating earnings. The City's net earnings often include a number of items that are non-recurrent in nature.

In both 2014 and 2013, the City's net earnings were also affected by extraordinary items. It is extremely rare that events are defined as extraordinary, which means that term is used very sparingly.

If extraordinary items are excluded, the net earnings for 2014 amounted to SEK 138 million compared with SEK 898 million for 2013. If items affecting comparability are also excluded, the net earnings for 2014 amounted to SEK 610 million compared with SEK 728 million for 2013. The items affecting comparability thus negatively impacted earnings in 2014, while the items had a positive effect in 2013.

The negative effect in 2014 is explained by the fact that the City made provisions in 2014 for co-financing of state infrastructure measures equal to SEK 472 million. The effects of co-financing could be accommodated within the framework of the balanced budget requirement partly with the help of dividends from Stadshus AB, which amounted to SEK 226 million.

Municipal City of Gothenburg in figures

MSEK	2012	2013	2014
Gross costs	30,263	31,531	33,096
Total assets	42,483	51,460	57,732
Net earnings for the year, not incl. extraordinary items	669	898	138
Net earnings for the year, not incl. extraordinary items and items affecting comparability	596	728	610
Net earnings for the year	669	9,595	392
Volume of investments	2,498	2,394	2,190
Volume of investments, incl. investment income	2,102	1,592	1,733

Good economic management from an earnings perspective

If earnings excluding extraordinary items and items affecting comparability are related to tax revenue and municipal financial equalisation, the City reported earnings of 2.4 per cent in 2014. This is in line with 2012 and 2013, but the level was achieved in 2014 partly with the help of dividends from Stadshus AB.

In 2013, the City Council adopted guidelines for good economic management and application of an earnings equalisation reserve. The guidelines include that "The City shall over time strive to achieve an earnings surplus equal to at least two per cent of the City's tax revenue and municipal financial equalisation. The earnings level shall be in line with the City's exposure to risk."

Generally speaking, results between 2 and 3 per cent are considered good economic management since such results give room to over time finance most of the normal volume in investments in a municipality through taxes. During the past five years, Gothenburg reported an average of 3.8 per cent.

Investments for the year totalled SEK 2.2 billion

The City of Gothenburg's collective volume of investments for 2014 amounted to SEK 2,190 million. There was a lower volume than planned in the budget, mainly due to postponements.

Portions of the volumes of investments are financed by investment income. The volume of investment to be financed from own resources amounted to SEK 1,733 million.

About 21 per cent of the total investments, excluding investment income, was made in pre-schools and schools. Investments in infrastructure accounted for 35 per cent. Investments in water and sewage operations accounted for 15 per cent and investments in healthcare accounted for 5 per cent. Investments in parks/green areas and sports facilities took 4 and 3 per cent, respectively. Other investments totalled 16 per cent.

The City's equity-assets ratio

The City's equity-assets ratio according to the balance sheet has been relatively constant in recent years. Due to changes in the City's company structure, 2013 saw a large increase from 20 per cent in 2012 to 35 per cent in 2013.

This figure dropped to 32 per cent in 2014.

Balanced budget requirement met

The City meets the statutory balanced budget requirement in 2014 with earnings not including capital gains amounting to SEK 0 million. There were no provisions or utilisation of the earnings equalisation reserve (EER), which meant that the balanced budget requirement earnings amounted to SEK 0 million. Since its implementation in 2000, the City has met the balanced budget requirement every year.

A more detailed description of the economy in the City is found in block 3.

COMBINED ACCOUNTS – THE GROUP

The City of Gothenburg Group reported net earnings for 2014 in the amount of SEK 433 million. Compared to 2013, earnings were 1,300 million lower, of which the municipality accounted for 760 million and the company sector accounted for 540 million.

Group investments totalled SEK 6.2 billion in 2014. There was a decrease of SEK 400 million compared to 2013. The decrease is mainly attributable to projects that were postponed.

The equity-assets ratio was 30 per cent, which is unchanged compared to the previous year.

Combined accounts in figures

MSEK	2012	2013	2014
Receipts	47,201	48,230	48,470
Total assets	78,096	81,074	81,468
Earnings after financial items	2,802	1,922	561
Net earnings for the year	2,934	1,733	433
Volume of investments	7,244	6,647	6,248
Equity-assets ratio	29	30	30

A more detailed description of the economy in the combined accounts and individual companies is found in block 4.

Municipal City of Gothenburg / financial key ratios

	2012	2013	2014
Earnings and capacity			
Net earnings for the year, not incl. extraordinary items and items affect-ing comparability / tax revenue	2.5 %	2.9 %	2.4 %
Degree of self-financing of investments, incl. investment income	69 %	108 %	58 %
Equity-assets ratio	20 %	35 %	32 %
Risk and control			
Acid-test ratio	108 %	66 %	70 %
Net financial assets (MSEK)	-5,366	-5,377	-6,074
Municipal tax rate (SEK)	21.12	21.12	21.12

Prioritised goals and assignments

In the budget for 2014, the City Council has stipulated 22 prioritised goals and 19 assignments. This section provides a summarised follow-up of goal achievement and the degree to which assignments have been carried out.

Summarised follow-up of goals

Based on decisions of committees and boards on how to address the City Council's prioritised goals, many activities are under way in the administrations and companies in relation to goal achievement. The committees and boards report goal achievement based on the activities and the available commitment and assessment of goal achievement level varies. Good goal achievement in committees and boards does not necessarily mean good goal achievement for the City as a whole.

The importance of the process owners' role of coordinating, monitoring and leading to achieve the goal is highlighted when there are multiple goals. One example is the process owner the Committee for Allocation of Social Welfare, which has coordinated surveys of differences in living conditions and health in Gothenburg. The reports are part of the City's work to achieve social sustainability. The starting point is the prioritised goals in the City Council, which relate to reducing differences in health, equalising living conditions and preventing social problems. The next step will be to draft strategies and action plans to achieve changes in the desired direction.

The progress towards the prioritised goals is assessed as follows for the City as a whole:

- Four goals are deemed to have good goal achievement
- 16 goals are deemed to have some goal achievement
- Two goals are deemed to have no goal achievement. This applies to the goal "Differences in health between different socio-economic groups and parts of Gothenburg shall be reduced". Although mobilisation in relation to the goal was high during the year, systematic and sustained work is required before results can be achieved. For the new goal "The number of households with long-term dependence on income support shall be reduced", there has been no goal achievement but the growth rate has decreased.

Increase the prospects for good life chances for all people in Gothenburg and thus equalise the current differences

There has been some goal achievement for 2014, but the goal to increase the prospects for good life chances for all people in Gothenburg must be viewed from a long-term perspective. With the support of process ownership, goal achievement work has evolved to become part



In the budget for 2014, the City Council stipulated 22 prioritised goals.

of social sustainability work, in cooperation with other prioritised goals for the City.

The strategies and organisation for goal achievement has changed and evolved during the year from being primarily a matter for the district committees to include companies and departmental committees. A number of activities, such as workshops, have been carried out jointly over the City and a number of focus areas have been defined.

Early prevention and rehabilitation efforts shall increase for children, young people and adults with substance abuse problems

The goal to increase early prevention and rehabilitation measures when it comes to children and young people and adults with substance abuse problems, has been included in the budget since 2012. Goal achievement

is considered good. The goal is part of the City-wide work for social sustainability and is a natural part of the district councils' core operations. The goal is difficult to assess in terms of the number of preventive and rehabilitative measures, but goal achievement may still be judged as good as the focus of social sustainability is early prevention efforts to reduce differences in life chances and health.

The number of households with long-term dependence on income support shall be reduced

A pleasing trend was that the rate of growth of the group long-term dependent households (income support for at least 10 months in a year) continued to decline. In total, 9,527 households were long-term dependent and had income support as a more or less permanent form of income in 2014. This group has shown an increase of 3,800 since 2008. No goal achievement can therefore be indicated.

Integration as measured based on the strategic areas of the balanced scorecard for integration shall increase

Important steps have been taken to strengthen the government's strategies and measures for integration and social sustainability. A City-wide effort has been initiated for social sustainability, targeted municipal initiatives for particularly at-risk schools have produced positive results, plus more efficient methods of work for increased employment, a slightly larger number of procurements with social considerations and investments in socially mixed housing and building to lower rents are measures showing a positive trend. Regarding the latter, the initiative is in the planning stage and can only be evaluated further in the future. In summary, there has been some goal achievement, relative to what the City can influence through its activities. In particular, the strategies, cooperation and methods have been strengthened and developed.

Equality in City activities shall increase

Goal achievement is considered good in relation to equality from an activity perspective. But since there are still many organisations that have not yet begun such work, goal achievement is assessed to a certain extent based on an overall perspective for the City.

The efforts carried out during the year in the majority of the districts as well as some departmental administrations and companies have created better conditions for greater equality in the service. Training courses has been conducted for deeper understanding of the importance of gender equality for development of activities and the number of activities with integrated equality has increased. Positive results have increased as a result of this work. Work practices and approaches changed, which led to better equality in the offering in areas such as sports, culture and leisure.

Differences in health between different socio-economic groups and parts of Gothenburg shall be reduced

2014 was the second year that this goal was included in the budget for the City of Gothenburg. When it comes to work towards the goal and the number of ongoing activities, goal achievement is good. No goal achievement can be seen when it comes to actually reducing differences in health and living conditions. The reason for this is that the goal is so long-term that it will likely take many years before a clear change of trend can be seen.

The process owner, the Committee for Allocation of Social Welfare, began planning to work with the goal over the entire City in 2014. Previous work with public health issues, compilations of health data and existing structures will form the basis for the work. Health data analysis reveals clear differences in health, for example between people with little education and those with a greater level of education.

Children's physical environments shall be improved

There was some goal achievement. One concrete result was that half of all playgrounds underwent a safety inspection and that an additional SEK 20 million was allocated to maintenance of toilets in schools and pre-schools. The process owner, the Planning and Building Committee, worked for years to spread, develop and implement the child impact assessment. The aim was to create a systematic structure so that the perspective of the child was included from the beginning of projects and processes. Cooperation occurred through forms such as the network "Barn och unga i fysisk planering" (Children and young people in physical planning). Although use of child impact analyses is growing, there could be even greater use of these. To improve goal achievement, it was pointed out that methods to establish dialogues with young children must be developed. Awareness that processes must be looked at from the perspective of the child increased in the City.

Schools shall give children and students opportunities to acquire and develop knowledge, abilities and values

A slight increase in children's and students' opportunities to acquire and develop skills during the year was noted. Increased opportunities for children and students to develop abilities and values was a factor more difficult to assess. The percentage of students with a passing grade in all subjects in grade 9 increased by about three percentage points compared to 2013. The percentage of boys with a passing grade in all subjects increased by five percentage points. A general explanation for the improved results was improved systematic quality work. The large variation in school performance between the districts consisted of a 40 percentage point difference between the highest and lowest percentage of students with a passing grade in all subjects in grade 9. The 2013/14 school year was first year that grade results were



Young Gothenburgers' opportunities for rich and meaningful leisure time shall be expanded. Last year, major efforts were implemented to increase swimming ability.

reported for students under the new upper secondary school reform, which meant that grade results were difficult to assess.

Schools shall to an increased scope compensate for differences in students' conditions at both the student level and between different schools

Goal achievement was good yet inadequate. The efforts made during the year have certainly paid off, but the administrations have not been able to compensate for the differences. Administrations have worked strategically and purposefully to reduce differences and to compensate for the students' differing conditions. With a greater focus on analysis of completed efforts, improved reporting and a continued strategic choice of which initiatives to implement, it should be possible to further increase goal achievement.

Young Gothenburgers' opportunities for rich and meaningful leisure time shall be expanded

Goal achievement is considered good. 85 per cent of boys and 78 per cent of girls were satisfied or very satisfied with their leisure time, with the highest percentage among children born in Sweden and lowest among foreign-born children, 71 per cent (survey "Barn och ungas fritid i Göteborg 2014" (Children's and young people's leisure time in Gothenburg 2014)). 54 per cent

of the boys and 47 per cent of the girls were members of an association. The majority were in a group, network, association for a particular interest or similar. The survey indicated that the association concept seemed to be unclear or not important to young people.

Of the boys, 87 per cent had some type of sports training outside of school two or more times per week, while the figure for the girls was 61 per cent. Great efforts were made to increase swimming ability. Participant-steered activities gained popularity in leisure activities. LGBTQ certification helped make it possible to reach more young people.

Young people in Gothenburg shall be given greater opportunities to influence

In 2014, there were two questionnaire surveys that addressed influence issues among young people in Gothenburg. Administrations and companies were also asked about opportunities for young people to have an influence within their respective activities.

The assessment of goal achievement shows that young people's opportunities to have an influence increased, i.e. goal achievement was good. It had become more common for the organisations to develop strategies and test work methods that take young people's opinions into consideration. Examples were also given as to how young people's suggestions and viewpoints produced

results. But there is still potential for development. For example, it was only a small percentage of young people who are actually given the opportunity to have an influence.

Most active were the organisations for which young people were the primary target group, such as culture, sports, pre-schools, schools, recreation centres, libraries, and within urban development, such as planning of playgrounds, school yards, sports facilities and environments in new residential areas.

The elderly shall have greater control over their everyday lives

The elderly's control over their everyday lives has often been a goal highly prioritised in the elderly care sector. Many of the departmental committees and companies focused on this goal during the year. They acquired knowledge of the elderly's needs and wishes through cooperation and training, marketing of themselves and activities targeting the elderly, all of which were positive. In all, there was some goal achievement.

During the mandate period, the district committees responsible for elderly care worked to determine what is important for the elderly to exercise control over. During the year, several good examples were spread, including a work method that resulted in dignity guarantees and how one district committee worked with the wishes of the elderly and turned them into guiding factors in employee schedules.

Gothenburg shall reduce its climate impact to become a climate-neutral city

Gothenburg has ambitious climate change goals, and there is some goal achievement. The short-term goal, which applies in the Gothenburg geographic area, shows a positive trend, but unfortunately progress is not fast enough to achieve the goal by 2020. For the first time, the long-term goal was calculated to be less than 2 tonnes of carbon dioxide equivalents per person per year. With the current situation, emissions are at least 8 tonnes, which requires a major societal shift by 2050. During the mandate period, considerable effort has been invested in developing a long-term strategy for this. The climate strategy programme was approved in 2014 and measures in accordance with the strategies can now begin. The programme applies a unique approach that is based on consumption-based emissions. The next step is for the City to develop its cooperation with Gothenburg society and businesses, for example by drafting a climate protocol.

The City shall satisfy Gothenburg's housing needs better

2,017 dwellings were completed in 2014, which is slightly lower than in 2013 when 2,568 dwellings were completed. A total of 8,397 dwellings were completed between 2011 and 2014, while the goal for the mandate period was 10,000 completed dwellings. Failure to achieve the goal is primarily attributable to the effect of

the financial crisis and recession in 2008/2009, which reduced the amount of housing construction started in 2009, which in turn directly affected the number of completed dwellings in both 2010 and 2011. In addition, assessments of the long-term housing need in the early 2000s was too low, which affected goal achievement. However, there has been some goal achievement. Measures currently being implemented will produce results that will first be seen a number of years in the future.

Economic use of resources shall increase

There has been some goal achievement. Many measures are under way in accordance with the budget goal, but the measures need to continue and undergo further development. Household waste quantities continue to develop in the right direction, residual waste quantities have been reduced and separated collected food waste has increased substantially during the mandate period. New methods have been developed to measure economic use of resources in relation to waste, creating new possibilities for monitoring the goal in the future. Active process ownership plays a significant role. Examples of initiatives intended to reduce waste quantities are the projects "Skrota skräpet" (Scrap your scrap), which aims to increase the sorting of waste, and "Förebygga avfall i Göteborgs Stad" (Prevent waste in the City of Gothenburg), which aims to reduce the quantities of waste. The environmental diploma model is also highlighted as an important tool.

Sustainable travel shall increase

There has been some goal achievement. Public transport and travel by bicycle increased and car travel decreased during the mandate period. Both structural and attitude-influencing measures have been implemented. The congestion charge and improvements for bicycle and public transport played a significant role. The percentages for 2014 were public transport 28, bicycle 7, pedestrian 24 and car traffic 41 per cent.

Travel by public transport varies between modes – bus and boat travel increased, 4 and 15 per cent respectively, while tram travel decreased 2.5 per cent. Cycling at the measuring stations increased 4 per cent. Car traffic decreased in central Gothenburg, but increased at fixed measurement points and the municipal boundaries. Traffic increased at the control points, 4-5 per cent, but has decreased 7-8 per cent since the congestion charge was introduced.

"Trafikstrategi för en nära storstad" (Traffic strategy for an interconnected city) was adopted for the conversion of traffic systems. Approximately 95 per cent of the City's own lightweight vehicles are green vehicles.

Biological diversity shall be promoted

Many different measures have been implemented that individually and together have a promoting effect and have produced some goal achievement. The environmental program has highlighted some 70 measures and additional financial resources have been granted.

The ecological issues have been given greater weight, among other things through the three adopted strategies in the physical planning. Compensation measures, green space factors and ecological landscape analyses are other important tools in the work. Additional nature reserves have been established, most recently at Välen. The City now has a new environment-focused forest policy for the management of its forests. More cultivation opportunities near residences and rehabilitation measures for food production via the communal farmland have been implemented. Work to develop a coordinating conservation strategy is ongoing. The chemical plan adopted during the year and the special Chemical Council are accelerating the phase-out of hazardous substances from the City's operations.

The business climate for Gothenburgers shall improve

Over a number of years, the City's organisations have been gathering forces to improve the business climate. The City gauges the business climate through the *Insikt* (Insight) survey, which is conducted every two years. No survey was conducted in 2014. To improve feedback, the affected departmental administrations have begun measuring customer satisfaction on a running basis. A number of measures have been introduced. A general action plan for the City has been drafted. Affected departmental administrations have analysed their role and identified measures to implement in their own action plans. The training initiative related to interaction issues that was carried out in 2013 has increased awareness and knowledge among the staff.

The goal can only be considered partially satisfied since it will take time before the action plans reach full effect. In several cases, it is a matter of changing the approach to the relationship between government and business.

Labour market initiatives for groups far outside the labour market shall increase

Several committees and companies are working with this goal and the overall assessment is that there has been some goal achievement. An ongoing methodological and substantive change in the measures has been reported. Use of methods such as supported employment and job matching is increasing, which also means a more individualised approach. This development also means greater opportunities for people in daily activities to gain access to internships or work. In 2014, initiatives financed via the EFS funds reduced in scope during 2014 as the planning period ended. In all, the volume of initiatives remains unchanged during the year, but the activities have undergone development. At the same time, the assessment is that the need for initiatives has increased in scope.

Access to culture shall increase

Administrations and companies are contributing to increased cultural offerings, which has produced some

goal achievement. During the mandate period, new meeting places for cultural practices have been established, including rededication of the Stadsbiblioteket library in April 2014. At the same time, the opening hours of some of the City's other libraries have been increased. Planning of a new cultural centre has begun. Within the cultural policy field, new meetings points were developed, particularly for the target groups of children and young people, the elderly and people with disabilities, as well as for intergenerational encounters. The number of participants in cultural school (*kulturskolan*) activities continues to increase. Initiatives to increase access to culture have been carried out within the framework of the City's cultural programme, which includes strategic work in the areas of cultural policy, art policy and cultural planning.

Unjustified differences in pay between men and women shall be reduced

There has been some goal achievement. In the salary review for 2014, the outcome in per cent was higher for women than for men, 2.8 per cent compared to 2.6 per cent for men. Women's average salary in June 2014 amounted to 92.5 per cent of men's, which is an increase of 0.5 percentage points when compared to June 2013 when it was 92.0 per cent.

Based on their economic conditions, the administrations implemented initiatives based on the direction of the City's wage policy and the intentions of the agreement. Special initiatives were implemented in welfare and education, where positive salary relationship changes are desirable on the basis of equal pay and long-term competence supply.

Upon comparison of the salaries of women and men performing equivalent work at the City's administrations, no unwarranted wage differences were found. The City Management Office assesses that the differences that exist in equivalent work within the City cannot be fully explained by market reasons.

Procurement of services with social considerations shall increase

There has been some goal achievement. During the year, administrations and companies drafted agreements that provide several examples of procurement with social considerations. The number of call-offs increased from about 50 in 2013 to about 140 in 2014, compared to 10 in 2012 when it was measured for the first time. The pilot project "*Social hänsyn i stadens upphandling*" (Social considerations in City procurement) and the procurement company's spread of information are deemed to have affected the results. In their work in 2014, the procurement company ensured the ability to incorporate social considerations through quality-assurance provisions in the framework agreement prior to renewed exposure to competition during service procurement. Follow-up shows that in 2014 about 100 people received internships, apprenticeships or fixed-term employment based on social requirements in the City's procurements.

SUMMARY OF THE ASSIGNMENTS

Of the 19 assignments the City Council gave to committees and boards to implement in 2014, 15 were already included in the City Council's budget in 2013. In 2013, five of these assignments were carried out.

Of the 14 remaining assignments, another two were carried out during the year.

- A new plan to combat homelessness shall be drafted
- All schools shall have one vegetarian day per week

Four assignments are largely complete. Equal treatment plans and resource mapping based on gender are assignments which must be carried out from two different perspectives: residents and employers. The assignments are generally complete as regards the employer perspective, but it not totally complete from the activities perspective.

Some assignments have been more difficult to carry out, such as environmental meals, procurement social considerations, reducing time worked individuals receiving hourly wages, gender educators and LGBTQ-competent personnel in pre-schools and schools. Development is going in the right direction, but there is still a lot of work to do before the assignments can be considered complete.

There has been progress with the four assignments new for 2014 – one is complete and the other three are largely complete.

All committees and companies shall draft equal treatment plans in relation to all bases for discrimination. These work shall be carried out at the unit level and apply from both a personnel and a resident perspective.

Resident perspective: Only a small number of committees/companies have completed the assignment. The majority of committees and boards report that the assignment has been completed, but closer examination reveals that the responses regard the personnel perspective.

From a personnel perspective, several committees and companies have completed the assignment.

Resource allocation based on gender shall be mapped out in each committee and company

The number of organisations that mapped out resources from an activity perspective totalled 20 this year, compared to 3 in 2013. The mapping covers areas such as the allocation of resources to the school of arts (kultur-skolan), recreation centre activities and sports activities, distribution of travel, and event offerings.

The assignment is complete from an employer perspective.

Full coverage of pre-school needs

In 2014, the goal of full coverage of pre-school needs was again achieved. At the date of the survey in both the spring and autumn, all children in queue were given access to a spot within four months and some districts were able to reduce the size of the child groups.

Gender educators and LGBTQ-competent personnel shall be available for each pre-school and school

The City Management Office judges that the assignment is not complete. Several committees indicate that there is access to LGBTQ-competent personnel and gender educators, but that they do not satisfy the City Executive Board's requirement of 7.5 credits.

All schools shall have one vegetarian day per week

The assignment for all schools to have one vegetarian day per week has been carried out in all district committees.

There shall be a youth council in each district
Since 2013, all districts have a youth council.

There shall be a food council at all schools

All upper secondary schools and almost all compulsory schools had a food council for the students in 2014. There was no food council at only five compulsory schools, but all had a plan for introduction of a food council.

The Gothenburg Model for increased autonomy in home-help services shall be developed and work with its implementation throughout the City shall be driven further and monitored

The Gothenburg Model is a tool used to ensure the elderly gain increased control over the services they are provided. The assignment was carried out in 2013. As a continuation, at the beginning of the year the City Council decided on a comprehensive change in home-help services that builds on the current "Gothenburg Model".

All schools shall have one vegetarian day per week.



Users of home-help services and elderly care shall have access to a contact person who speaks their native language

The assignment has been largely completed.

Demand for contact personnel who can speak a language other than Swedish varies between and within the districts. Most district committees are able to satisfy the need for contact personnel in the users' native language upon request. The greatest difficulties in satisfying this need is in the district committees that have residents with many different native languages.

A new plan to combat homelessness shall be drafted

A draft version of a plan to combat homelessness has been created through broad cooperation between companies, administrations and the non-profit sector. The work comprises both a long-term strategy and an action plan with activities to reduce homelessness. The plan, which was approved by the Property Management Committee in November 2014, shall undergo final adoption by the City Council.

More housing for people with disability shall be created

The number of dwellings for people with disability increased again in 2014. 72 flats in buildings with special service (BSS) were built in the City. This is slightly lower than last year, but is in line with the average of recent years. In addition, 38 individuals were offered a flat via the Property Management Administration through F100.

The percentage of eco-friendly meals shall increase to at least 50 per cent during the mandate period

The percentage of organic food purchased increased greatly, but not enough to consider the assignment complete. Within the district committees, the Education Committee, and the Committee for Allocation of Social Welfare, the percentage lies between 23 and 49 per cent. Economic priorities, lack of options and delivery difficulties were contributing factors.

In addition, the City buys organic coffee, tea and fruit and organic alternatives are often requested in relation to conferences, business entertainment and the like.

A plan for training in interaction issues between the City and the business world shall be drafted

The assignment was carried out in 2013.

All compulsory school students shall be offered at least one performing arts visit per year

The assignment has been largely completed. Eight district committees have completed the assignment. The two district committees that have not completed the assignment report that 90 per cent and 60 per cent of

the students, respectively, had a performing arts visit. Difficulties in planning, caution in the use of financial resources and the fact that not all classes took advantage of the opportunity were reasons given as to why the assignment was not completed.

Administrations and companies shall offer all permanent employees full-time positions

The majority of the committees/companies have completed the assignment. Some of these indicate that the assignment was carried out when possible in relation to finances and work. At present, most district administrations lack full-time solutions for night-time personnel.

Of the hours worked in the City of Gothenburg, maximum five per cent may be performed by hourly employees

The assignment was only completed in part and 7.4 per cent of the hours worked were performed by hourly employees. The district administrations have varying levels of progress in completing the assignment, as do some departmental administrations and companies.

The percentage of non-Nordic individuals and the percentage of women shall increase at the management level

Managers born outside of the Nordic countries

Half of the district administrations have completed the assignment of increasing the percentage of managers born outside of the Nordic countries. However, only a few departmental administrations and companies have completed the assignment. Those who did not complete the assignment indicate that there were few to no manager recruitments.

Female managers

The majority of the committees/companies have completed the assignment. This was achieved either by increasing the percentage of female managers, or by the organisation having already met or exceeded the set percentage of female employees.

In 2014, all home-help services personnel shall be offered a work uniform

The assignment is complete in relation to profile clothes. Hygiene clothes take longer to procure and deliver. The majority will be on hand in 2015. The large volumes in procurement, ordering, testing and delivery affect the assignment.

In 2014, at least 50 per cent of the City's service procurements shall be done with social considerations

The assignment has only been completed on a small scale. The number of procurements/contract call-offs with social considerations increased to 140, which is a small percentage of all service procurements. Administrations and companies have expressed a need for procurement skills, coordination, support and work methods.

Significant personnel conditions

Several administrations expanded their activities as a result of new assignments or changes in population and had a great need to hire more employees. In 15 of the City's administrations and companies, new administration or company managers were recruited in 2014. The results of this year's employee survey shows an increase in all indices compared to the previous survey.

Increased sickness absence, the work environment, and work for equal pay are three issues in focus during the year. Several administrations have taken steps to create better organisational conditions for managers. Information and implementation of the new employee and work environment policy were carried out throughout the year, partly within the framework of implementing the City's common approaches and human rights. Several of the City's common HR processes have been revised and developed during the year.

Hours worked increased in the administrations

The staff volume (time worked) in Gothenburg's administrations and companies was 43,000 full-time equivalents for 2014. In the administrations, staff volume increased by 960 full-time equivalents, of which 710 were in the district sector. Expansion in pre-schools/compulsory schools contributed to an increase of 290 full-time equivalents. The increase percentage-wise (250 full-time equivalents) was found in individual/family

care and functional impairment. The special focus on certain at-risk schools contributed to an increase in staff volume in the school, while the metropolitan initiative contributed to an increase in individual and family care. Staff volume for elderly care remained unchanged compared to 2013.

Staff volume within the City's wholly-owned and affiliated companies decreased by 270 full-time equivalents, primarily because bus services passed from Göteborgs Spårvägar AB to another provider and because of reductions within Göteborg Energi AB and Renova AB.

A large employer with many employees

In December, the number of employees was 43,100 (50,500 including companies). In the administrations, the number of employees increased by about 1,300, while the number in the companies was essentially unchanged. A prioritised issue for the city is increasing the percentage of full-time employees. 91 per cent of the permanent employees in the administrations have full-time employment



Efforts to reach out with labour market information about the City as employer intensified in 2014. One example of this is City-run job fairs, referred to as "road shows".

(97 per cent in the companies), which is a slight increase since 2013. Work is under way to find solutions to offer full-time employment to e.g. night staff as well.

Great need for new employees

In total, there were 1,500 more recruitments in 2014 compared to 2013. Of a total of 10,500 recruitments, 3,000 were for permanent employment and approximately 1,500 were for temporary holiday cover, particularly in elderly care. Hourly employees are not included in the data. The greatest number of recruitments were in compulsory school, pre-school and elderly care, but there were also many recruitments in the technical occupational groups. Several of the City's occupational groups are highly competitive. However, the City as an employer stood up well in the competition on the regional labour market. One-fourth of those employed in the City of Gothenburg are foreign-born.

Internship placements and marketing of the City as an employer

Efforts to reach out with labour market information about the City as employer intensified in 2014, particularly through the new City-run job fairs, referred to as "road shows". The target groups are students at various levels of education, from compulsory school to university/college. Many students perform their internship at one of the City workplaces. In total, there were 66,000 internship weeks, which corresponds to 1,650 full-time equivalents.

Long-term management planning

270 managers (195 women and 75 men) were hired during the year. Recruitments were conducted in connection with increased activity or to replace managers who left their position. There was greater mobility among managers in elderly care and individual/family care compared to other activities. Many managers were recruited internally, which shows there are career and development opportunities in the City. There is great interest in the City's internal management planning programmes. In 2014, 80 employees completed the "Morgondagens chef" (Manager of tomorrow) programme, and the same number have started the new round of the programme. 30 managers completed the "Morgondagens chef för chefer" (Manager of tomorrow for managers) programme, and the same number have started the new round of the programme. 75-90 per cent of participants in the management planning programmes are women.

Internal and external staff mobility

The City has a large internal labour market that gives employees opportunities to grow and find new work tasks both in their own and in other administrations. Internal mobility was 13.2 per cent, which is an increase compared to 2013. During the year, 2,000 employees left their employment with the City. Staff turnover was 6.7 per cent, which is the same as the past three years. Mobility varies between different occupational groups.

The high staff mobility among social workers and nurses is a major problem. During the year, 700 City employees retired and more than one-third were over the age of 65. The average retirement age for women was 65 and for men was 65.6.

Work for workplace equality

The basic structure with gender-segregated activities and occupational groups means that equality work must be varied and persistent in order to create sustainable equality in working life. The City of Gothenburg is working actively to promote equality on several fronts. Most of the administrations and companies have transitioned to working with plans for equal rights and opportunities instead of gender equality plans. Within the City, there is a continuous effort to ensure that the recruitment process for management and other positions is non-discriminating and is done with equal opportunity for all. Administrations and companies also strive to enable employees to find a good combination of work, family and leisure time and men are encouraged to take parental leave. The City is working to create equal conditions and opportunities between managers in traditionally male and female-dominated professions.

The gender distribution among managers in City activities is a good reflection of the gender distribution among the employees, which is a measure of equal career opportunities between the sexes. In the district sector, 83 per cent of employees are women, while the corresponding percentage among managers is 80 per cent. In the departmental administrations, 58 per cent of employees are women and 57 per cent of managers are women. In the companies, the percentage of women employees is 40 per cent, while the percentage of women managers is 39 per cent.

Work environment and safety in focus

The City of Gothenburg has a broad spectrum of activities with many different assignments and conditions. There are therefore many circumstances and factors that affect the work environment and health within the City. An example of this is increased ambition levels, both through government control and the City's own priorities. One consequence of this is that many employees and managers have experienced a higher work tempo and a heavier workload.

During the year, development work was carried out on the process for work environment and health. Move administrations conducted training for safety officers and new managers. During the year, a great deal of the strategic work in relation to work environment and health focused on schools. The Swedish Work Environment Authority conducted targeted inspections of compulsory schools and upper secondary schools. Among other things, this has led to the clarification of premises responsibility within the City and the mapping out of school IT systems. At the end of the year, practically all requirements the Swedish Work Environment Authority set for the schools had been satisfied. During the

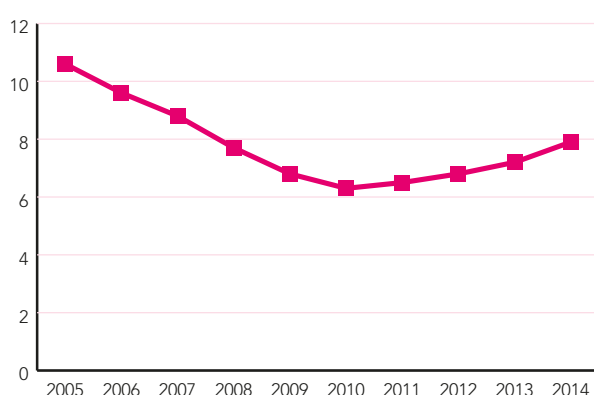
SIGNIFICANT PERSONNEL CONDITIONS

year, threats and violence within the City's compulsory schools were also mapped out.

The trend of increased sickness absence continues

The City's sickness absence is increasing. This is a trend that is consistent with the rest of the country. The increase is about one-half a percentage point per year. For 2014, the City's sickness absence was 7.9 per cent (2013: 7.3%, 2012: 6.7%, 2011: 6.2%). Sickness absence remains higher for women. In 2014, sickness absence cost the City approximately SEK 380 million in sick pay and accrued holiday time alone.

Total sickness absence (%) of administrations



This year's employee survey

The results of this year's employee survey shows an increase in all indices compared to the previous survey. Many employees still feel like they have been harassed or violated at their workplace. During the year, the City conducted LGBTQ training, which covered topics such as human rights, the City's employee and work environment policy and how the workplace creates an inclusive work environment.

In this year's survey, the ability to define gender identity as something other than male or female was made available for the first time. About 2 per cent of respondents chose the option to define themselves as other. Such employees have a significantly lower rating index than others.

Wage setting

The direction of the City's wage policy is equal and competitive salaries. For the City's administrations, it meant that even in 2014 there was a need for measures to increase the relative wages for occupational groups in welfare and education. Occupational groups that have long had a high percentage of women employees.

The outcome of this year's salary review for the administrations was on average 2.8 per cent. The focus on occupational groups in welfare and education led to a 2.8 per cent increase for women and an average 2.6 per cent increase for men. Women and men are distributed differently in the occupational groups in the City, and large occupational groups in welfare and education have a high percentage of women. As these occupational

groups have a lower salary level than other sectors, the higher salary increase percentage-wise really only means small changes in salary relationships between the sectors when measured in SEK.

When calculating average payroll expense increase for the administrations as a whole, the average payroll expense per employee increased by 2.7 per cent for 2014 as a whole.

The salary increases for the labour market in general were in line with the salary increases for the City's administrations. The major challenge for the City's administrations is to continue developing a salary structure that in the long term makes it possible to recruit and retain employees with the right education and skills.

Staff in administrations and departments in figures 2014

	Women	Men	Total
Total number of employees	33,963	9,157	43,120
Permanent employees	26,081	6,590	32,671
Fixed-term employees	3,342	1,096	4,438
Hourly employees	4,540	1,471	6,011
Percentage of foreign-born per-manent employees	23.2 %	20.8 %	23.3 %
Number of managers	1,196	447	1,643
Number of foreign-born managers	7.8 %	8.7 %	8.1 %
Age structure among permanent employees			
age 35 or younger	18 %	19 %	18 %
age 35-49	38 %	37 %	38 %
age 50 or older	43 %	44 %	43 %
External recruitment			
for permanent position	2,435	679	3,114
for temporary position	5,562	1,835	7,397
External leaving among permanent employees	1,690	447	2,137
of which with pension (incl. contracted pension)	530	152	682
of which by own request	980	231	1,211
Staff turnover			6.7 %
Internal mobility			13.2 %
Sickness absence	8.6 %	5.1 %	7.9 %
60 days or longer	5.0 %	2.7 %	4.5 %
Educational background among permanent employees			
university education	51 %	52 %	51 %
post-secondary education (2 years or shorter)	6 %	9 %	7 %
upper-secondary education	37 %	32 %	36 %
compulsory school or other low-er-secondary education	6 %	6 %	6 %



2

ORGANISATION OF THE CITY OF GOTHENBURG

This block is used to report parts of the activities conducted by the City of Gothenburg's 30 or so committees and its 20 or so Groups and companies in 2014. The block is divided into the following areas of activity, taken from the City Council budget: education, individual and family care, people with functional impairment, elderly care and home medical care, labour market initiatives, building and housing, traffic, culture and leisure, industry and tourism, climate and the environment, human rights, equal opportunity, public health, children and finally foundations. In each area, important events and trends are described from different perspectives.

ORGANISATION OF THE CITY OF GOTHENBURG

29 Education

The education sector covers all school activities such as pre-school, compulsory school, compulsory special needs school, upper secondary school, upper secondary special needs school and adult education.

34 Individual and family care

Individual and family care includes financial assistance, care and support for adults, children and families and pre-ventive and supportive social work.

36 People with functional impairment

The functional impairment area covers initiatives for people with functional impairment, such as buildings with special service, personal assistance, home support, occupational/daily activities and escort services.

38 Elderly and medical care in the home

Elderly care and home medical care comprise home-help services, preventive efforts, day activities, residential care facilities, short-term stay and municipal health and medical care in ordinary and special housing.

40 Labour market initiatives

Labour market initiatives comprise employment measures for the unemployed that the City carries out itself or in collaboration with the Swedish Public Employment Service or other players.

41 Building and housing

This area comprises physical planning, land use, residential construction and development of good housing environments in all parts of the City. Infrastructure and industry issues are central related areas. Planning and implementation shall support City development in a sustainable manner, environmentally, socially and financially.

44 Traffic

Traffic is a broad area closely linked to urban development, industry and the environment. What transport needs there are shall be satisfied in balance with the ecological, financial and social dimensions.

46 Culture and leisure

Gothenburg has strengthened its profile as a major events city with cultural initiatives. The objective is also substantial club activities and efforts to promote equal opportunity, integration and public health.

48 Industry and tourism

Gothenburg will have sustainable and differentiated industry that provides employment opportunities. The city will also be a sustainable major events and visitor city.

49 Climate and the environment

Activities in energy, waste and sewage collaborate locally, regionally and internationally in order to form important social functions for long-term sustainable development.

52 Human rights

Gothenburg shall be a city for everyone. Human rights are the starting point for the City's work towards diversity and integration.

53 Equal opportunity

The City of Gothenburg shall become a role model for equal opportunities and equality in the development of activities.

54 Public health

All municipal activities in Gothenburg shall be permeated by a public health perspective and salutogenic thinking.

55 Children

All decisions affecting children and young people shall be in line with the spirit and intentions of the Convention on the Rights of the Child.

56 Foundations

The City of Gothenburg manages 96 foundations for various purposes.

Education

The number of children and students in Gothenburg increased in 2014, with the largest increase in the early grades of compulsory school.

The percentage of students who achieved the goals in all subjects of grade nine compulsory school in 2014 increased compared to previous years, thereby breaking the negative grade trend.

During the year, the first students studying under the new upper secondary school reform (GY 11) graduated, making the grade results difficult to compare with previous years.

The education sector covers all school activities such as pre-school, compulsory school, after-school recreation centres, compulsory special needs school, upper secondary school, upper secondary special needs school and adult education, both municipally run and privately run. This means that the activities directly affect over 110,000 Gothenburgers ranging from children in pre-school to adult education students.

The compensatory assignment

During the year, focus was put on three strategic areas: educational leadership, systematic quality assurance and the so-called compensatory assignment. These three areas are greatly significant to activities in pre-schools and schools and can be considered essential to development and quality. During the past year, there has been continuous work in these areas.

The role of the school is to give all students the opportunity to reach as far as possible in their development and compensate for the different conditions of the different students. Everyone is entitled to an equal education. During the year, particular attention has been given to what is called "an inclusive approach". The goal is for pre-schools and schools in Gothenburg to be characterised by an environment where all children and students are involved, where children and students have the opportunity to develop and learn, and where differences are considered an asset. Within the framework of this approach, there has been a review of the instruction of students in need of special support and the City's special education groups.

Student health plays an important role in work to identify and investigate students in need of extra adjustments or special support. As a step in developing this aspect of activities and to support head teachers in their work, student health processes were mapped out during the year. In the districts, efforts were made for increased school attendance, improved reception of newly arrived students, a language-developing approach, other new teaching methods (with or without the help of modern technology), the transition from compulsory school to upper secondary school, and cooperation with other sectors within the City.

Competence supply plans

In the autumn of 2014, a competence supply plan was drafted for compulsory school grades 1-3, pre-school classes and after-school recreation centres. A competence supply plan is already in place for pre-schools and several of the activities laid out in the pre-school plan have been carried out during the year.

The aim of the City-wide competence supply plans are for them to serve as support in defining the City's prioritised development initiatives for managers and employees. This is to create motivation and direction for the general development work. The plans shall also serve as the basis for developing competence strategies within the respective district administration.



The goal is for pre-schools and schools in Gothenburg to be characterised by an environment where all children and students are involved, where children and students have the opportunity to develop and learn, and where differences are considered an asset.

New surveys in pre-school

Since 1998, the City has conducted the same user survey in pre-schools and family day-care homes. In 2014, a pilot test of a newly created user survey was conducted. The survey is more clearly included as part of the activity's systematic quality work and has gained a clearer connection to the pre-schools revised curriculum and reflect parents' perception of the quality of the activity.

The new survey will replace the old one and will be implemented in all districts in autumn 2015.

Pre-school – some key figures

	2012	2013	2014
Net cost (MSEK)	-3,087	-3,292	-3,494
Net cost trend (%)	8.1	6.6	6.1
Number of children in pre-school	28,112 *	28,995 *	29,549 *
Percentage in municipal pre-school	83.8	83.6	83.2
Percentage in independent pre-school	16.2	16.4	16.8
Demand as a percentage of the population age 1–5	86	86	86

*Average March/October

Net cost increased by 6.1 per cent during the year due to an increase in the number of children and the continued expansion pre-schools in the City. The number of children in independent pre-schools increased slightly to 16.8 per cent. The total demand for pre-school and educational care remained unchanged compared to the previous year. The greatest demand was in DC Västra Göteborg with 90 per cent and the lowest was in DC Centrum with 81.2 per cent.

Percentage of students with full qualifications in grade 9

Percentage of students (%) who achieved the goals in all subjects

Gothenburg		2012	2013	2014
All principals	All	71.2	69.4	73.1
	Girls	75	73	75
	Boys	68	66	71
Municipal schools	All	68	65.4	68.8
	Girls	72	69.0	71
	Boys	65	62.0	67
Independent schools	All	80.3	79.9	82.9
	Girls	83	81	85
	Boys	78	79	81
Malmö municipal schools	All	63	63.9	65.4
Stockholm municipal schools	All	74.6	74.7	77
National municipal schools	All	76.2	75.6	75.9
National – all principals	All	77.4	77	77.4

The percentage of students who achieved the set goals in all subjects increased in Gothenburg. The increase took place at both the municipal and independent schools. The largest increase in knowledge results was made by boys in municipal schools. Girls had higher results than boys, but the differences in results between boys and girls decreased during the year. All of the big cities showed improved results, with Gothenburg showing the biggest improvement.

The City Executive Board's allocation of funds from the development fund to eleven schools with the lowest percentage of students with a passing grade in all subjects in Gothenburg produced positive results during the year. The aim was to create a more equal school for all children and young people in Gothenburg, and most of the schools have improved their grade results.

Compulsory school and compulsory special needs school – some key figures

	2012	2013	2014
Net cost (MSEK)	-4,700	-5,020	-5,284
Net cost trend (%)	4.9	6.8	5.3
Number of students in compulsory school	47,801 *	49,493 *	51,334 *
Percentage in municipal school	80.4	80	79
Percentage in independent school	19.6	20	21
Number of students in compulsory special needs school	487 *	477 *	499 *
– of which individually integrated	77 *	60 *	53 *
Number of children in after-school recreation activities	18,046 *	19,259 *	20,236 *
Percentage in municipal after-school recreation centres	86.5	86.4	85.6
Percentage in independent after-school recreation centres	13.5	13.6	14.4
Demand as a percentage of the population age 6–9	80.5	80.6	80.8
Demand as a percentage of the population age 10–12	10.7	12.3	14

*Average March/October

Net cost increased by 5.3 per cent during the year, partly due to price and salary increases but mostly due to the continued increase in the number of students in compulsory schools. The increase is primarily in the number of children in lower grades, thereby also affecting after-school recreation centres. The number of students in after-school recreation activities increased by about 1,000 during the year.

Demand for after-school recreation centre spots for 6–9 year olds was unchanged compared to the previous year, but there is great variation between the districts. The lowest demand was in DC Östra Göteborg with 60.9 per cent and the highest was in DC Majorna-Linné with 90.1 per cent. Demand for after-school recreation centre spots for 10–12 year olds continued to increase and was 14 per cent, an increase of 3.3 percentage points since 2012.

The percentage of students choosing independent compulsory schools was 21 per cent. The highest percentage of students in independent schools was found in DC Centrum (42.2 per cent) while the lowest was in DC Västra Hisingen (8 per cent).

The number of individually integrated students in compulsory special needs school continued to decline during the year, while the number of students in compulsory special needs school increased by 29 students, equivalent to 7 per cent.

How did it go for upper secondary school students?

June 2014 saw the graduation of the first students studying under the new upper secondary school reform, GY 11. The aim of the modified upper secondary school is for education in a national programme to lead to an

upper secondary diploma. Previously, a school-leaving certificate was the goal for education in national programmes. Upper secondary diploma is an umbrella term for two different diplomas with differing requirements. Education through a vocational programme leads to a vocational diploma and education in a higher education preparatory programme leads to a higher education preparatory diploma. Due to changes in requirements, subject syllabi and course syllabi through GY 11, it is not possible to compare the results from 2014 with results from previous years. In a comparison among the big cities, the 2014 results show that Gothenburg had the highest percentage of students eligible for higher education from the higher education preparatory programme, but the lowest percentage of students with an upper secondary diploma.

Knowledge results, upper secondary school

	Gothenburg Municipal	Stockholm Municipal	Malmö Municipal	Sweden Municipal	Sweden All principals
Average grade points 2014					
National programme total	14.0	14.8	14.3	14.0	14.0
Vocational programme	12.9	13.1	12.8	12.9	13.0
Higher education preparatory programme	14.7	15.1	14.7	14.6	14.6
Percentage of students (%) eligible for university					
National programme total	69.4	82.9	77.8	70.0	70.5
Vocational programme	31.4	34.9	30.1	31.9	34.8
Higher education preparatory programme	91.2	90.7	90.6	92.0	91.1
Percentage of students (%) with upper secondary diploma within 3 years					
National programme total	65.8	68.4	71.8	72.6	71.4
Vocational programme	58.7	49.9	58.8	67.9	66.6
Higher education preparatory programme	69.1	71.4	74.8	75.0	73.8

Skolsteget

To increase interest in science and technology, the Volvo Group initiated a pilot project called Skolsteget (School step) together with the City of Gothenburg. Engineers from Volvo collaborated with teachers from five upper secondary schools in the City (Lindholmens Tekniska Gymnasium, Polhemsgymnasiet, Katrinelundsgymnasiet, Hvitfeldtska Gymnasiet and Göteborgs Tekniska College) in science and technology instruction during the 2014/15 school year. The engineers helped with actual problems and challenges from their professional field and provided information about the breadth and opportunities in the engineering profession.

PlugIn

The aim of PlugIn was to develop new methods for young people over the age of 16 who are considering dropping out or have already dropped out of upper secondary school. Around fifth municipalities participated in the project, with SKL serving as project coordinator.

Within the framework of the PlugIn project, the City developed its work with Municipal Information Responsibility (MIR), i.e. the municipality's responsibility for young people under the age of 20 who do not attend upper secondary school or upper secondary special needs school.

In 2012, a coordination group was established with broad representation at the management level from e.g. school, individual and family care, leisure, employment service, guidance and adult education. Two monitors/field assistants were appointed to work as the interface between the administrations, study and guidance counselling was enhanced, and responsible case managers were identified in each district administration.

Work began by developing a methodology manual so all involved can work towards the same goals and to ensure equal treatment in the City.

The school year before the project started, the municipality was able to reach and map out less than 50 per cent of the young people who fall under MIR. Prior to the 2013/14 school year, the methodology manual



The municipal upper secondary schools had roughly the same number of students as the previous year. The percentage of students who chose a vocational programme declined again and totalled 29 per cent in 2014. The above pictures are from Burgårdens utbildningscentrum and Lindholmens Tekniska Gymnasium.

Photo: Niklas Martinson, Stormen Kommunikation AB

was complete and work with this as support began. The results can be classified as very good. In total, there were 2,349 young people in the target group some time during the school year and the City was able to map out 94 per cent of them.

Gothenburg's participation in the PlugIn projected ended in December 2014. The clearest lesson learned is that the best results are achieved through systematic, well-structured work in combination with close collaboration between administrations, where one works in the best interests of the individual.

Upper secondary school – some key figures

	2012	2013	2014
Net cost (MSEK)	-1,478	-1,465	-1,501
Net cost trend (%)	2.4	-0.9	2.5
Gothenburg students in upper secondary school	16,710 *	16,219 *	16,085 *
Percentage in municipal school	49	49	49
Percentage in another municipal school	10	9	9
Percentage in independent school	41	42	42
Gothenburg students in upper secondary special needs school	393 *	374 *	357 *

*Average February/October

The number of young people of upper secondary school age declined during the year. At the start of 2014, the Education Committee received funds to strengthen the distribution of socio-economic resources to the activity and the next cost increase was in line with the index for 2014.

The municipal upper secondary schools generally had the same number of students as last year, primarily due to an increase in newly arrived students. The percentage of students who chose a vocational programme further reduced, totalling 29 per cent in 2014 compared to 33 per cent in 2013. Capacity utilisation in the municipal schools was good.

The number of students in upper secondary school declined in 2014. Prior to 2013, the rules for upper secondary special needs schools were amended in the Education Act and students were given the option of applying to the upper secondary school introduction programme. The effects of this change could be seen in 2014 and the percentage of students in the national programmes at upper secondary special needs school declined.

More Lean in adult education and the labour market

In 2014, a new structure and methodology for systematic quality work was tested and developed in accordance with Lean principles within the Labour Market and Adult Education Administration. This development work focused on learning and method development. The development work entered an implementation phase, where the methodology was introduced within all departments and processes of the administration. The goal for the end of 2014/beginning of 2015 was for there to be a well-established infrastructure for the quality work that ensures involvement and a highly systematic structure. Here, the use of control and improvement boards was an important part of visualising the improvement work for all employees. The external players from whom training was procured were also involved in the work.

A main focus of the development work was the development of integrated forms of cooperation between the labour market and education in different initiatives for the committee's target groups. This work will put particular focus on organisation and completion of initiatives. "Developing forms of labour market initiatives and education initiatives for a broader target group" is therefore one of the three focus areas for the administration's systematic quality work in 2014 and 2015.

A number of metrics/goals are connected to the strategic focus areas. To develop the activity within the various focus areas and thereby improve the goals/metrics, the administration worked with different improvement programmes in 2014.

Overall, the development of the systematic quality work contributed to more employees being involved in the improvement and there is systematic follow-up of the improvement work that has been initiated.

Adult education – some key figures

	2012	2013	2014
Net cost (MSEK)	-368	-365	-391
Net cost trend (%)	5.6	-0.75	7.2
No. of whole-year spots purchased	11,399	11,604	12,507
– of which basic adult education	2,009	1,685	1,718
– of which upper secondary adult education	3,165	3,865	4,400
– of which special needs education for adults (sär vux)	63	70	69
– of which Swedish for Immigrants (SFI)	6,162	5,984	6,320
Higher vocational education (yh)	1,360	1,319	1,314

The basis for a full-year spot within basic adult education, SFI and sär vux is 540 hours. The basis for a full-year spot at upper-secondary level is 800 points.

The overall education volume increased in 2014.

The availability of municipal adult education within the basic and upper secondary level was good in 2014, with the exception of some vocational training

programmes. However, the results within the upper secondary level are not fully satisfactory. The percentage of students who complete their studies with passing grades should increase and the drop-out rate must be reduced.

The percentage of students in SFI has increased both within the group refugees/new arrivals and in total. The study results can be considered good as in comparison with other major cities Gothenburg reported a high percentage of passing grades, a lower percentage of drop-out and a lower cost per study spot.

Net cost development is roughly in line with the increased education volume.

Future issues

The population growth in Gothenburg creates challenges for the education sector. The known demographic change has been taken into account in the planning of district committees and the Education Committee. An additional difficulty is assessing school premises needs while considering the number of new arrivals. A well-functioning cooperation between relevant organisations, based on a common needs picture, must be ensured so that responsible committees in the education field have premises available for pre-schools and schools.

The population growth also increases the need for strategic competence supply work. The education sector must recruit, but also develop the skills of existing personnel before teacher certification requirements are implemented mid-2015. Competence supply plans for all school forms are needed in this work.

The increased number of new arrivals increases the need for mother tongue tuition and study guidance. A language-developing approach has proven successful for all students, including the new arrivals. Cultural knowledge and more people who understand children and young people who have had traumatic experiences are also areas that need strengthening.

The education sector has faced major changes in recent years. Continuity is something schools now need. Work to anchor the jointly defined strategic areas was carried out in each administration. Strategies for systematic quality work, educational leadership and the school's compensatory assignment have been drafted. Time and patience are now needed to implement them properly. These strategies shall develop the activity to ensure that the meeting between the child/student and teacher is the best possible.

The principal's knowledge of development in the education sector has been criticised. The education standing committees established in the district sector have now begun to find their feet. This provides a forum where policy and the profession meet for common and improved analyses of the activity, which create good opportunities for good priorities.

Individual and family care

Individual and family care is a component of social services and is characterised by the exercise of authority and implementation of initiatives within the areas of children and young people, financial assistance and adults. In addition to the exercise of authority, extensive prevention and support work is conducted for at-risk groups in society in cooperation with other authorities and the civil community.

Shortage of social workers in the exercise of authority

The consequences of the lack of social workers within social services' exercise of authority is being discussed even at a national level. Stricter law, increased supervision and increased administration requirements lead to a great risk of deficiencies in the exercise of authority as there are great difficulties in recruiting social workers.

The work environment and difficulties recruiting social workers within the City's exercise of authority remained in focus in 2014. High staff turnover among administrators means that much of supervisors' time is spent recruiting new employees. To enhance the ability to recruit and retain employees, a City-wide training and introduction programme has been developed. The programme aims to enable a long acclimatisation period for new social workers and long-term skills development for the more experienced ones. The programme contains areas that are common to all activities and areas that are more specific to each activity. The programme applies to all social workers employed within the sector, but is modified based on the experience of the new employee and the length of employment.

Financial assistance

The scope of financial assistance in the City has been relatively stable over the last five years, even though unemployment has been high. In total, there has been a slight decrease in costs for income support in 2014 by 0.6 per cent (SEK 7 million) to SEK 1,125 million. However, there is a slight upward trend in the number of households that applied for income support some time during the year.

A pleasing trend was that the rate of growth of the group long-term dependent households (income support for at least 10 months in a year) continued to decline. In total, 9,527 households were long-term dependent and had income support as a more or less permanent form of income in 2014. This group has shown an increase of 3,800 since 2008. The Council's prioritised goal of reducing the number of long-term dependent households was thus not achieved in 2014.

Plan to combat domestic violence

The City of Gothenburg is responsible for ensuring that all municipal citizens who are victims of domestic violence are offered protection and support. Not being exposed to violence and abuse is ultimately a matter of human rights.

The City of Gothenburg has drafted a plan to combat domestic violence. The plan is a City-wide policy document targeting all municipal administrations and companies. Drafting a plan is one way of ensuring that work to combat violence is carried out as uniformly as possible in the City. The plan has a standard-critical approach which involves scrutinising and challenging prevailing standards that can be linked to different forms of oppression and discrimination. The term domestic violence is normally applied to so-called partner violence involving violence in both heterosexual and same-sex relationships. But, violence can occur in many different types of close relationships. Children living in families where there is violence are also at greater risk of themselves being directly subjected to violence. The knowledge that children who are direct victims of abuse fare poorly is generally known, but the knowledge of what consequences there are for children who experience violence against a close adult is relatively new. Children who experience violence against a close adult are at great risk of faring poorly, and there is a several-fold increase in the risk of mental illness. The plan to combat domestic violence reports how work in this area should be conducted in the City during the upcoming five-year period.

Housing shortage

The lack of housing is caused a growing number to seek help from social services to help them find housing. In the "Rätt boende" (Right housing) project, a number of measures were implemented to reduce homelessness and create conditions for equal treatment and efficiency. Despite this, the City's costs for social housing increased by 15 per cent in 2014. A draft version of a plan to combat homelessness has been created through broad cooperation between companies, administrations and the non-profit sector. The work comprises both a long-term strategy and an action plan with activities to reduce homelessness. The strategies are based on increasing eviction-prevention work and flat-based housing solutions and to strengthen leadership and control of the municipality's work to combat homelessness. The plan, which was approved by the Property Management Committee in November 2014, shall undergo final adoption by the City Council. An action plan to better meet the housing needs of newly arrived refugees has been drafted. The number of unaccompanied minors has increased considerably, which poses major challenges. In addition to solving the housing issue, administration often



Extensive preventive and supportive work for vulnerable groups in society is under way within individual and family care.

involves considerable practical help and contacts with many players.

Cost trends in individual and family care

The percentage of women in need of assistance is increasing in substance abuse treatment. The number of children and young people in foster homes and homes for care or residence ("HVB-homes") is increasing, but placement times are shorter compared to the previous year. This places greater demands on the City's outpatient care.

The overall net cost increased by 9.6 per cent for children and young people and 14.9 per cent for adults.

Adults

The net cost for adults increased mainly in housing. Housing refers to housing for all groups in need of housing, such as large families, domestic violence victims, family immigration, etc. The number of residence days for adults increased slightly compared to 2013, but the net cost increased by 14.5 per cent to a total of SEK 549 million. The percentage of compulsory treatment for adults increased by 28 per cent to a total of SEK 79 million. The number of women receiving substance abuse treatment efforts increased, which is a trend reversal compared to the previous year.

Children and young people

The number of reported cases of child abuse increased by about 5,000, from 7,760 to 12,790. The reports are primarily for physical or mental abuse and violence within the family.

The district committees have placed several children and young people in foster homes, which increased the net cost by about 7 per cent to a total of SEK 399 million. The increase was primarily in voluntary placements. Placements

of children and young people in HVB-homes increased by 19 per cent to SEK 369 million. Here as well, the increase was primarily in voluntary placements. Housing for young people increased by 17 per cent to a total of SEK 66 million. Housing for young people, housing for adults, and placements of children and young people in HVB-homes are the three greatest cost increases in individual and family care in 2014.

Individual and family care – some key figures

Population frame	2012	2013	2014
Net cost (MSEK)	–3,035	–3,082	–3,283
Net cost trend (%)	4.2	1.5	6.5
Of which net cost:			
– children and young people	–1,012	–1,019	–1,116
– adults	–627	–661	–759
– income support	–1,122	–1,132	–1,125
– other costs	–274	–270	–283

Other costs are related to labour market/training/rehab initiatives, administration of financial assistance, etc.

Future issues

The work environment within the City's individual and family care must be stabilised to achieve social services in compliance with the law.

There will be no increase in the national norm for 2015 as there is currently no inflation in Sweden. The dawning hopes of improvement in the economy may eventually reduce the influx of new households receiving support. It will, however, take some time before the demand for labour increases enough to affect the number of households with long-term dependence.

People with functional impairment

Influence, involvement and access to housing, work and employment are prioritised issues for people with functional impairment. Families who have children with functional impairment have a great need for support and coordination.

The functional impairment area is part of social services and comprises exercise of authority in accordance with the Act concerning Support and Services for Persons with Certain Functional Impairments (LSS) and the Social Services Act (SoL). There are numerous activities that give people with functional impairment support and services, such as housing with support and service, daily activities, other employment, short-term stays, personal assistance, home support, home relief service and escort service.

Many lack work and meaningful employment

Work and employment can be viewed from two perspectives – the right to meaningful employment for persons who cannot work, and those who have the potential to eventually obtain a paying job should be offered support for this. Within daily activities according to LSS, work was carried out from both perspectives. There are approximately 1,700 people who have a decision about daily activities in Gothenburg. The largest group with

daily activities are people with intellectual disabilities and/or autism. In 2014, 13 people transitioned from daily activities to employment in the labour market.

An inventory of people with mental impairment was conducted in all districts in 2013, at which time approximately 4,600 individuals were mapped out. The analysis showed that the majority lack meaningful employment and have poor somatic health. A joint analysis was conducted in 2014 together with the Swedish Public Employment Service, Försäkringskassan and user organisations related to work/employment and shall be followed by a joint action plan in 2015. People with mental impairment are generally not eligible for daily activities in accordance with LSS. The open activity centres offer meaningful employment for the target group as well as work rehabilitation using the IPS method (individual placement and support). The method is evidence based with proven results and efforts to introduce and spread it in the City will continue.



In five districts, local projects were conducted with the support of researchers to improve coordination related to children with functional impairment and provide better support to parents.

Continued need for more housing

The housing shortage means that some people with functional impairment who could live in an ordinary flat with support, such as personal assistance or home support, apply for buildings with special service (BSS). To meet the need, through F100 the municipal housing companies offer regular flats to people with functional impairment where they get the support they need. 38 people obtained a flat in this manner during the year. Home support was developed and enhanced in all districts and a common base offering of home support was introduced.

72 flats were completed in BSS in 12 different objects. Despite a steady increase in construction, needs are not declining. It is estimated that 320 flats are needed for 2015–2017 to achieve a balance between need and supply in 2017. Approximately 300 flats are planned for the period.

Due to the housing shortage, people with functional impairment must be offered short-term housing or other temporary solutions. The number of people in short-term housing decreased by about 10 per cent in 2014. About half of these are waiting for a flat from the ordinary housing stock (28%) or in BSS (26%). A decision regarding housing with special service can not always be implemented within a reasonable amount of time, often leading to a risk of special charges. At year-end, 138 people had a decision that could not be implemented. Of these, 27 declined the offer. In 2014, five districts were issued a judgement for special charges, totalling about SEK 3 million.

In all, housing issues present a complex picture. On one hand, there is positive development – the construction of BSS according to plan, more people received regular flats with access to support, and the number of people in short-term housing decreased. On the other hand, there is negative development – the number of people deemed to be in need of BSS has not decreased and the number of people with a decision on BSS that could not be implemented within three months increased. At the same time, a survey showed that about one-third of those offered a flat in BSS declined it.

Participation, equality and equal opportunity

Several districts worked to integrate activities that are targeted to persons with functional impairment with society's normal offering of culture and leisure, as well as to position daily activities at "regular workplaces".

Instead of arranging special solutions, greater focus has been placed on individual support to participate in the offering of cultural and leisure open to everyone. The cooperation with the culture and leisure sector has been developed to improve availability for people with functional impairment.

To increase involvement and influence, user audits and other surveys were conducted to find out what users think about the support they receive. Work to develop and improve documentation and to work with the individual to create implementation plans continued during the year.

In Gothenburg, a project called "Riktat föräldrastöd" (RiFS – Targeted parental support) was carried out together with the University of Gothenburg 2011–

2013. The results show that equality between parents is significantly poorer in families who have a child with functional impairment. Mothers of a child with functional impairment are more likely than other parents to have poor health, a high stress level, a poorer financial situation and reduced employment.

Families with children need more support

RiFS shows large deficiencies in support to families who have a child with functional impairment. In particular, there are deficiencies in the coordination of support, where both the professionals and the parents are uncertain as to who is responsible for what. The parents, particularly the mothers, spend a lot of time coordinating the child's various contacts in healthcare, habilitation, school, social services, etc. The results also showed that routines for development transition work (school start, becoming an adult) have deficiencies or do not exist. There was a clear inequality for parents born outside of Sweden, who were aware of far fewer resources than parents born in Sweden. Parents with a small personal network need extra support from the formal network. In five districts, local projects were conducted with the support of researchers to improve coordination related to children with functional impairment and provide better support to parents.

Number of people receiving support and service

On average 3,934 people/month received services in accordance with LSS and 4,182 in accordance with SoL. Overall, this is in line with 2013 when 3,977 received LSS services and 4,136 received SoL services.

Challenges

- The number of people with services is not increasing, but many have more extensive and complex needs, which means a growing demand for skills. The educational background of the base personnel is extremely varied. Only one-fourth of support assistance have an education with a concentration in functional impairment.
- Housing shortage despite construction of BSS according to plan.
- The high level of unemployment and a lack of meaningful employment for people with functional impairment who are not entitled to daily activities according to LSS, such as people with physical disability, visual impairment or mental impairment.

People with functional impairment – some key figures

	2012	2013	2014
Net cost (MSEK)	-2,817	-2,962	-3,084
Net cost trend (%)	6.7	5.1	4.1
Change in personnel volume (%)	3.9	0.6	4.0

Elderly and medical care in the home

In 2014, a major home-help services initiative was launched in Gothenburg. The aim is to increase the individual's influence and autonomy, and to make home-help services more attractive as a profession.

More can receive care and medical help in the home

With today's home-help services and home medical care, many people can have their healthcare needs met in the home instead of at a hospital, short-term placement or residential care facility. During the year, an average of 8,700 people received home-help services each month.

More can receive care at home even with severe diseases. Municipal health services are provided to people of all ages within the City's activities. On average, 9,100 people received health services each month. Of these, 200 patients received advanced medical care in the home. Because patients have more complex needs, the medical care performed is more complex. The trend is towards "close care", where the municipal health services together with primary care will have greater responsibility to a larger number of residents.

Residential care facilities for those who need it

When the support provided in the home is no longer enough to meet care needs, it is possible to move to a residential care facility. About 4,000 elderly people live in a flat in a residential care facility. The number of people granted placement in a residential care facility was about the same as the past two years, but the number of people waiting to move into a residential care facility increased in 2014. The increase in the number of people waiting to move into a residential care facility is attributable to a reduction in the number of flats and the fact that fewer flats became available.

Quality of residential care and home-help services

Quality in elderly care is monitored by the National Board of Health and Welfare's user survey and in the municipal and county council databases.

Elderly with home-help services and in residential care were asked to respond to questions about how they perceive different conditions and situations. In general, the elderly are satisfied with both home-help services and residential care. The elderly are most satisfied in areas such as security, treatment and confidence in the staff. Identified areas for improvement are the ability to influence and have enough time for their needs, outdoor time, activities and meals. Knowledge about how to submit comments and complaints must be improved.

Quality follow-up in the municipal and county council databases was conducted for the second year in a row. One example of results is that elderly with at least two home-help service visits per day between 7 am and 10 pm on average meet 13 different staff members over a 14-day period. These results are an improvement compared to the previous year.

Gothenburg has better results compared to the national average.

Within residential care, a quality factor is the length of the wait time between submitting an application and being offered a move-in date. The results for the year were an average of 68 days, which is more days than the previous year and poorer results compared to the national average.

Home-help services shall become more attractive

During the year, the City Council decided on sweeping changes in home-help services. There are two overarching goals:

- The influence and autonomy of the individual shall increase
- Employees in home-help services shall perceive the profession as attractive

Welfare technology enables care options

Welfare technology opens up new opportunities and options in health and social care for the elderly and functionally impaired. The use of technology can help increase security, activity and involvement in society and enable a more independent life. During the year, preparations were made for the 2015 introduction of supervision at a distance, called "Trygghetskamera" (Security camera).

Better care at end of life

Better care for the most ill elderly was a national project which ran for four years, 2010-2014. Part of this project involved improvement in palliative care in Sweden with the support of the Svenska Palliativregistret (Swedish Palliative Registry). In order to obtain a quality result, deaths that occurred must be reported in the quality registry. Based on the results, the activities work to improve care at end of life. The national goals of the projects were for activities within the municipality and county council to improve end-of-life care by at least 5 per cent and for 70 per cent of those who died to be registered in the registry. The City of Gothenburg, in partnership with Sahlgrenska University Hospital, was the first major city to achieve the national goals in autumn 2014.

Dignity guarantees shall clarify expectations

The City Council has decided on five dignity guarantees:

- We guarantee that the planning for how your help and support is carried out will be done together with you or the person representing you. The planning shall be complete within two weeks of the date your help began. If



By planning together, the individual can be involved in the support to be given.

you have a native language other than Swedish, we guarantee that your plan will be translated if you so desire.

- We guarantee that employees visiting you in your home will show their service identification when they introduce themselves.
- We guarantee that we will contact you as soon as we know we cannot come at the agreed time.
- We guarantee that we will contact you in advance if a new employee will be providing you support and assistance.
- We guarantee free and personalised relief services in the home once an assistance decision is in place.

Support to relatives providing care

All district committees have contact persons for support to relatives. Support is given in various forms, both as general measures, in groups and individually, as well as assistance in accordance with the Social Services Act. The guidelines for support to relatives have been evaluated. Overall, the evaluation showed that support to relatives in the City has grown and that the guidelines contributed to some degree to more equal support to relatives in the City. However, changes are also needed.

Challenge for the future – attracting new employees

The number of people of advanced age will increase in the coming decades, placing great demands on urban planning, housing environments, public health work and in health and social care.

Due to factors such as changing demographics and a large number of retirements, a large number of new employees

will have to be recruited in health and social care in the coming years. The number of applicants to secondary care and nursing programmes is low and with the current dimensioning adult education will not be able to provide education at a pace that meets the increasing needs.

The percentage of specialist nurses is low in view of challenges healthcare is facing. Recruiting and retaining nurses is one of the greatest challenges in municipal health services. One reason for this situation is that the labour market for nurses is good and there is a shortage of nurses nationally.

Elderly and medical care in the home – some key figures

	2012	2013	2014
Net cost (MSEK)	–3,894 *	–3,933 *	–4,063 *
Net cost trend, elderly care (%)	3.7	1.0	3.3
Net cost of home medical care (MSEK)	–329 **	–368 **	–389 **
Net cost trend, home medical care (%)	8.2	11.8	5.7
Individuals with home-help services (average/month)	8,795	8,650	8,724
Individuals in residential care, excluding short-term placement (average/month)	4,181 **	4,037 **	3,964 **
Payment liability for dis-chargees, year places	7.7	6.3	19.6

* Including home medical care for people over 65 years of age.

** Home medical care, all ages.

*** Approximately 80 places within Committee for Allocation of Social Welfare's activities for people over age 65 must be added.

Labour market initiatives

For individuals largely dependent on income support, the City supplements the national labour market policy with various initiatives intended to create opportunities for people to establish themselves in the labour market. The initiatives are often run in close collaboration with the Swedish Public Employment Service.

The employment situation improved during the year and the Swedish Public Employment Service reported that 23,552 people were unemployed in Gothenburg in December 2014. This represents a decrease of 6.5 per cent compared to the same period in the previous year. It was mostly people out of work for a short period of time who found employment. The number of young unemployed decreased compared to the previous year, while the situation was practically unchanged for foreign-born individuals. Although the labour market situation seems to have eased somewhat, there are still groups that are trouble getting a firm foothold in the labour market. Such groups are generally people with a low level of education, people with functional impairment that impairs the capacity to work, unemployed who are between 55 and 64 years of age and individuals born outside Europe.

City's initiatives

The City's labour market initiatives are aimed at people with a weak position in the labour market, who are often also in dependent on income support. There are also initiatives for young people who are beginning to establish themselves in the labour market through the City's offer of holiday work.

The content of the initiatives is tailored to participants' conditions, but always with the goal of participants being able to increase their chances of establishing themselves in the labour market. One initiative that has shown good results for a number of years is the trainee programme for people with functional impairment. The goal is to offer relevant work experience within the City of Gothenburg or another organisation and to enable continued employment in connection with the work experience.

A new committee takes shape

The Labour Market and Adult Education Committee was given an expanded assignment in 2014 when labour market issues were transferred to the Adult Education Committee's sphere of responsibility. In conjunction with this, the committee was renamed and established new regulations. Labour market issues shall be introduced gradually in three stages. The first stage, where the Labour Market Unit at the City Management Office was transferred to the new committee, was carried out during the year. The second stage involving the transfer

of the Labour Market Office in the Park and Landscape Administration took place at the end of 2014/beginning of 2015. The third stage involving the establishment of four competence centres shall be completed in 2016.

Future issues

The labour market is under constant change and there are many indications that the current jobs will disappear or change in structure over the next few decades. The need for initiatives for people who have trouble getting a job or people in transition will persist. Improved cooperation between stakeholders is essential to achieve good results. Social considerations during procurement and the City's work in the social economy sector are other important areas of development.

In 2016, the Labour Market and Adult Education Committee will have completed the last part of the three-stage development assignment, at which time competence centres will be established at different locations around the City. This stage is extensive and requires cooperation between the districts, coordination associations and the Swedish Public Employment Service. A major challenge is to create cohesive labour market and education assignments so that the merger being carried out can create added value for the affected target groups.

Building and housing

Gothenburg is growing rapidly both in population and workplaces. The goal is 700,000 Gothenburgers by 2035. Such growth means that Gothenburg will change. Extensive urban development with infrastructure development and construction of housing is under way to create long-term attractive and sustainable urban environments for residents, visitors and the business community. A particular challenge is counteracting segregation – geographic, physical and social.

Sustainable urban development is the goal

The city is facing major and complex challenges in the actual implementation stage in e.g. River City, while other urban development is ongoing and needs to be developed. Detail planning work is under way for Jernhuset in the Centralen area, lowering of the Götaleden stretch of motorway, Bangårdsförbindelsen rail connection and the Västlänk Station. Detail planning work is also being carried out for Backaplan prior to consultation and detail planning has started for Frihamnen. Major development work is also being conducted to protect the City against extreme weather conditions and for urban development to lead to socially sustainable living environments. In all, planning and processes for urban development and housing supply are moving in the right direction in accordance with the goals set by the City.

Climate changes require action

A strategy was developed for how society can gradually adapt to rising sea levels, extreme torrential rain and extreme flows in watercourses in the short and long term and work with additions to the overview plan has been initiated. The hydro model, a digital tool used for simulating different weather events and protective measures, has been completed, improving conditions for planning and making decisions on actions. Method support for planning is also being created.

Land supply – a prerequisite for urban development

Land allocation as a strategic tool continues to evolve. The land allocation policy underwent review during the year. Älvstranden Utveckling AB and the Property Management Committee developed a common land allocation processes that makes the Property Management Committee the starting point for players who want to build in municipal land, regardless of whether the land is owned by the City or by Älvstranden Utveckling AB. Transparency regarding selection and decisions on land allocation has increased, creating greater clarity for developers on project conditions at an early stage. To meet the needs of industry, the City has land with completed detail planning for operations. There have been seven sales to companies in different industries, mainly small

companies. To better meet the demand for industrial land, new areas adjacent to the Hisingsleden motorway are being mapped out for industry, mixed operations and logistics. A new model is also being tested, where zoned land is sold to project developers who can develop the land, build and rent finished premises to small and medium size companies. This has been tested e.g. for part of the area called Söder om Gårdstensvägen, which is expected to add about 100 new jobs. Demand for office space in central Gothenburg is great and the number of vacancies in the existing stock is low. In the long term, major expansion of office space is planned in the Centralen area, Frihamnen and Backaplan.

Increased housing construction a top priority

Strategic planning creates conditions to enable the development of housing, businesses, services, infrastructure and recreation. Planning for housing has been a dominant issue and the trend is larger and larger detail plans with a large housing content. Planning for infrastructure and industrial development has also



Extensive infrastructure development and construction of housing is under way to create long-term attractive and sustainable urban environments.

Photo: Jeanette Larsson

been extensive. The number of dwellings in plans has increased continually in recent years. Last year, 3,560 dwellings were approved in plans by the Planning and Building Committee. The large projects among the approved detail plans regard Sisjön, Rambergsvallen, Selma Lagerlöfs torg and Opalorget.

Development work for more efficient planning was completed in 2014 and a large number of measures will be gradually introduced in regular work processes.

Number of approved dwellings in plans 2011–2014

	2011	2012	2013	2014	Total
Number of dwellings	1,900	3,000	3,150	3,560	11,610

2,017 dwellings were completed in 2014 – 671 tenant dwellings, 799 tenant-owner dwellings, 237 private houses and 86 special housing units. The number of dwellings added through new construction and renovation in 2011–2014 is 8,397 dwellings. For the housing supply in Gothenburg, it is not only how much is being built that is interesting, but also what forms of tenancy the new construction provides. The City has an expressed ambition to build a mixed city. The addition through new construction involves a slow but continuous change in the total housing stock. Förvaltnings AB Framtiden is tasked with contributing to the City's housing supply. The goal over time is to contribute to housing construction with 1,000 tenant dwellings and 200 tenant-owner dwellings per year. A total of 304 dwellings were completed during the year, of which 288 were tenant dwellings and 16 were tenant-owner dwellings. A further 88 flats were added through conversion of premises.

Measures currently being implemented to satisfy the housing need will produce results that will first be seen a number of years in the future. The coming years are expected to see a gradual increase from previous years of approximately 2,000 dwellings to a level of 3,800 dwellings per year for the period 2019 onwards. Additional measures have also been adopted to satisfy the housing need, where the goal is to obtain another 7,000 dwellings beyond the planned housing volume by 2021. In order for the goals to be met, the right market conditions must be in place. During the year, a proposal of guidelines for housing supply in Gothenburg was drafted.

Number of completed dwellings prior 2011–2014

Years	New construction	Renovation	Total
2011	1,483	219	1,702
2012	1,894	216	2,110
2013	2,303	265	2,568
2014	1,793	224	2,017
	7,473	924	8,397

The City is also working actively to improve the housing supply for specific groups. In 2014, 314 households moved into flats with a municipal contract or primary lease. Housing is assigned after assessment of social and medical reasons. A development project is under way based on the report "Rätt boende - åtgärder för särskilda invånargrupper på bostadsmarknaden". (Right housing – actions for special population groups in the housing market). The latest news is that a draft of a strategy to combat homelessness was created through broad cooperation with various stakeholders. Housing supply for new arrivals and additional housing placements for unaccompanied minors are also something the City is working on. Examples of measures taken to enable the elderly to continue living in the regular housing stock is that additional sheltered housing has been created and there has been an increase in the number of intermediate housing forms. Work to increase the physical accessibility of urban space is also in progress. About 80 per cent of the City's 3,100 business premises and public places are now inventoried.

Greater focus on social sustainability

In the planning, all detail plans shall undergo impact assessment according to social impact analyses and child impact analyses. The forms and knowledge about how this can be done is undergoing continual development. The first land allocation for Frihamnen occurred during the year. Particular focus was put on density, variation, innovation and socially mixed housing. Two developers, one of which is Förvaltnings AB Framtiden, have undertaken to contribute to building housing in Frihamnen at a lower rent. The long-term goal is to use the model currently being tested for more land allocations. The City's public housing is conducting extensive work to contribute to resident's living environment, welfare and increased integration. In particular, efforts to increase employment were carried out, which led to both young people and adults who were outside of the labour market getting a job or internship in the housing group. The project Stadsutveckling i Nordost (Urban development in the north east), one of Sweden's largest EU-funded urban development projects, has been recognised by the EU Commission and was deemed a good example of how locally-led development can be carried out with the support of multi-fund financing from the EU. During the year, a feasibility study was conducted with the aim of developing green and climate-smart business development with cultural and social sustainability in north-eastern Gothenburg with the support of EU's structural funds.

Children and young people in the City

The City is continually striving to increase the perspective of the child in urban development. This means, for example, that children's and young people's access to recreation areas, playgrounds and green spaces, and children's outdoor environments in general shall be taken into consideration in both the planning process and pro-

jects based on different aspects. With the support of EU funding, a method manual was drafted to define how children can be included when designing school yards and pre-school yards. Development of the involvement of children and young people is an important issue. It has taken place in the ongoing transformation of Selma Lagerlöfs torg and in Frihamnen, where 13 young urban developers participated in setting concrete goals for the work.

Co-creation and involvement generate interest

The attention surrounding urban development has increased and generates interest among Gothenburgers. The dialogue with residents is central to incorporating different perspectives into the development of an area. Dialogue also reveals conflicting goals, which need to be addressed in planning. When the development of e.g. green spaces occurs, it often creates strong reactions among local residents. Experience shows the importance of the residents being made aware of planners' and decision-makers' trade-offs and positions when an urban area is slated to undergo transformation. Intensive discussions about the City's development have taken place in relation to detail plans for various urban areas, plaza environments and parks and the creation of safe living environments. Several debates have taken place in Älvrummet, which is a natural arena for discussion of urban development issues and for exhibiting proposals and plans. Information and communication regarding urban development issues via the City's website have also improved.

In order to use the construction time for co-creation, a large number of temporary value-adding activities have been carried out in Frihamnen. These were attended by many Gothenburgers, particularly young people. Jubileumsparken saw different activities, such as sailing school, roller derby, opening of a sandy beach and urban farming. A sauna was even built in the central harbour pool and is open to the public. In the summer, Gothenburgers and visitors could buy food from mobile food services from around the world, so-called street food or food trucks, in the city centre and at select locations at Hisingen – something that has been a valued addition to the urban environment.

Refurbishment of the Million Programme in progress

About 40 per cent of the property stock of Förvaltnings AB Framtiden is buildings from the Million Programme. Refurbishment within public housing is going according to plan. No urgent deferred maintenance was found to exist within the housing stock, although some properties have major scheduled maintenance requirements. Up to this point, maintenance measures have been performed in more than 50 percent of the Million Programme buildings. To enable residents to continue living in the housing after the renovation, special discounts are being offered to current tenants. Tenants who cannot or do not wish to continue living in their flat

will be offered housing in the same residential area or another public housing area.

Research, development and innovation in cooperation

Gothenburg is facing major challenges in joining the City across the river, while at the same time building the entire City, both physically and socially. This requires close cooperation between the City, industry, schools and universities and research institutions, such as the University of Gothenburg and Chalmers University of Technology, and the non-profit sector and civil society. More people and organisations need to think in new ways and contribute new ideas or solutions. Examples of collaboration arenas are Lindholmen Science Park, Johannebergs Science Park and Mistra Urban Futures – Centre for Sustainable Urban Development. Several research and development projects have been conducted that have contributed to the City's urban development work. Several subprojects fall under the umbrella "Smart Cities", such as "Smart Urban Logistics" in Frihamnen and "Urban Lifestyles" in the Centralen area. Another example is "Innovation Platform River City", which aims to develop a structured approach for cooperation between research and ongoing development processes. Specifically planned with the River City vision in focus is the creation of three test beds that focus on sustainable lifestyle, socially mixed housing and smart energy systems. In the cooperation within Mistra Urban Futures, "Urban station communities", "Knowledge about and Approaches to Fair and Socially Sustainable Cities – KAIROS", "Divided City", and "Business Oriented Sustainable Urban Development" are some examples of projects that contributed to the City's ongoing work.

Challenges and opportunities

Perseverance in processes, cooperation and dialogue with citizens are key factors for achieving these goals. A strategic issue for City activities is competence supply so that competence and human resources can be ensured in both the planning and the execution. How the city can be densified while safeguarding environments for children and young people is an issue that the City needs to work with. The design of the physical environment and the City's spatial structure provides a framework for development opportunities in the City and is hugely significant to people's comfort, health and well-being – and thus also for the economic development of both the City and the region. By creating spatial opportunities for social encounters and an attractive urban environment, Gothenburg can be made more attractive both nationally and internationally. Being able to satisfy the housing needs of various resident groups is of the utmost importance to the City's development and to combating segregation. An increasingly important issue is the implementation of the measures needed to protect the City's population and facilities against the effects of climate change and extreme weather events.

Traffic

2014 saw the planning and execution of a number of major infrastructure projects. Implementation of the West Sweden Package continues. Planning is under way for a new main line for high-speed trains between Gothenburg and Stockholm. Sustainable travel increased during the mandate period. Shipping has become more environmentally focused and the Port of Gothenburg showed a trend of reduced greenhouse emissions. Cruise ship traffic broke a record, with 73 calls and a 130 per cent increase in the number of passengers.

The City shall continue to function as the West Sweden Package is built

Execution of the West Sweden Package is under way and several of the projects entered the execution phase at the same time as intensive planning of other parts of the package is in progress. 2014 saw the planning and execution of a number of major infrastructure projects which are crucial to sustainable growth and increased accessibility of the City and the region in the long term. Examples are Västlänken, the Marieholm Connection Project and the Hisingsbron Bridge Project, as well as smaller projects such as new stops at Chalmers and improved accessibility and road safety at Klarebergsmotet.

An important foundation for the City of Gothenburg is that even during the intense construction and urban development period the City will be an attractive and viable city for residents, visitors and the business community. It is important to enable everyday life to flow properly and to be able to reach buildings and sites.

For a number of years, accessibility in central Gothenburg will be limited due to a number of ongoing construction projects. This regards infrastructure projects within the West Sweden Package, Västlänken, Hisingsbron Bridge Project, E45, the Marieholm Connection Project, major maintenance projects, infrastructure projects within the regular operations of the Swedish Transport Administration, Västtrafik and the Traffic and Public Transport Authority as well as development projects such as the Centralen area, Frihamnen, Ringön, etc.

In spring 2014, the management team of the West Sweden Package decided to break off issues related to accessibility during the construction period and tackle them in a separate project jointly owned by the City of Gothenburg, Västtrafik and the Swedish Transport Administration – KomFram Göteborg (Get There Gothenburg). The work in KomFram Göteborg began in spring 2014 with the aim of being the unifying and driving function to ensure good quality and coordinate traffic during the long construction period. Work with goals and priorities during the construction period centred on a common starting point – “It shall be easy, safe and reliable to reach one’s destination during the construc-

tion period”. The parties in the Package jointly decided that the following goals shall be maintained or improved during the construction period:

- Attractive public transport with good capacity
- The ability to travel by foot or bicycle quickly, easily and safely
- Quality in commercial transports

Fast track for new main line for high-speed trains

The national plan for transport infrastructure includes investments in a new main line for high-speed trains between Stockholm and Gothenburg. In the Gothenburg region, this represents an extension of the first stage of the leg Gothenburg–Borås. Planned construction start for this stage Mölnlycke–Bollebygd via Landvetter Airport is some time during the period 2020–2025. To enable continued planning and earlier expansion of the remaining stages, an agreement on co-financing was signed with the Swedish Transport Administration in 2014 through GR for the planning of the stretches Almedal–Mölnlycke and Bollebygd–Boras in a cohesive project for the stretch Gothenburg–Borås. The city of Borås is also participating in this agreement of co-financing of the railway plan.

Sustainable travel in focus

During the mandate period, travel by public transport and cycling increased, while travel by car decreased. The changes can be attributed to a number of measures both structural and attitude-influencing in nature. The biggest change occurred in conjunction with introduction of the congestion charge, at which time improvements were also made for cycling and public transport.

The percentage of travel by public transport is 28 per cent, cycling is 7 per cent and by foot is 24 per cent. Car travel now represents 41 per cent, compared to 44 per cent in 2011.

Travel by public transport has remained unchanged in recent years, but the trend between modes differs – bus travel increased by 4 per cent and boat increased by 15 per cent, while tram travel declined by 2.5 per cent and

the number of cyclists passing fixed measuring stations increased by 4 per cent. Car traffic decreased in central Gothenburg, but increased at fixed measurement points and the municipal boundaries during the year. Via the control points, an increase in car traffic could be seen during the third quarter of the year – a change that could also be seen nationally. Contributing reasons for the trend could be improvement in the economy and lower fuel prices. However, traffic through the portals is still less than in 2012, i.e. before the congestion charge was introduced, and the number of passages at the portals was 7-8 per cent lower in 2014 than in 2012.

Green cars now constitute 20 per cent of newly registered cars in Gothenburg (January-September), which is higher than the national level. About one quarter of all lightweight vehicles in Gothenburg traffic are also green vehicles. In the City's own fleet of lightweight vehicles, 92 per cent were green vehicles as of October.

Consciously controllable prioritisation under the traffic strategy

During the year, "Trafikstrategi för en nära storstad" (Traffic strategy for an interconnected city) was adopted as guidance in the conversion of traffic systems from optimisation based on the traffic situation to consciously controllable prioritisation and management. The strategy aims to create a Gothenburg where more is close by, where travel time to other areas is short, where industry and people are close to the outside world and where we are close to each other in dense yet green urban environments. The traffic focuses on three areas:

- How we can create an easily accessible region centre
- How we contribute to more attractive urban environments
- How we contribute to securing Gothenburg's place as the Nordic logistics centre

Cycling plan rolls on

According to the traffic strategy, cycling is an important part of a sustainable and efficient transport system in a growing city that is becoming denser. A cycling plan is being drafted and serves as a deepening and concretisation of the traffic strategy. The starting point is the fact that Gothenburg is transitioning from being a small big city to being an interconnected city. This means that the City is becoming denser and that more destinations will be within walking and cycling distance. In an interconnected big city, cycling will be quick, simple and safe. But, if we want City residents to be able and willing to choose the bicycle for their travel needs, the traffic system must be developed and guided by what cyclists appreciate and value.

The cycling plan emphasises the importance of a holistic approach to the building of Gothenburg as a cycling city. Everyone working to develop the City must cooperate to jointly strive towards improved and increased cycling.

Tram traffic with future initiatives

Renovation of the M32 tram is under way. Procurement of the new M33 tram, which is expected to begin operating in Gothenburg in 2018, began during the year. Projects are under way in different parts of the City of Gothenburg to expand the tram network and increase accessibility. Localisation studies are being conducted for public transport depots, an important project considering the new M33 tram.

Shipping is both decreasing and increasing

Shipping is an important part of Gothenburg. Shipping is becoming more environmentally focused through factors such as reduction of the sulphur content in the fuel and the development of new fuels such as methanol and liquid natural gas. Göteborgs Hamn AB developed a new internal environmental programme for the coming years. In 2014, there was a trend of reduced direct greenhouse emissions from GHAB.

Container volumes reduced by 3 per cent in 2014. Rail volumes increased by 3 per cent in 2014, which means that the percentage of containers handled by rail increased to 53 per cent during the year. Energy volumes reduced by 6 per cent. Ro-ro volumes and car volumes were generally in line with the previous year. Cruise ship traffic broke a record, with 73 calls and a 130 per cent increase in the number of passengers.

Skärgårdstrafiken in the southern archipelago is working with energy efficiency measures and eco-driving.

Increased travel with mobility service

In 2014, the mobility service carried out 1,344,000 trips. About 35 per cent of them were assignment trips conducted on assignment of City administrations, neighbouring municipalities and Region Västra Götaland. 580,000 of the trips were mobility service trips. This is 53,000 more trips than budgeted and 44,000 more than in 2013. Increased mobility service travel is primarily the result of the committee's decision to increase opportunities to offer more leisure trips in the basic offering and for individuals who cannot travel any other way than with the mobility service to be able to apply for extra trips. Part of the increased travel can also be due to accessibility problems in tram services.

Mobility service passengers also took about 240,000 trips with the flex line, which is generally unchanged compared to 2013.

Culture and leisure

The Paracas Textiles were handed over to Peru with great ceremony and worldwide interest. The rebuilding and extension of Stadsbiblioteket with new areas for reading, studies, lectures and meetings was well received by the people of Gothenburg.

The culture and leisure sector is found within the district committees, departmental committees, and companies and caters to all ages.

The 1930s saw an illegal export of Paracas textiles from looted tombs on the Paracas Peninsula of Peru. The textiles were spread throughout the world, with 89 arriving in Gothenburg. The first four were returned during the year to the National Museum in Lima. The last ones will be sent in 2021.

Stadsbiblioteket at Götaplatsen was reopened on World Book Day after two years of renovations. The building is now environmentally certified. Availability increased in terms of opening hours and physically as an accessibility consultant participated in the renovation. The percentage of young visitors has been high. In the autumn, visitors found their way back and everything was business as usual again. The temporary little central library branch 300m² remained open and became the third largest library in terms of number of visitors.

Culture reaches more through remote-controlled robots

Successful trials with remote-controlled robots enabled the elderly to make their way around art exhibitions.

The Cultural Affairs Committee also tried to ensure accessibility at exhibitions by employing people with functional impairment to test and contribute ideas to create exhibits for everyone. Digitalisation of art collections began. The City's game day events at residential care facilities and meeting points had an audience of over 52,000 visitors.

The museum of the year was in Gothenburg

Of the eight most visited museums in Sweden, four were from Gothenburg. Göteborgs Stadsmuseum was named 2014 Museum of the Year and received an award for this year's exhibition "Vi är romer". (We are Roma). The Garden Society of Gothenburg received the Nordic Green Space Award, a quality standard for parks and green areas. The park was also awarded Tripadvisor's Certificate of Excellence based on visitors' experiences of the park. The Garden Society of Gothenburg, with its English park, rose garden and Palmhuset, attracted a record crowd of 1,259,000 visitors. The Palmhuset building in glass and steel is growing in popularity as an event venue.

Quality work resulted in increased opening hours

Several customer, visitor and student surveys were conducted during the year. The survey "Barn- och ungdoms fritid i Göteborg" (Leisure of children and young people in Gothenburg) showed that 81 per cent of the students surveyed were satisfied with their leisure time. A large percentage of them have some type of regular training outside of school.

To illustrate the availability of libraries, a survey was conducted among visitors and non-visitors. The survey resulted in increased opening hours. Stadsbiblioteket was open seven days a week and also to late evening. A "Meröppet" system was investigated by the City's library managers. Meröppet means that the library can be visited during unstaffed hours.

The City's playgrounds, about three hundred in total, undergo a safety inspection every other year. The goal is for the safety inspection to be annual. During the year, the Parks and Landscape Committee became certified in accordance with ISO 9001 and 14001.

New swimming jetty and new sports facilities

A new swimming jetty was completed at Askimsbadet just in time for swimming season. The changing rooms



Stadsbiblioteket was reopened on World Book Day after two years of renovations. The building is now environmentally certified. Photo: Anja Sjögren



Faust och Faustin and Out at Gothenburg City Theatre.

Photo: Ola Kjelbye

were also renovated. A new feature at the swimming area was visits by the mobile library to entice adults and children to read more. Southern Gothenburg got a new sports hall, Lindåshallen, for ball sports, track and field and gymnastics. The hall is specially designed to enable people with functional impairment to play sports. Lindåshallen was budgeted at SEK 72 million, but was completed for SEK 55 million due to good procurement. Angereds Arena, which opened in 2013, reached its planned number of visitors in 2014 and operations were therefore expanded.

New support for film development

During the year, the Gothenburg City Council established support for film development in the amount of SEK 10.5 million. The Cultural Affairs Committee was given responsibility for the support and established two support forms – “support for films and moving pictures” and “support for innovative actors”. The City also increased its annual contribution to “Film i Väst”.

Assessment of the future

For GREFAB, the focus is on environmental work to prevent toxins from being passed on to surface water and the sea. When combined with the major maintenance needs in the ports, expansion with new ports is not on the agenda at this time.

Since Gothenburg is facing extensive housing construction and infrastructure development, culture and leisure have been incorporated in urban planning at an early stage. Two regional cultural centres, parks and

green areas are some examples of what the new districts may include.

Guests/visitors

Thousands (KSEK)	2012	2013	2014
Letting of sports facilities (pitches and halls, hours)	277	270	283
– of which sports halls	140	179	192
Guest nights at sports competitions	224	225	214
Swimming baths	1,310	1,009	1,099
Ullevi	358	319	211
Scandinavium	680	607	660
Liseberg Amusement Park	3,280	2,660	2,902
– of which Christmas at Liseberg	472	532	542
Gothenburg City Theatre	112	109	103
– of which children and young people	13	19	17
Art gallery	35	35	39
Stadsbiblioteket library	498 *	430 **	1,189 ***
District libraries	2,982	2,993	3,058
Museum visits	940	882	803
– of which children	213	208	170
No. of pleasure boat berths let	7,219	7,200	7,300

* Open Jan–March, then replaced with branch libraries.

** Regards branch libraries only.

*** Open May–Dec, including branch libraries which were open year-round.

Industry and tourism

Efforts to improve the business climate in Gothenburg continues. Intensifying competition and weak volume growth at the Port of Gothenburg. Record number of hotel nights for the 23rd year in a row.

The focus on improving the business climate continues

For the past several years, the City of Gothenburg has conducted targeted efforts to improve Gothenburg's business climate. During the year, action plans were developed and implemented within the administrations which grant permits. Customer satisfaction is now followed up after each completed case instead of every other year. This enables the activities to correct deficiencies in administration much more quickly. During the year, the City also recruited another company guide, which is tasked with helping business owners when they need to get in touch with the municipality.

Weak development of container traffic in the Port of Gothenburg

Container volumes for the calendar year declined by 3 per cent compared to 2013. This is the second consecutive year with declining volumes. However, this year's decrease is entirely attributable to the transport of empty containers, which means that the physical goods transported in containers has not decreased.

Land-based container transport to and from the port is done increasingly by rail. Last year, 53 per cent of the total container volume was transported by rail, which is a record. Ro-Ro volumes remain unchanged compared to the previous year.

The Port of Gothenburg has great challenges ahead. The vessels plying the port are increasing in size, which means that new investments in shipping lanes, terminal handling equipment and logistics centres will be required to stay competitive. At the same time, competition is becoming tougher and market growth is expected to decrease.

Positive development for Gothenburg as a tourist and events city

The tourism industry enjoyed good growth in 2014 as business, as measured in terms of number of overnight stays, increased by 8 per cent over the previous year to 4 million guest nights. Tourism has exhibited sustained growth for the 23rd year in a row. Congresses and meetings are important for the City of Gothenburg as this business creates major tourism economic effects. 2014 was a stable year, with 100,000 delegate days.

The World Floorball Championship was successfully held in December, with the opening ceremonies at Götaplatsen. Another events highlight was the concert with Håkan Hellström at Ullevi, which set a new attendance record with 69,349 visitors.

New attractions at Liseberg contributed to a record year

During the year, Liseberg had 3.1 million visitors, which is an increase of 9 per cent. The summer season dominates its operations, with about 2.4 million visitors. Despite its high number of guests, Liseberg retains a high level of customer satisfaction. Financially, Liseberg had its best year to date, with a before-tax profit of SEK 119 million (SEK 53 million). The new ride Helix was a major contributor to last year's success. During the year, Liseberg AB prepared for operational transitions from the subsidiaries to the parent company and a merger of Liseberg Restaurant AB into the parent company. At that time, several parallel functions were merged to reduce costs.

Preparations for construction of Västlänken are currently in progress. Liseberg and the Swedish Transport Administration are therefore carefully planning how the construction can be carried out in a manner that minimises its impact on amusement park business.

Future issues

In 2015, Gothenburg will host two of the world's most famous sailing competitions – Volvo Ocean Race and the America's Cup. Both will be held in Frihamnen. Next year will also see the opening of the Bravida Arena, which will be the new home stadium of BK Häcken. During the year, Gothenburg won its bid to host the 2017 FEI European Championships. This is an outdoor event that will be seen throughout the City, with equestrian competitions at both Ullevi Stadium and Slottsskogen.

Liseberg's profitability is greatly dependent on external factors such as short-term macroeconomic developments, exchange rates, travel patterns and private consumption. In the medium and long term, the company needs to lower its break-even level. Over a couple of years, Liseberg AB invested about SEK half a billion and is now moving into more cautious expansion. Over time, it is necessary to plan for continued strong expansion to entice travelling guests in particular to spend more time at Liseberg and to provide an offering that spans all seasons of the year.

Climate and the environment

The challenges are numerous when it comes to the climate and environment. During the year, the City has made decisions on a number of programmes, strategies and plans that support efforts to achieve the twelve local environmental quality goals and prioritised budget targets. The City's work with a climate strategy programme and chemical plan attracted attention in the rest of the country and around the world.

The City of Gothenburg is active in its environmental work and after several years of broad cooperation to develop goals and strategies in this area it cannot dedicate more time and focus on the implementation of measures.

Toolbox for environmental work

The City's climate strategy program was adopted by the City Council in September 2014. The programme includes climate goals up to 2030 and strategies for achieving these. This programme is the first to include consumption's impact on the climate, which has attracted attention in many contexts and several municipalities are likely to develop similar programmes. As a result, the cooperation with Nelson Mandela Bay developed further, with cooperation in relation to climate strategies that can reduce the South African municipality's greenhouse gas emissions. Gothenburg brings experiences from its climate strategy programme, including analyses of climate impact and what areas need to be prioritised.

The environmental programme was adopted in December 2013 and the first year can be considered a success. Only six months into 2014, seven measures were completed and almost 150 had been initiated. In June, the City Executive Board decided to give 64 projects stimulus funds in the 2014 budget and a decision on 50 projects for 2015 was reached in November.

The action programme against noise pollution 2014-2018 was adopted by the City Council in February 2014. The programme takes a comprehensive approach to the City's noise problems in order to limit the negative effects that ambient noise has on health through access to good acoustic environments.

The spring also saw the adoption of a chemical plan intended to reduce risks in the City's chemical usage. The plan has a clear focus on children. The City of Gothenburg was the first in the country to implement such a plan and our knowledge is now in demand by many.

The Parks and Landscape Committee reached a decision on Green Strategy for Dense and Green City in February 2014. The strategy is now a support in the City's sustainable planning.

Produce and save energy

The need to increase production of renewable energy, including wind power, has been highlighted in both the budget and climate strategy programme.

GoBiGas began delivering gas to the gas network in December. Gothenburg has taken on responsibility for technical

development and the facility is the world's first demonstration facility for large-scale production of biogas through gasification of residual products from the forest. It has the capacity to supply fuel to approximately 15,000 cars or 400 buses per year.

The extensive process, with many opposing parties, with the Vindplats Göteborg (Wind Site Gothenburg) project in Hake Fjord that could deliver around 200 GWh of renewable electrical energy encountered headwinds in December when the Land and Environment Court rejected the application. The risk of spreading contaminated dredged material, the impact on several national interests and socio-economic aspects weighed heavily in the Court's ruling.

The production of electricity and heat at the Renova waste-to-energy plant in Sävenäs during the year surpassed all records and few in the world can match the efficiency of extracting energy from waste. The high calorific value of the waste and high availability through successful maintenance work at the plant are the main causes.

Energy efficiency is important in order to phase out fossil energy and energy use continues to decline in the City's premises. The City Premises Administration implemented technical measures and those using the premises, e.g. pre-schools and schools, have changed their behaviour. This has produced good results and energy efficiency work is going according to plan. Bostads AB Framtiden has reduced energy consumption by 35 per cent per square metre since 1990.

The City of Gothenburg has only procured electrical energy produced from renewable energy sources with hydro power from Norway as the basic range. Electricity from other renewable energy sources can also be selected. The majority of the City's organisations have chosen the Bra Miljöval (Good Environmental Choice) ecolabel or local wind power.

The annual Nils Holgersson survey compares the cost of a fictitious multi-residential property between municipalities. This year's results show that the grid prices and district heating prices in Gothenburg remain low.

Waste is also useful

The people of Gothenburg perform environmental work every day by sorting their hazardous waste, electronic waste, food waste and packaging. The amount of waste must be reduced, but what we throw away can also become a resource if it is sorted and processed properly. The amount of waste sent for incineration continued to decline and the sorting of food waste is increasing. In total, waste volumes have

decreased by almost 8 per cent over the past four years and the sorting of food waste has increased greatly. Combustible waste is used for district heating and electricity and food waste is turned into bio-fertilizer and biogas for vehicles.

To provide greater service to the people of Gothenburg, on-site collection of textiles was tested in 30 garbage rooms. A joint project with Förpacknings- och tidningsinsamlingen was also started to increase on-site collection of packaging and newspapers at apartment buildings.

The Ryaverket treatment plant generated about 56,000 tonnes of sludge. Biogas extracted from the sludge was upgraded by Göteborg Energi to 70 GWh of vehicle gas. The sludge was also used to produce 12,000 tonnes of RE-VAQ-certified sludge, which is approved for the recycling of nutrients to cultivated land. The long-term goal is to return the sludge to circulation.

Green and blue

Gothenburg's new forest policy is based on forest management with a focus on nature, cultural and social values instead of the previous focus on production. This is unique among large forest owners in Sweden.

Cultivation opportunities near residences with the opportunity to practice organic farming and food production are increasing. Approximately 600 new cultivation opportunities were created on both municipal and private land. Cultivation opportunities as important educational elements in pre-schools and schools are also increasing, and the cultivation opportunities will have a prominent place in the development of Jubileumsparken in the new Frihamn area.

Species and habitats that are particularly important to protect and preserve were investigated in the work with the general conservation strategy. During the year, results of inventorying of the *Bembidion stephensii* beetle, birds, butterflies and insects in trees worthy of protection were presented. The City also investigated the eelgrass beds and tributyltin in netted dogwhelks and benthic fauna in freshwater and metal concentrations in water moss. The results are used as the basis for the City's physical planning.

The wastewater to the Ryaverket treatment plant contains residues of pharmaceuticals, flame retardants and other organic substances that are difficult to break down and can be harmful to humans and the environment. A test facility for ozone in wastewater was set up at Ryaverket in the autumn to investigate how harmful substances can be reduced without giving rise to new ones that could harm the environment. Another important tool for reducing the impact on waterways in the City is work on the sewage diversion action plan, which aims to reduce untreated overflows and create expanded water protection areas.

In connection with the parking areas in the Kvibergs hallområde development project, a pilot project with a rain garden was initiated. A rain garden combines vegetation with delay of stormwater in urban environments.

To ensure a reliable water supply, the municipalities of the region have worked together to draft a water supply plan. This is now complete and has been approved by the City Council. The plan includes the goals of good and healthy drinking water and a reliable drinking water supply.

Lifestyle for climate-smart

Gothenburg has positioned itself nationally through its work with WISE (Well-being in the Sustainable Cities), which is a Mistra Urban Futures project. A national conference on climate adaptation, technological opportunities, changes in lifestyle and well-being was held in Gothenburg in September.

The choice of products in the store affects which chemicals end up in circulation. During the year, the Environmental Administration conducted the project "Våga fråga – Kunna svara" (Dare to ask – Be able to answer) to raise awareness of hazardous chemicals among both consumers and the retail trade.

Circular economy has been an issue during the year and an example of this is the work with collaborative consumption, where the focus is shifted from owning to have access to. Another example is the toy exchange through Retoy, where hundreds of children participated in the first event in the autumn.

Gothenburg – a smart city

The City is continuing its work in the research projects Celsius, StepUp and EU Gule. In Celsius, the City has a lead position and Göteborg Energi AB is project managing the various European cities participating in the project. The City's position as a smart city is highlighted and also enables environmental technology export from companies in the area. The aim is to show how district heating and cooling can be used for purposes such as recovering waste heat in a city and making energy use more efficient. EU is demanding these types of solutions to be able to achieve the goal of 20 per cent energy efficiency improvement by 2020.

A local measure carried out through the Celsius project is heating a large ferry through district heating when it is docked. Göteborg Energi's district heating network supplies Stena Danica with hot water through a new heat exchanger. Gothenburg and Stena Line are the first in the world to do this. For some time, the ferry was also had a land connection for electricity. This reduces carbon dioxide emissions by 500 tonnes per year.

Clean and tidy in Gothenburg

Littering is on the decline and a record 65,000 schoolchildren took part in the traditional spring cleaning around schools in April. In the autumn, football clubs picked up litter around their clubhouses and fields. Twelve clubs with about 700-800 players participated. The City contributed gloves and garbage bags and picked up the collected trash.

Environmental focus during procurement

Environmentally-friendly transports are an important aspect of procurements conducted by municipalities and companies. The City of Gothenburg's environmental and social requirements in framework agreement procurements of fuel have contributed to fuel suppliers developing internal systems to ensure and report the environmental qualities and social considerations of the products. The framework agreements now incorporate only 100 per cent biogas, which is in line with the City's environmental goals. A new



A new fossil-free fuel was introduced in Renova's vehicle fleet – synthetic biodiesel.

Photo: Jeanette Larsson

fossil-free fuel was introduced in Renova's vehicle fleet, synthetic biodiesel. This has greatly reduced environmental impact.

A wholesale procurement of only organic meats was conducted during the year, where organic products were requested in many product categories. Some product categories were completely missing from the range and others had a limited supply, which had consequences for certain user groups. A supplementary procurement of conventional meat products was therefore conducted for a limited transition period. One positive consequence of the requirement of only organic meat products is that the market perceives the City of Gothenburg as consistent and determined to implement the policy goal.

Awards and honours

This year's theme of the international Gothenburg Award for Sustainable Development was pioneering leadership for global industry. The award went to Unilever CEO Paul Polman for his courage and commitment and because he is an inspiration within the global business world, where environmental and social values are often overshadowed by more short-term commercial interests.

The City of Gothenburg received the Swedish Society for Nature Conservation's 2014 Honeysuckle Award for its efforts to develop an environmental programme, climate strategy programme, green plan, traffic strategy, development planning and its chemical plan.

The music festival Way Out West in Slottsskogen was named Entrepreneur of the Year at the Swedish Recycling Awards. The award was shared with Renova, who has been the festival's partner in relation to waste and recycling for the past seven years.

Gothenburg was the first in Sweden to have an environmental diploma execution of the European Parliament elections. This is one step in becoming a climate-neutral city. With nearly 420,000 eligible voters, it is a big job to handle the quantities of materials and the number of transports. To

obtain the diploma, the City satisfied 34 environmental requirements ranging from how transports are managed and material ordered down to the lanyards the 2,500 election officials wore around their necks.

Work with sustainable food

With its public kitchens and its goal of serving 100 per cent organic meat in schools and healthcare facilities, Gothenburg is unique and is attracting attention globally. Gothenburg is part of the EU project "Sustainable food in urban communities" and, together with the cities Bristol and Vaslui, is responsible for the theme "Demand – how people can enjoy and experience a sustainable, healthy, positive and vibrant food culture in public kitchens and households, at restaurants and at events".

An information campaign about our food waste was carried out in the spring to raise Gothenburgers' awareness about the environmental impact this has. 15,000 tonnes of food are thrown away in Gothenburg each year, often as the result of poor planning, lack of time, and cheap food that leads to bad habits. With a little thought and planning, a lot of food could have avoided being tossed in the brown waste bag. Biogas is a good fuel, but it is still much better to eat the food.

Sustained and consistent climate and environmental work

A lot of climate and environmental work has been carried out over the years and there is a lot left to be done. There is still some way to go before we achieve the City's environmental quality goals and budget targets, and we face many challenges that require focus and endurance. However, the City is well equipped with programmes, strategies and plans that show which way the City should go to reach its goals. The upcoming climate negotiations in Paris make 2015 an important year for the climate.

Human rights

Gothenburg shall be a city for everyone. Human rights work is far reaching and requires perseverance. Work is underway to create greater social balance and a more level playing field between different population groups in the City. A lot of good work is being done, but the trend indicates that segregation has increased recently.

Human rights apply to everyone in Gothenburg

Efforts have started to integrate human rights into the municipal activities with a focus on equal treatment. This could mean bringing in a perspective with a bearing on human rights, such as the seven grounds of discrimination, when planning activities. The aim is to improve quality and ensure equal service.

The City's integration work focuses on counteracting imbalances between both population groups and geographic areas. This is a lengthy processes, where effects cannot be measured until far in the future.

In relation to the City's integration goals, positive results can be seen in terms of both education and increased employment. Measures have also been taken to increase socially mixed housing. The City's strategies and synergies for taking City-wide measures have been strengthened recently.

Three gender categories in the City's employee survey

The City of Gothenburg was the first in the country to introduce a third gender alternative in its employee surveys. Previously, one could see how men and women perceived their work environment, but now it was also possible for people who do not define themselves as male or female to complete the survey by ticking the category "Other".

Gothenburg – best LGBTQ city

The employee survey and the establishment of the City of Gothenburg's LGBTQ Council were named as some of the reasons why Gothenburg was ranked as the best LGBTQ city in Sweden. In August 2014, the Swedish Federation for Lesbian, Gay, Bisexual and Transgender Rights and the Swedish Association of Local Authorities and Regions presented a survey of how the country's municipalities lived up to the rights of LGBTQ individuals.

Intensified work in national minority issues

In 2014, action plans for national minority issues and the Finnish administrative area were adopted. This served to further highlight Sami, Tornedalian, Roma, Jewish and Swedish-Finnish issues in the City.

A Swedish-Finnish Council was established

In 2014, the Swedish-Finnish Council was established by the City Council. The aim is for the council and its associated reference groups to have a say in decisions affecting the Swedish-Finnish minority. Gothenburg became part of the Finnish administrative area in 2011.

Decision on the establishment of a Roma information and knowledge centre

In December 2014, the City Executive Board decided in favour of the establishment of a Roma information and knowledge centre. Prior to the decision, a feasibility study was conducted in 2014. Investigation is now required to determine where in the organisation the centre should be situated.

The City is concentrating on the reception of new arrivals

A total of 3,000 refugees were received in Gothenburg in 2014, of which 1,000 were children and young people between the ages of 0 and 20. The majority were children of compulsory school age. A high rate of reception is anticipated in the coming years. The City has strengthened the central coordination to ensure the quality of reception of new arrivals in Gothenburg.

Council for Integration and Social Community

The Council for Integration and Social Community was appointed in 2011 with the task of submitting proposals of how the City could improve the process of integration and social cohesion. In 2014, the council submitted its report with recommendations of how the City's strategies and measures could be strengthened and developed.

Equal opportunity

Better knowledge and systematic gender equality work have created the conditions for more equal service.

Training in gender mainstreaming

Equality training was conducted for managers, support functions and employees in various districts during the year. For example, 76 managers and support functions from 5 districts participated in a course in leading and managing for sustainable gender equality. After the training, the participants participated in their own improvement work for gender mainstreaming in their operations. A seminar series in planning and follow-up that integrated equality issues was held for administration controllers and activity developers. Safe, Beautiful City, the Education Committee, the Labour Market and Adult Education Committee, BRG, Göteborg & Co and Göteborgs Stadsteater AB also held training courses in equality for different target groups.

The number of activities that underwent gender mainstreaming has increased

The trend has continued, where by efforts have deepened, broadened and spread to new activities in the districts, departmental administrations and companies already working with the issues.

The majority of the districts indicated that the number of activities undergoing gender mainstreaming has increased in the various core activities. Some districts, the Planning and Building Committee, and the Road Traffic Committee have highlighted the equality perspective in civil dialogue. During the year, the Sports and Associations Administration conducted gender mainstreaming of e.g. pools, fitness classes and activities at Slottsskogsvallen and Angered Arena. The Committee for Consumer and Citizen Services and the Parks and Landscape Committee have drafted guidelines and methods for continued equality work.

During the year, the amount of resource mapping based on gender increased, which was positive. Such mapping serves as important data for analysing how resources (budget, time, etc.) are allocated in the activities. Example of mapping conducted were cost distribution based on gender at schools of the arts and recreation centres, travel with mobility service, and costs based on lending within the Stadsbiblioteket library.

Positive results from gender equality efforts

Through training and support, the equality perspective was gradually incorporated into the regular work. The work has changed and generated results beyond an activity level. Activities within the districts were primarily responsible for the positive development, but the work of some departmental administrations and companies

have also shown positive results. For example, active work with study motivation at a school led to considerable improvement in boys' grades. Initiatives related to treatment of students have created changes in approaches. The Sports and Associations Administration offered support to some 90 major associations in the drafting of equality plans, which resulted in 37 submitting their plans. Some 30 associations have material that indicated active equality work. Göteborg & Co has worked to create an equality programme for Göteborgs Kulturkalas. At this year's Kulturkalas festival, the gender distribution was equal in relation to the men and women on the different stages.

Much work remains

Perseverance and time are required to achieve equality in the City's activities. There are still many activities that have not yet started such development work. Skills development with a focus on managers and support functions must be intensified for increased understanding of how equality contributes to higher quality in service and higher goal achievement in general. Support and guidance is needed as the various activities conduct gender mainstreaming. Such expertise already exists in the City, but is not being used sufficiently. In planning, budgeting and follow-up, the equality perspective must be further developed and given a systematic structure to capture the results better.

Public health

In 2014, the City's public health work focused on reducing differences in living conditions and health. The Administration for Allocation of Social Welfare drafted two reports with statistics to highlight the differences found in Gothenburg. At the same time, work was begun to obtain an overall view of the City. The results of the reports were anchored in the administrations and companies and a structure for cooperation between the district administrations and the Administration for Allocation of Social Welfare was created. The aim was for the entire city to be permeated by efforts to reduce differences in living conditions and health.

Health data sheet – compilation of Gothenburgers' health

The health data sheet was launched in October 2014. The health data sheet presents some of the key indicators and metrics in terms of Gothenburgers' health in

a form that enables comparisons between and within the districts. As the indicators in the health data sheet are relatively stable, the next health data sheet will be published in three years, i.e. autumn 2017.

Middle areas – a new geographic division

The results of major surveys and studies are often presented at the municipal level, which means that differences in health and living conditions in major cities are not visible. Gothenburg therefore created so-called middle areas, which is a geographic area between the district and the primary area. Health data at the middle area level is used, among other things, in the health data sheet.

New policy document – suicide prevention

In autumn 2014, the City Council adopted a strategic plan for suicide prevention. The plan was drafted together with many different organisations, such as the Västra Götaland Region and Suicidprevention i Väst (SPIV). In 2015, a steering committee will be formed to begin the work and anchor the plan.

Development of youth centres

In 2014, City-wide work in relation to youth centres intensified. One result is the common platform, which is the foundation for youth centres' work and describes how the work and the centres are run. The platform is a document that will undergo continual development and modification.

Challenge for the future – cooperation

One challenge for the future is reducing the differences in health and living conditions in Gothenburg. An important part of the future work is cooperation both within the City and with other principals. Development of youth centre work methods and organisations, in cooperation with VGR, will be an important part of future work to reduce differences in health and living conditions for youth and young adults.



One challenge for the future is reducing the differences in health and living conditions in Gothenburg.

Children

The Convention on the Rights of the Child states that every child has the same rights regardless of their background. Gothenburg City activities have done a great deal to reduce differences in living conditions and health, but there are still significant differences between different groups of children.

In 2014, the Administration for Allocation of Social Welfare conducted joint efforts to collect statistics and other registry data to highlight any differences in living conditions and health. This showed that children in Gothenburg has relatively good childhood conditions, living environments and lifestyle habits. At the same time, it became apparent that children's conditions were too greatly linked to socio-economic factors and where in the City the child is growing up. Three important arenas were family, school and leisure time.

Children in difficult family environments

Approximately 12,000 Gothenburg children lived in difficult living environments and had contact with social services. Ten per cent of these were placed in a foster home or institution and approximately 5,000 children live in families with long-term income support.

The parents are important role models in a child's life. The City's social services undertook efforts to provide assistance in parenting, increasing the parents' ability to work, and initiatives to increase children's opportunities to succeed in school. There were activities for children of addicts and child victims of violence, as well as parent support work at family centres. There were also local projects, e.g. Riktat föräldrastöd (RiFS – Targeted parental support), to improve coordination in relation to children with functional impairment and improved support to their parents.

School shall compensate

Participating in pre-school has been shown to have beneficial effects for children, including later in life. Targeted efforts were made to inform parents about pre-school and its importance for children. Overall, there was an increase in the percentage of children enrolled in pre-school, but there were huge differences between the districts. During the year, several development initiatives were implemented to improve work to adapt education to the conditions of the children and students. City-wide guidelines for the right of newly arrived students to an education were adopted in December. The districts also developed joint strategies for ensuring that schools are more greatly characterised by an inclusive approach and creating an organisation to meet students in need of special support outside of their regular class.



Children's conditions are too greatly linked to socio-economic factors and where in the City the child is growing up.

Leisure habits are associated with who you are

The City's leisure time survey showed that the majority of all children in Gothenburg were active in clubs and associations and were satisfied with their leisure activities. However, there were differences between parts of the City and between different groups of children, such as children with a Swedish vs a foreign background.

Efforts were made to provide information to children and young people, including apps for swimming spots and playgrounds. New facilities were added, such as large playgrounds with different focuses, full-size sports halls for ball sports and gymnastics and several artificial turf fields. The renovated Stadsbiblioteket library was re-opened during the year. The mobile library expanded its rounds during the summer to visit swimming areas and entice children, young people and their parents to read.

How can we improve?

Despite efforts to equalise childhood conditions, differences remain. Children of parents with a low education level, low economic standard, poorer work conditions as well as children of single parents have poorer health compared to children with parents with the opposite conditions. Based on the above report, cross-activity work has been initiated to create development initiatives.

Foundations

The City of Gothenburg manages 100 foundations for various purposes. They are found in the fields of culture, social and education. In 2014, the combined holdings amounted to close to SEK 900 million. Grants from the foundations for various purposes totalled close to SEK 20 million in 2014.

Gothenburgers' philanthropic attitude has left its mark in the community. There is a reason why Gothenburg is known as the city of donations. The fortunes of several Gothenburg families laid the foundations of the institutions and organisations that live on today. Sahlgren, Röhss Chalmers Renström, Dickson, Wijk, Lindberg and Ekman are just some of the families that gave rise to hospitals, museums, schools, homes, parks and more.

Managing the foundations

The City of Gothenburg only manages foundations that work based on return on investment. These can be divided into three main orientations depending on the purpose of the foundation, namely cultural, educational and social purpose. In 2014, there were 100 foundations (with each foundation serving as its own legal entity). All foundations are part of the joint asset management.

In December 2014, the collective wealth totalled close to SEK 900 million and return on investment was SEK 22 million, which can be distributed to the various purposes in 2015.

The majority of the affiliated foundations are tax-exempt as the purposes are considered as qualified public benefit. Being qualified public benefit means that the organisation, for example, shall promote the care and upbringing of children, run aid programmes for the

needy, promote instruction and education, or promote scientific research.

Distribution from foundations

The foundations gave out nearly SEK 20 million in 2014.

Foundational with a cultural orientation contribute substantially to the grant of activities at the City's museums. SEK 4.4 million was distributed from these foundations in 2014. Gothenburg's city museums comprise the Göteborg City Museum, the Gothenburg Museum of Art, the Röhsska Museum and the Maritime Museum. The museums use the funds to, among other things, purchase art works for their collections. These are not limited to paintings and sculptures. They can also include other types of art objects such as uniquely designed clothing and furniture. Foundations with cultural orientation also include those who allocate resources to creating various events and decorating public spaces. One such foundation is the Charles Felix Lindberg donation fund.

The City of Gothenburg also manages foundations focused on education, whose main purpose is to promote instruction and education within the municipal compulsory and upper secondary schools. SEK 7.3 million was distributed from these foundations in 2014. The largest foundations with this orientation have the purpose of granting funding in the form of premiums and travel grants. The premiums are awarded to students with good grades and the travel grants are awarded to teachers for the promotion of scientific instruction or research. The foundations Einar and Sigurd Nordendahl scholarship funds are examples of such purposes.

The third category of foundations managed by the City of Gothenburg is those with a social focus. The purpose of these foundations, in essence, is to provide assistance to those in need. This means that grants are distributed to financially needed individuals who live in Gothenburg. In 2014, SEK 8.3 million was distributed from these foundations, including grants to families with children for certain types of recreation, help for rent and grants for the purchase of glasses or dental care. Each year, close to 3,500 individuals receive grants from these foundations.



Aquarium at the Maritime Museum.



3

MUNICIPAL CITY OF GOTHENBURG FINANCIAL ANALYSIS AND ACCOUNTS

The term Municipal City of Gothenburg refers to the committees and central municipal items, i.e. the tax-financed activities. In this block, the City's financial position and development are analysed from a number of perspectives. The statutory financial statements and additional information are also found here.

MUNICIPAL CITY OF GOTHENBURG

FINANCIAL ANALYSIS AND ACCOUNTS

59 Financial analysis of the Municipal City of Gothenburg

A special financial analysis model is used to analyse the Municipal City of Gothenburg. Trends and overall perspectives are important elements of it. The analysis should make it possible to assess whether the organisation's control of the inflow and outflow of cash in the short and long term is kept at a level that allows good business quality.

64 Good economic management, the balanced budget requirement and the earnings equalisation reserve

This section provides an analysis of the City's economic development in relation to the term good economic management and the guidelines adopted by the City Council. This is followed by a description of the balanced budget requirement and a balanced budget requirement analysis. The section concludes with a report on the City's earnings equalisation reserve (EER).

66 Financial key figures – the City

A number of financial key figures are reported here for a five-year period. The municipal tax rate is also found here.

67 How is SEK 100 of tax money spent?

This section provides a breakdown of how every SEK 100 in municipal tax is used for City activities. There is also an account of what receipts and costs the City had in 2014.

68 Sponsorship

Through sponsorship, the City of Gothenburg contributes to activities that are outside of the City's municipal mission, but are still expected to have positive effects in the form of a good social climate, good living conditions for citizens and a stronger image for the city.

69 Financial operations and risk management

The Municipal City of Gothenburg has major financial commitments in the form of significant borrowing for the City's own needs and to cover the needs of the companies. This section reports various risks concerning the City's commitments, among other things.

72 The City's income statement, balance sheet and cash flow statement

The City's financial statements are presented here over three pages.

75 Notes – the City

This section contains notes to the City's income statement, balance sheet and cash flow statement.

80 Accounting principles applied

An important part in living up to the task of accountancy, to compile relevant assessment and decision data, is that different accounting principles are reported in an open and informative way.

84 District committees – financial performance

The district committees' financial performance for the year is analysed.

85 Departmental committees – financial performance

A brief analysis of the financial performance of the larger departmental committees is presented here.

86 Operational and investment accounts

Operational and investment accounts that by law are to be found in the Annual Report.

Financial analysis of the Municipal City of Gothenburg

The Municipal City of Gothenburg reported net earnings of SEK 392 million for 2014. If extraordinary items and capital gains are excluded, a break-even result was achieved according to the balanced budget definition. The financial margins declined in 2014 and the structural earnings were halved compared to 2013.

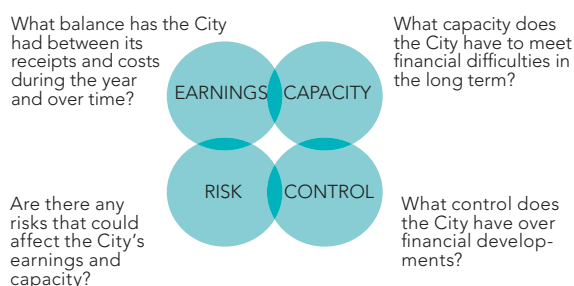
The City of Gothenburg's collective volume of investments for 2014 amounted to SEK 2,190 million, which was about the same level as for 2013.

This section provides an in-depth financial analysis of the Municipal City of Gothenburg. The term Municipal City of Gothenburg refers to the committees and central municipal items, i.e. the tax-financed activities.

Financial analysis model

A special financial analysis model is used to survey and analyse the earnings, trends and position of the City of Gothenburg. The model is based on four important financial aspects, namely: financial results, trend in capacity, risk conditions and control of financial developments.

RK model: Four aspects of financial assessment



EARNINGS AND CAPACITY

Trend in tax revenue and net costs

Change in per cent	2012	2013	2014
Tax revenue trend	3.3	4.1	3.6
Net cost trend	6.3	3.7	5.0

Tax revenue rose by about 3.6 per cent in 2014, which was slightly lower than in 2013. In recent years, the City has had a 3–4 per cent rise in rate.

The cost trend has been relatively high in recent years, but was dampened in 2013 and amounted to 3.7 per cent. In 2014, the cost trend increased again and amounted to 5.0 per cent. The cost trend in 2014 thus exceeded the tax revenue trend and the financial margins reduced to a relatively low level.

Net earnings for the year and items affecting comparability

	2012	2013	2014
Net earnings for the year, not incl. extraordinary items and items affecting comparability (MSEK)	596	728	610
Items affecting comparability (MSEK)	73	170	–472
Net earnings for the year, not incl. extraordinary items (MSEK)	699	898	138
Extraordinary items (MSEK)	—	8,697	254
Net earnings for the year (MSEK)	669	9,595	392
Net earnings for the year, not incl. extraordinary items and items affecting comparability in relation to tax revenue and municipal financial equalisation (%)	2.5	2.9	2.4

When analysing the earnings of the Municipal City of Gothenburg, it is important to eliminate non-recurrent items of various types to look at the underlying current operating earnings. The City's net earnings often include a number of items that are non-recurrent in nature.

In both 2014 and 2013, the City's net earnings were also affected by extraordinary items. It is extremely rare that events are defined as extraordinary, which means that term is used very sparingly.

If extraordinary items are excluded, the net earnings for 2014 amounted to SEK 138 million compared with SEK 898 million for 2013. If items affecting comparability are also excluded, the net earnings for 2014 amounted to SEK 610 million compared with SEK 728 million for 2013. The items affecting comparability thus

negatively impacted earnings in 2014, while the items had a positive effect in 2013.

The negative effect in 2014 is explained by the fact that the City made provisions in 2014 for co-financing of state infrastructure measures equal to SEK 472 million. The effects of co-financing could be accommodated within the framework of the balanced budget requirement partly with the help of dividends from Stadshus AB, which amounted to SEK 226 million.

In 2013 as well, the net earnings were affected by items affecting comparability, but with a positive net effect equivalent to SEK 170 million. The City received SEK 355 million in repayment of insurance premiums from AFA, and a changed discount rate for the City's pension commitments meant of cost of SEK 185 million, including employer's contribution.

Within the framework of the development fund established in the 2012 accounts, special measures were conducted in 2014 at a scope of SEK 103 million. The fund was reduced by a corresponding amount, which means that the net earnings for 2014 were not affected by these measures.

Structural earnings trend

In the analysis of the structural earnings, all items that are non-recurrent in nature were excluded, which means that capital gains and dividends are eliminated. An analysis of the earnings trend between 2013 and 2014 shows that the structural earnings amounted to about SEK 250 million in 2014, which was halved compared to 2013. The analysis also shows indicates reduced financial margins in 2014.

Extraordinary items

The City Council decided in 2013 to restructure the company sector in order to include all of the companies in a cohesive group.

In 2014 and 2013, the effects of the company sector restructuring were defined as an extraordinary event, which means that the financial consequences for the City are reported as extraordinary items.

The transfer of the companies to Göteborgs Stadshus AB that was conducted in 2013 and 2014 is a pure inter-company transaction and must therefore be eliminated in the combined accounts. Thus, in practice the restructuring did not cause any actual changes to the City's economic and financial conditions.

In 2014, Renova AB, Gryaab AB, Grefab AB and a number of small companies were transferred to Göteborgs Stadshus AB. The sale means that the City reported an extraordinary income of SEK 254 million in 2014.

In 2013, Förvaltnings AB Framtiden, Älvstranden Utveckling AB and Göteborg & Co Kommunintressent AB were transferred to Göteborgs Stadshus AB and Higgab AB, respectively. For 2013, the sale means the City reported an extraordinary receipt of SEK 8,697 million. For both 2013 and 2014, the City made a shareholder

contribution to Göteborgs Stadshus AB at an amount equal to the extraordinary income.

For the balance sheet, the effect of the transaction is that the City's financial assets in the form of shares increased by SEK 254 million for 2014 and SEK 8,697 million for 2013.

Good economic management from an earnings perspective

If earnings excluding extraordinary items and items affecting comparability are related to tax revenue and municipal financial equalisation, the City reported earnings of 2.4 per cent in 2014. This is in line with 2012 and 2013, but the level was achieved in 2014 partly with the help of dividends from Stadshus AB.

In 2013, the City Council adopted guidelines for good economic management and application of an earnings equalisation reserve. The guidelines include that "The City shall over time strive to achieve an earnings surplus equal to at least two per cent of the City's tax revenue and municipal financial equalisation. The earnings level shall be in line with the City's exposure to risk."

Generally speaking, results between 2 and 3 per cent are considered good economic management since such results give room to over time finance most of the normal volume in investments in a municipality through taxes. During the past five years, Gothenburg reported an average of 3.8 per cent.

Proportion of running costs

Per cent	2012	2013	2014
Income and costs of activities (net)	93.9	93.5	94.8
Depreciation	3.2	3.3	3.4
Proportion of running costs for items affecting comparability and net financial items	97.2	96.8	98.1
Net financial items	0.3	0.3	-0.5
Proportion of running costs after net financial items	97.5	97.1	97.6
Items affecting comparability (net)	-0.3	-0.7	1.8
Proportion of running costs	97.2	96.4	99.5

A basic requirement for achieving and maintaining good economic management is finding a good balance between current receipts and costs. An in-depth measure of this balance is the proportion of running costs, which means that all current costs, including net financial items, are related to tax revenue. Generally speaking, a proportion of running costs of 97-98 per cent is usually regarded as good economic management, since most municipalities then manage to finance their reinvestments and necessary new investments over a longer period of time.

When the City of Gothenburg's proportion of running costs was analysed, it shows that the net of income and cost of activities in 2014 utilised 94.8 per cent of tax revenue, which is a reduction of 1.3 percentage points compared to 2013.

In addition, depreciation took 3.4 per cent, which was the same level as the previous year. Depreciation is the City's accrued cost of investments.

Net financial items were -0.5 per cent, which means that financial income was slightly higher than financial costs in 2014.

This means in total that the City's net costs and net financial items took 97.6 per cent of tax revenue. This is 0.5 percentage points worse compared to 2013, but in line with 2012.

The proportion of tax revenue made up of non-recurrent items affecting comparability was 1.8 per cent in 2014. Thus, the costs affecting comparability were greater than the income affecting comparability. This figure was -0.7 per cent in 2013. At that time, the income affecting comparability was greater than the costs affecting comparability.

In total, the proportion of running costs was 99.5 per cent in 2014, which is decline of 3.1 percentage points compared to 2013. The change between years is almost entirely explained by the fact that the net cost trend increased more quickly than tax revenue, while at the same time items affecting comparability in 2014 consist of additional costs.

Investments for the year

	2012	2013	2014
Volume of investments (MSEK)	2,498	2,394	2,190
Volume of investments after deduction for investment income (MSEK)	2,083	1,592	1,733
Volume of investments / gross costs (%)	8	8	7
Volume of investments after deduction for investment income / gross costs (%)	7	5	5

The City of Gothenburg's collective volume of investments for 2014 amounted to SEK 2,190 million. There was a lower volume than planned in the budget, mainly due to postponements.

Portions of the volumes of investments are financed by investment income. The volume of investment to be financed from own resources amounted to SEK 1,733 million.

About 21 per cent of the total investments, excluding investment income, was made in pre-schools and schools. Investments in infrastructure accounted for 35 per cent. Investments in water and sewage operations accounted for 15 per cent and investments in healthcare accounted for 5 per cent. Investments in parks/green areas and sports facilities took 4 and 3 per cent, respectively. Other investments totalled 16 per cent.

In relation to the City's gross costs, investments for the year were unchanged at 5 per cent between 2013 and 2014. The average for Swedish municipalities has been around 6-7 per cent in recent years.

Degree of self-financing of investments

Per cent	2012	2013	2014
Degree of self-financing of investments, not incl. investment income	58	72	46
Degree of self-financing of investments, incl. investment income	69	108	58

The degree of self-financing of investments measures how great a proportion of investments can be financed by the tax revenue that remains when current operations have been financed. 100 per cent means that the City can self-finance all the investments made during the year, which in turn means that the City does not need to borrow for investments and that the City's long-term financial manoeuvrability is strengthened.

The degree of self-financing of investments amounted to 58 per cent in 2014, which is a significantly lower percentage than in 2013.

RISK – CONTROL

Liquidity from a risk perspective

Per cent	2012	2013	2014
Acid-test ratio	108	66	70

The acid-test ratio is a measure of the City's short-term readiness to pay. An unchanged or rising acid-test ratio in combination with an unchanged or improved equity-assets ratio is a sign that the City's total financial manoeuvrability has been strengthened.

At year-end 2014, the acid-test ratio was 70 per cent, compared to 66 per cent in 2013. As with the equity-assets ratio, the City's liquidity is affected by further lending to the municipal companies. However, it can be stated that, from a risk perspective, the City has in recent years had an acid-test ratio level where the City, in a short and medium-term financial perspective, does not need to take direct measures to meet financial payment peaks.

Equity-assets ratio as per the balance sheet

Per cent	2012	2013	2014
Equity-assets ratio	20	35	32
Equity-assets ratio not including borrowing for company needs	40	57	57

The equity-assets ratio is a measure of the City's long-term financial manoeuvrability. It shows how large a part of the City's assets has been financed by tax revenue. An important criterion for good financial management is that the equity-assets ratio over a longer

period is not weakened, but develops positively. This then means that the City is less indebted and improves its financial manoeuvrability for the future.

The City's equity-assets ratio according to the balance sheet has been relatively constant in recent years. Due to the aforementioned changes in the City's company structure, 2013 saw a large increase from 20 per cent in 2012 to 35 per cent in 2013.

This figure dropped to 32 per cent in 2014.

The City of Gothenburg's equity-assets ratio is also affected by the City's re-lending to cover the companies' borrowing needs. If re-lending is excluded from the balance sheet, the equity-assets ratio was 57 per cent in 2014, which is unchanged compared to 2013. It is this equity-assets ratio level that should be used when comparing Gothenburg to other municipalities in Sweden. The municipal average in Sweden is about 50 per cent.

Equity-assets ratio including all pension commitments

Per cent	2012	2013	2014
Equity-assets ratio incl. all pension commitments and employer's contribution	-8	11	11

Another measure of the equity-assets ratio increasingly used when municipalities are compared is the inclusion of the municipality's pension commitments older than 1998 and outside the balance sheet. If this were done for the City of Gothenburg, the equity-assets ratio would be 11 per cent for 2014, which is in line with 2013. The average among Swedish municipalities for the above-mentioned measure of the equity-assets ratio is about 7 per cent.

Net financial assets

MSEK	2012	2013	2014
Net financial assets excl. shares and participations	-5,366	-5,377	-6,074

Included in the net financial assets measure are all financial assets and liabilities in the balance sheet that the City expects to convert in the next 10-20 years, namely financial fixed assets, current assets and current and long-term liabilities. The measure also eliminates the effects of the City's borrowing on behalf of the companies, the so-called internal bank, which gives a fairer picture of the City's financial manoeuvrability.

During the year, the City began financial coordination, which means that all City companies currently borrow through the internal bank and are a part of the City's corporate account. This results in an increase in both assets and liabilities. The financial coordination is therefore a major contributor to a 12 per cent increase in balance sheet assets in 2014.

Net financial assets, excluding shares and participations, was SEK -6,074 million in 2014, making it slightly lower than 2013.

Pension commitments

MSEK	2012	2013	2014
Charged part, invested by employees	503	522	548
Long-term pension provisions	1,459	1,700	1,814
Contingent liability, earlier pension scheme (before 1998)	9,370	9,964	9,573
Pension commitments	11,332	12,186	11,935
Special employer's contribution	2,749	2,956	2,896
Pension commitments and special employer's contribution	14,081	15,142	14,831

The City's total pension commitments in 2014, including employer's contributions, were SEK 14,831 million, of which SEK 11,896 million concerns commitments older than 1998, the so-called contingent liability pension commitments. This part of the pension commitments is not reported in the balance sheet in accordance with the Municipal Accounting Act.

Pension costs including employer's contribution totalled SEK 1,480 million in 2014. This was a decrease of SEK 110 million compared to 2013. Included in the costs for 2014 were among other things pension payments of SEK 426 million from the pension obligation in the contingent liability, fee-determined pensions saving schemes of SEK 558 million and provisions of SEK 176 million for the benefit-determined retirement pension scheme (FÅP). In addition, there is an employer's contribution of SEK 289 million.

The decrease in pension costs is because the discount rate was lowered by 0.75 percentage points in 2013. This resulted in an increased cost of SEK 186 million in 2013. Adjusted for this, pension costs in 2014 increased by SEK 76 million compared to 2013.

Redemption of pension commitments in contingent liabilities were made totalling SEK 680 million (SEK 420 million in 2001 and SEK 260 million in 2002).

The City's guarantee commitments for loans

Purpose (MSEK)	2012	2013	2014
Other City companies	448	1,674	2,846
Private houses, tenant-owner dwellings	7	6	4
Foundations	604	603	560
Associations	184	186	190
Other	2	2	—
Pension commitments	815	830	810
Total guarantee commitments for loans	2,060	3,301	4,410

In certain cases, the City stands surety for loans to the municipally-owned companies and also for other external activities.

The City's total guarantee commitments for loans were SEK 3,600 million in as of 31/12/2014, an increase of SEK 1,129 million in relation to 2013. The increase can mainly be attributed to the City's own companies. Surety for associations increased by SEK 4 million during the year. The surety framework for the Sports and Associations Committee amounts to SEK 250 million.

Apart from surety for loans, the City also stands surety for pension commitments for certain municipal companies, joint statutory authorities and foundations that have not been secured by other pension solutions. The total guarantee commitment for pension commitments was SEK 810 million at year-end, a decrease of SEK 20 million compared to 2013.

In 2014, the Municipal City of Gothenburg met its guarantee commitments of SEK 0.8 million.

Local income tax

In 2014, the primary municipal tax was 21.12 per cent, while the county council tax to the Västra Götaland Region was 11.13 per cent.

This means that the total local income tax in Gothenburg was 32.25 per cent of the municipally taxable earned income.

In the thirteen municipalities in the Gothenburg region (GR) the primary municipal tax rate varied in 2014 from 19.96 per cent in Partille to 22.37 per cent in Lilla Edet. At 21.12 per cent, Gothenburg has the sixth lowest tax among the GR municipalities.

Budget performance

In 2014, the City budgeted with a deficit of SEK 408 million according to the balanced budget definition and thus a corresponding use of funds from the earnings equalisation reserve is planned. With a higher tax revenue trend and lower cost trend than budgeted, a break-even result was achieved in accordance with the balanced budget definition. The improved financial performance was determined early during the year and the outlook was relatively stable during the remainder of the year. During the last few months, external conditions deteriorated somewhat surprisingly, which caused the earnings to be slightly lower than autumn forecasts predicted.

The City's committees had collectively budgeted for a deficit of SEK 57 million, but reported a final surplus of SEK 39 million. The budget deviation thereby amounted to about SEK 100 million. This can be offset against the committees' total costs, which amounted to SEK 37,925 million. The deviation can thus be assessed as moderate in relation to the committees' assignments. The committees' forecast accuracy during the year was generally relatively good, which is an important parameter for the City's governance and control.

CLOSING COMMENTS

Shrinking financial margins

In 2014, the Municipal City of Gothenburg was in an expansive phase. The City's economic development was better than budgeted, but the structural performance weakened and the fact that the cost trend was higher than the tax revenue trend means that the financial margins were reduced to a level that is not sustainable going forward. The rate of increase in both cost trend and personnel volume trend is rising, which means that the trend is expected to continue in 2015.

The challenges for the City are significant going forward, with increased cost pressures due to factors such as demographic development, urban development and high investment needs. This also increases the financial challenges.

Good economic management, the balanced budget requirement and the earnings equalisation reserve

This section provides an analysis of the City's development in relation to the term good economic management and the guidelines adopted by the City Council. This is followed by a description of the balanced budget requirement and a balanced budget requirement analysis. The section concludes with a report on the City's ability to make provisions to the earnings equalisation reserve (EER).

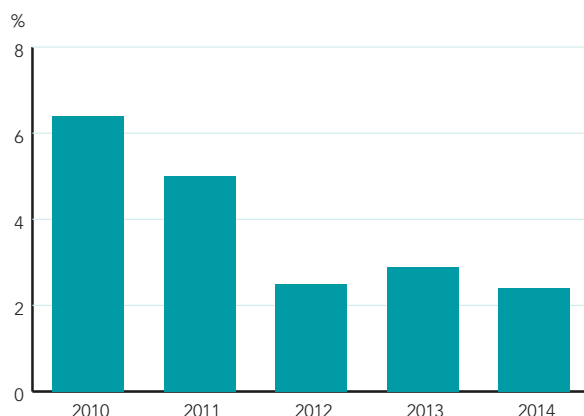
Good economic management

The City adopted guidelines for good economic management and application of an earnings equalisation reserve. These guidelines specify that in its annual budget decisions the City Council must take into account the six orientations in relation to the City's financial situation. An overview of developments related to these six orientations is presented here.

1. Earnings shall total at least 2 per cent of tax revenue
The guidelines include that "The City shall over time strive to achieve an earnings surplus equal to at least two per cent of the City's tax revenue and municipal financial equalisation. The earnings level shall be in line with the City's exposure to risk."

Generally speaking, results between 2 and 3 per cent are considered good economic management since such results give room to over time finance most of the normal volume in investments in a municipality through taxes.

City's net earnings, not incl. extraordinary items and items affecting comparability in relation to tax revenue

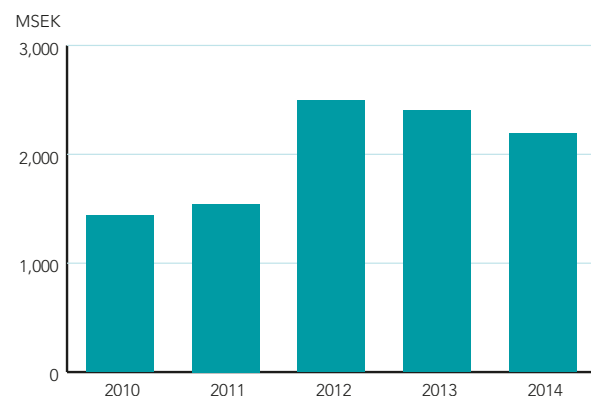


The City's net earnings for 2014 include dividends from Stadshus AB. If the dividends were excluded from the above key figures, the outcome would instead be 1.5 per cent.

2. Volumes of investments shall be in line with the City's long-term financing capacity.
Over time, the City shall ensure that volumes of investments are in line with the City's long-term financing capacity. A high level of self-financing shall be the goal.

The City of Gothenburg's collective volume of investments for 2014 amounted to SEK 2.2 billion, which was about the same level as for 2012. It should be noted that several investments were postponed and will impact 2015 and onwards.

Investments



Of the collective volume of investments, about two-thirds were financed through funding grants or the City's own resources. Thus, it can be said that the goal of a high level of self-financing was partly achieved.

3. Development within the framework of good economic management.

The City shall over time engage in urban development and property development within the framework of good economic management.

The goal for the City's development work to be conducted within the framework of good economic management must be viewed over time. 2014 development activities yielded a negative outcome, as in recent years. The outcome for 2014 was a deficit of about SEK 200 million.

4. Governance over City companies

Over time, the City shall evaluate and ensure the financial commitments associated with ownership of the City's companies.

The structure of the City's Group companies was subject to review in recent years. Göteborgs Stadshus AB, with seven underlying clusters, was formed in order to increase the political governance of the City of Gothenburg companies. The City's borrowings are now collected in a central finance function for both the City and the City's companies. This means that all new borrowing from the City's companies and for the City is handled via the City's central finance function.

The other two orientations adopted by the City Council in its decision on orientations for good economic management are:

5. Evaluate financial implications.

When making a significant decision to enter into a long-term commitment of any form or when disposing of property, the City shall evaluate the financial implications for the City's ability to maintain good economic management.

6. Earnings equalisation reserve.

The City can (following special rules) use the earnings equalisation reserve to offset changes in external conditions due primarily to economic fluctuations.

When asked whether the City can be considered to have good economic management, it is important to assess the six orientations as a whole. Furthermore, assessment should be considered over time as an individual year could present a very narrow picture in relation to the orientations. With these considerations, the City is deemed to have had good economic management in 2014.

Balanced budget requirement

The balanced budget requirement means that municipalities and county councils cannot decide on a budget where expenses exceed receipts. If the net earnings are still negative, this must be offset through surplus within three years. Each year, the Annual Report must present a balanced budget requirement analysis as found below:

Balanced budget investigation 2013 and 2014

MSEK	2013	2014
Net earnings for the year	9,595	392
Less all capital gains	-8,905	-392
Certain capital gains applying exception options	0	0
Certain capital gains applying exception options	0	0
Unrealised losses on securities	0	0
Reversal of unrealised losses on securities	0	0
Net earnings for the year after balanced budget requirement analysis, before allocation to EER	690	0
Funds to/from earnings equalisation reserve (EER) related to 2013 and earlier*	-549	—
Funds to/from earnings equalisation reserve (EER) related to 2014	—	0
Balanced budget requirement analysis for the year after allocation to EER	141	0

* Funds were allocated to the earnings equalisation reserve in 2013, partly for 2013 (SEK 441 million) and partly according to the option in the law to retroactively allocate from 2010-2012 (SEK 108 million), a total of SEK 549 million.

The City meets the statutory balanced budget requirement in 2014 with earnings not including capital gains amounting to SEK 0 million. There were no provisions or utilisation of the earnings equalisation reserve (EER), which meant that the balanced budget requirement earnings amounted to SEK 0 million. Since its implementation in 2000, the City has met the balanced budget requirement every year.

Earnings equalisation reserve (EER)

The City can (following special legislation) use the earnings equalisation reserve to offset changes in external conditions due primarily to economic fluctuations. The legislation is new as of 2013. A prerequisite for when allocation to or use of the reserve is analysis of the current economic situation. In their guidelines for good economic management, the City Council decided that the actual tax trend should exceed the ten-year average for allocation to the reserve. When using the reserve, the actual tax trend must be below the ten-year average.

The City allocated a total of SEK 549 million to this reserve the previous year. Allocation can be made with the part of the earnings that exceed one or two per cent of tax revenue, general government grants and municipal financial equalisation. It is the City's equity-assets ratio that determines whether the one per cent or the two per cent alternative is used. For the City, since 2013 reservation of earnings exceeding one per cent is possible. Net earnings after the balanced budget requirement analysis amounted to SEK 0 million, thus no allocation will be made to the reserve.

Financial key figures

	Annual accounts 2010	Annual accounts 2011	Annual accounts 2012	Annual accounts 2013	Annual accounts 2014
EARNINGS – CAPACITY					
Tax revenue trend	6.1 %	3.6 %	3.3 %	4.1 %	3.6 %
Net cost trend not incl. items affecting comparability	0.6 %	5.2 %	6.3 %	3.7 %	5.0 %
Proportion of running costs	99.0 %	98.3 %	97.2 %	96.4 %	99.5 %
of which receipts and costs of activities (net)	90.3 %	90.9 %	94.0 %	93.5 %	94.8 %
of which planned depreciation	3.3 %	3.2 %	3.2 %	3.3 %	3.4 %
of which net financial items	0.0 %	0.9 %	0.3 %	0.3 %	–0.5 %
of which non-current items affecting comparability	5.4 %	3.3 %	–0.3 %	–0.7 %	1.8 %
Net earnings for the year, not incl. extraordinary items and items affecting comparability / tax revenue and municipal financial equalisation	6.4 %	5.0 %	2.5 %	2.9 %	2.4 %
Net earnings for the year, not incl. extraordinary items / tax revenue and municipal financial equalisation	1 %	1.7 %	2.8 %	3.6 %	0.5 %
Net earnings for the year / tax revenue and municipal financial equalisation	1.0 %	1.7 %	2.8 %	38.5 %	1.5 %
Degree of self-financing of the year's gross investments	69 %	76 %	58 %	72 %	46 %
Gross investments / gross costs	5 %	5 %	8 %	8 %	7 %
Degree of self-financing of the year's net investments	73 %	82 %	69 %	108 %	58 %
Net investments / gross costs	5 %	5 %	7 %	5 %	5 %
Net investments / depreciation	177 %	187 %	271 %	193 %	200 %
Equity-assets ratio as per the balance sheet	19 %	19 %	20 %	35 %	32 %
Equity-assets ratio incl. all pension commitments	–8 %	–10 %	–8 %	11 %	11 %
Total debt-equity ratio and degree of provision	81 %	81 %	80 %	65 %	68 %
of which degree of provision	8 %	9 %	8 %	6 %	6 %
of which short-term debt-equity ratio	27 %	20 %	25 %	24 %	27 %
of which long-term debt-equity ratio	46 %	52 %	47 %	35 %	35 %
Primary municipal tax rate	21.55	21.55	21.12	21.12	21.12
RISK AND CONTROL					
Acid-test ratio	109 %	129 %	108 %	66 %	70 %
Net financial assets (MSEK)	–4,689	–4,329	–5,366	–5,367	–6,074
Net borrowings (City's interest-bearing debt) (MSEK)	–1,549	–1,929	–2,854	–2,638	–2,518

DEFINITIONS

PROPORTION OF RUNNING COSTS
= Running costs as a per cent of tax revenue and municipal financial equalisation

DEGREE OF SELF-FINANCING OF INVESTMENTS = (Earnings before extraordinary items + depreciation) / net investments

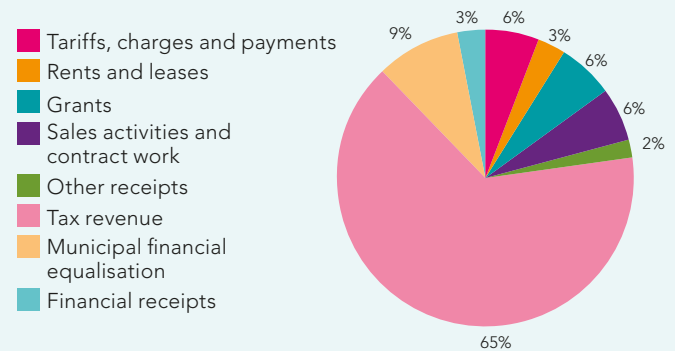
ACID-TEST RATIO = (Current receivables + current investments + cash and bank) / current liabilities

NET FINANCIAL ASSETS = (Financial assets + current assets) – (current + long-term liabilities)

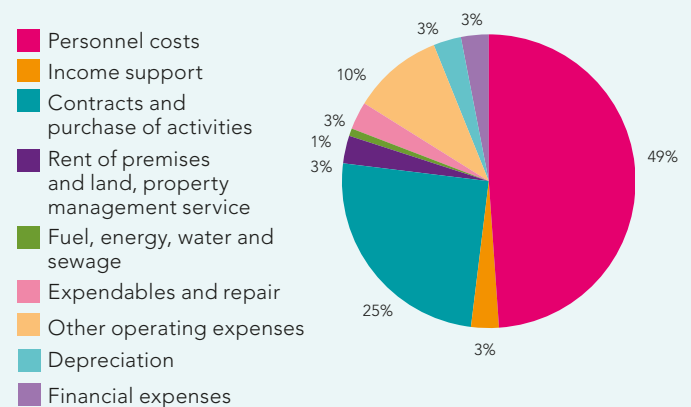
How is SEK 100 of tax money spent?

	kr
Politics and audit	1
Culture and leisure	4
of which cultural activities	2
of which leisure activities	2
Education	36
of which pre-school activities and childcare	13
of which compulsory school incl. pre-school class	15
of which special needs school	1
of which upper secondary school	5
of which adult education	1
Health and social care	36
of which health and social care for the elderly	16
of which initiatives for people with functional impairment	3
of which initiatives under LSS/Social Insurance Code	9
of which special transport / national spec. transport	1
of which substance abuse care for adults	2
of which child and youth care, total	4
Financial assistance	4
Labour market and refugee reception	2
Infrastructure, protection	8
of which streets, roads and parking	4
of which rescue services	1
Business activities including communications	9
TOTAL	100

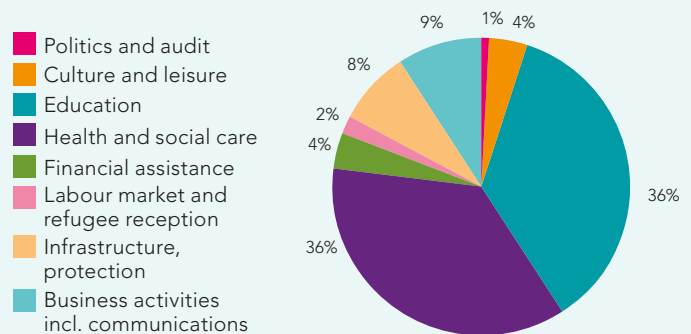
City receipts 2014



City costs 2014



100-kronor note



Sponsorship

Through sponsorship, the City of Gothenburg contributes to activities that are outside of the City's municipal mission, but are still expected to have positive effects in the form of a good social climate, good living conditions for citizens and a stronger image for the city.

Review of the City's sponsorship commitments

The City's sponsorship commitments are being recognised for the second time in 2014. To ensure uniform definition and application of sponsorship rules within the City, the City Council adopted a policy and guidelines for sponsorship within the City of Gothenburg in March 2013. To obtain a comprehensive picture of the City's sponsorship activities and to improve opportunities for coordination and control, the decision was made at that time that every committee and board of directors shall draft an annual list of all sponsorship commitments decided at the committee/board level. The information below is based on the information reported by the committees and companies regarding sponsorship commitments in place for all or part of 2014. From the information, it is also possible to get an overview of the scope of sponsorship for the year. However, the review is incomplete since sponsorship decided at the administrator level is not included in the reported material.

What is sponsorship?

The City of Gothenburg's policy defines sponsorship as a voluntary commercial agreement of mutual benefit between two or more parties, where one party (the sponsor) agrees to provide compensation in the form of cash, goods and/or services and where the other party (the sponsored party) in exchange provides exposure of the company name, trademark or services for the benefit of the sponsor in its business. If there is no countermeasure in exchange, then it is not a matter of sponsorship. The principal objective of the sponsorship may not be to financially support a particular company or organisation. There is also an important difference between sponsorship and commercial marketing, i.e. advertising. To be considered sponsorship, the exposure must only contain information about who is behind the sponsorship, e.g. the sponsor's name, trademark or services.

Companies

A large percentage of the City of Gothenburg companies have not reported any sponsorship commitments decided by the board in 2014. For example, Förvaltnings AB Framtiden, which reported a sponsorship commitment of SEK 2.2 million in 2013, did not report any commitment in 2014.

Liseberg is the biggest sponsor among the City's companies. The company reported commitments of SEK

7 million in 2013 and commitments of about SEK 14.6 million for 2014, divided over 35 agreements. Göteborg Energi has commitments for about SEK 4 million, divided over ten different agreements. Göteborgs Hamn AB reports sponsorship commitments totalling SEK 3,189 thousand divided among seven different recipients.

Higab AB has six sponsorship commitments amounting to SEK 1,420 thousand. Renova AB has four sponsorship commitments amounting to SEK 554 thousand.

Göteborgs spårvägar AB has commitments totalling SEK 600 thousand. Got Event AB has commitments of about SEK 100 thousand, while GREFAB's commitments amount to SEK 40 thousand. Älvstranden Utvecklings AB has phased out a number of commitments and has remaining commitments of SEK 90 thousand.

Committees

The district committees of the City of Gothenburg do not have any sponsorship commitments, with the exception of DC Angered, which has an agreement with Gunnilse IS for premises use and youth activities whereby the district name is displayed on match jerseys, etc. The administration compensates the association in the amount of SEK 150 thousand.

When it comes to the departmental committees, the Parks and Landscape Committee has a five-year sponsorship agreement established in 2013 with Göteborg Energi AB related to an electric boat for cleaning the canals.

Summary

When comparing 2013 and 2014, the conclusion that can be drawn is that the City's companies still account for the majority of the sponsorship commitments. The number of sponsorship commitments seems to have decreased since last year. The existing commitments are largely for purposes related to young people, sports or activities that can be described as major public events, such as the GöteborgsVarvet half marathon and the Hammarkullekarnevalen carnival. Awareness of the existing policy appears to be great. The total reported sponsorship commitments for the City amounted to about SEK 24.6 million in 2014, compared to about SEK 19.6 million in 2013. The increase appears to be mainly attributed to Liseberg AB.

Financial operations and risk management

Total borrowing for the Group as a whole was SEK 38 billion at year-end, a decrease of SEK 1 billion compared to the same period the previous year. The average capital tied up in the total external debt amounted to 2.97 years at year-end and the fixed interest period averaged 3.82 years.

In 2014, the Group continued its chosen path of fewer emissions that were larger in volume. Green bonds under the management of the City continued to attract investors when the City issued its second green bond of SEK 1.81 billion. Credit ratings were kept at the same high level as previously. Work with financial coordination characterised the past year when the city implemented the City Executive Board's decision to gather borrowing in the City under the City's umbrella. Total borrowings for 2014 amounted to SEK 10 billion.

Investor relations

Investor relations have become a permanent feature in the City's work with the large debt portfolio. During the year, there were meetings with several major investors to explain the financial coordination and the related implications. The Finance department also represented and marketed the City in both domestic and foreign contexts, such as at COP2020 in Peru. The City's website for financial information and investor relations, <https://finans.goteborg.se>, has seen increased visitor traffic from all parts of the world. The website provides access to financial information, such as rating reports.

Finance policy for the City of Gothenburg

The City's finance policy, which is decided by the City Council, determines guidelines and risk limits for the financial activities of the City and its wholly owned companies. The risks that are regulated are among others the financing risk, interest risk and counterpart risk. The finance policy is updated annually, most recently in December 2014.

The financial infrastructure

The City obtains its funding on the capital markets via issues of municipal bonds and certificates. One basis for this is to have established capital market programmes. Credit rating is one of the factors that govern what prices have to be paid in the end for bonds issued.

High credit rating

Credit rating institutes Moody's and Standard & Poor's confirmed the City's strong credit rating during the year. The City's credit rating from Moody's has since 2006 been the highest possible, Aaa and from Standard & Poor's since 2007 the next highest, AA+. Both ratings have a stable outlook.

Capital market programmes

In its borrowing the City makes use of its Euro Medium Term Note programme with a limit of EUR 6 billion and its certificate programme with a limit of SEK 6 billion. During the year, we also updated both of these programme and increased borrowing limits to an amount double that of 2013. The aim of this is to be able to implement the City Council's decision on financial coordination. The ECP programme, which was updated in 2013, has been used extensively during the year. At present, the City has bilateral loans of SEK 5.5 billion. These loans are not included in the capital market programmes.

In 2013 and 2014, the City signed loan facilities with the European Investment Bank for infrastructure financing totalling SEK 4.9 billion, of which the City has utilised SEK 2.2 billion.

Förvaltnings AB Framtiden has two financing programmes of its own on the market – a domestic certificate programme with a limit of SEK 4 billion and a long-term programme on the MTN market (Medium Term Note) where the borrowing limit is SEK 10 billion. These programmes will be phased out once all borrowing has been transferred to the City.

Capital market programmes

Programme	Loan limit	Degree of utilisation
EMTN	EUR 6 billion	SEK 18.4 billion
KCP	SEK 6 billion	SEK 2.2 billion
ECP	USD 500 million	SEK 1.5 billion
Kommuninvest	—	SEK 2.5 billion
Bilateral loans	—	SEK 5.5 billion

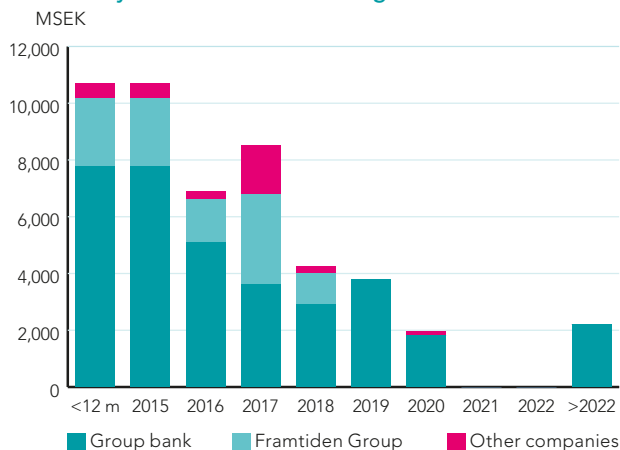
SEK = Svenska Krona, EUR = Euro, USD = American Dollar

Debt portfolio

External borrowing for the Group totalled SEK 38.3 billion at year-end, a decrease of SEK 1.1 billion compared to 2013. The average maturity of total external borrowings at year-end was 2.97 years and the average fixed interest period was 3.82 years. The total debt is divided into borrowing via the City (SEK 27.2 billion), Framtidenkoncernen (SEK 8.2 billion) and loans obtained by the companies outside of the internal bank (SEK 2.9 billion). The tax-financed debt, net borrowings, totalled SEK 2.5 billion, about 6.6 per cent of total

borrowings. During the year, borrowing via Kommuninvest occurred particularly in the company sector and at year-end amounted to SEK 2.5 billion.

Maturity structure of borrowings



Derivative portfolio

Derivative instruments are used to hedge interest and currency on underlying loans. The nominal value of the derivative portfolio totalled SEK 16.8 billion. At year-end, the City had a negative market value of SEK 229 million on its derivative positions relating to interest rate hedges of net borrowings.

Counterparty risk

Through derivative contracts, the Group (excluding Förvaltnings AB Framtiden) is exposed to risk that a counterparty cannot fulfil its obligations. Counterpar-

ties are both Swedish and international banks. Calculated on the volume of business, 22 per cent of the derivative agreements were with counterparties rated no lower than AA and 92 per cent of the agreements were with counterparties rated no lower than A3. 8 per cent of the derivative agreements are with Baa counterparties. Due to the sharp drop in market rate, which resulted in large negative market values for the Group's derivative positions, the counterparty risk was deemed to be non-existent or very low at year-end.

Financing risk

In the coming year, the City has loan maturity totalling SEK 7.8 billion. To meet this, the City has binding loan commitments totalling SEK 9 billion.

The City's risk management

Type of risk	Policy	Outcome
Interest rate risk	2–5 years	3.82 years
Financing risk	2–5 years	2.97 years
Counterparty risk	Max. 30 per cent of volume per counterparty	Within policy limits
Currency risk	None	None

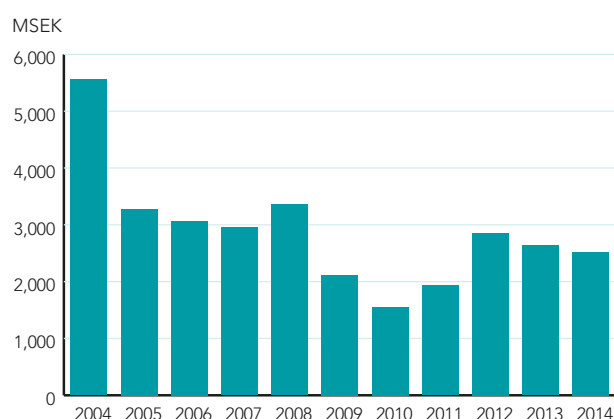
Trend in net borrowings

Net borrowings are hedged against rises in interest rates by interest rate swaps. The levels for fixed interest swaps are between 1.42 and 2.9 per cent. As of 31/12/2014, net borrowings totalled SEK 2.5 billion, which is a decrease of SEK 0.1 billion compared to the previous year.



Total borrowing for the Group as a whole was SEK 38 billion at year-end, a decrease of SEK 1 billion compared to the same period the previous year.

Trend in net borrowings



Green bonds

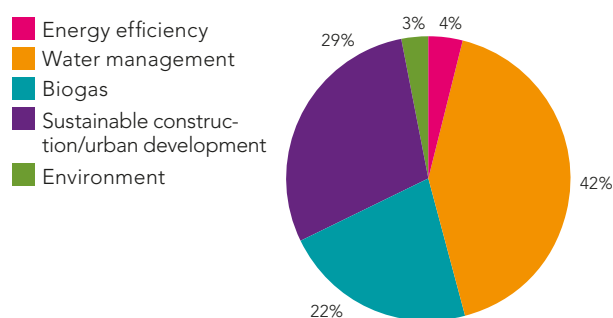
As part of its environmental programme, the City of Gothenburg is issuing bonds for financing various environmental projects in the areas of renewable energy, public transport, water treatment, energy efficiency, smart grids, urban planning and waste management. In 2014, the City issued its second green bond of SEK 1.81 billion, compared to SEK 500 billion in the first issue. There has been huge interest from the market and green bonds continue to grow as a phenomenon. In total the outstanding green bonds amount to SEK 2.31 billion.

Eligible projects

Eligible projects can include projects aimed at:

- mitigating climate changes, including investments in low-carbon and clean technologies, such as energy efficiency and renewable energy sources and projects (Mitigation Projects)
- adapting to climate change, including investments in climate-friendly growth (Adaptation Projects)
- projects related to a sustainable environment rather than direct climate-related measures (max 20%).

Green bonds in the City of Gothenburg



The following projects are financed with green bonds

Financing of the following projects was already in place

- Lackarebäck's ultrafilters
- GoBiGas
- Gatubolaget's electric cars.

In 2014, more "green projects" were added, in addition to continued investments in existing projects, including:

- Gryaab nitrogen purging project
- Park and Landscape Administration's tree planting in the City
- Göteborg Energi's Celsius project
- The City Premises Administration's sustainable construction project

You can read more about the various projects and their environmental impact on the City's website for financial information, <http://finans.goteborg.se>.

Distribution of green bonds, SEK million

Project	2013	2014
Ultrafilter	150	420
GoBiGas	300	0
Electric cars	30	19
Nitrogen purging		47
Tree planting		8
Celsius district heating		5
Sustainable construction		382
Total per year	480	881
Total	480	1,361

Income statement – the City

Amounts in MSEK	2012	2013	2014
Operating income note 1	7,009	7,442	7,768
Operating expenses note 2	-29,488	-30,733	-32,230
Operating items affecting comparability note 3	73	170	-472
Depreciation and write-downs note 4	-775	-825	-866
Net cost of activities	-23,181	-23,946	-25,800
Tax revenue note 6	20,814	21,806	22,524
Municipal financial equalisation etc note 6	3,113	3,106	3,290
Financial receipts note 7	1,394	1,118	1,121
Financial expenses note 7	-1,471	-1,186	-997
Earnings before extraordinary items	669	898	138
Extraordinary receipts note 8	—	8,697	254
Extraordinary costs	—	—	—
Net earnings for the year	669	9,595	392

Balanced budget requirement analysis	2012	2013	2014
Net earnings for the year	669	9,595	392
Less all capital gains	-83	-8,905	-392
Certain capital gains applying exception options	—	—	—
Certain capital losses applying exception options	—	—	—
Unrealised losses on securities	—	—	—
Reversal of unrealised losses on securities	—	—	—
Net earnings for the year after balanced budget requirement analysis, before allocation to earnings equalisation reserve (EER)	586	690	0
Funds to earnings equalisation reserve (EER) related to 2010–2012	—	-108	—
Funds to earnings equalisation reserve (EER) related to 2013	—	-441	—
Balanced budget requirement analysis for the year after allocation to EER	586	141	0

Balance sheet – the City

Amounts in MSEK	2012	2013	2014
ASSETS			
FIXED ASSETS			
Intangible fixed assets	21	21	9
Tangible fixed assets note 5	16,081	17,040	18,459
Financial fixed assets note 9	14,817	25,919	27,935
Total fixed assets	30,919	42,980	46,403
CURRENT ASSETS			
Stores and stocks, etc. note 10	19	229	313
Current receivables note 11	11,003	6,181	9,906
Cash and bank	542	2,070	1,110
Total current assets	11,564	8,480	11,329
Total assets	42,483	51,460	57,732
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY note 12	8,423	18,018	18,410
of which net earnings for the year	669	9,595	392
PROVISIONS			
Provisions for pensions and similar commitments note 13	1,815	2,114	2,256
Other provisions note 14	1,636	900	1,212
Total provisions	3,451	3,014	3,468
LIABILITIES			
Long-term liabilities note 15	19,964	17,898	20,148
Current liabilities note 16	10,645	12,530	15,706
Total liabilities	30,609	30,428	35,854
Total equity, provisions and liabilities	42,483	51,460	57,732
TOTAL PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Sureties given note 17	2,060	3,301	4,409
Contingent pension commitments note 18	9,415	10,001	9,604
Special employer's contribution note 18	2,284	2,426	2,330
Future leasing expenses note 19	1,884	2,015	849

Cash flow statement – the City

Amounts in MSEK	2012	2013	2014
CURRENT ACTIVITIES			
Net earnings for the year	669	9,595	392
Adjustment for items not affecting liquidity	1,316	1,144	1,591
Funds from activities before change in working capital	1,985	10,739	1,983
Increase (–) / decrease (+) current receivables	–675	4,822	–3,725
Increase (–) / decrease (+) stores and stocks	–1	–210	–84
Increase (+) / decrease (–) current liabilities	2,493	1,885	3,176
Cash flow from current activities	1,817	6,497	–633
INVESTMENT ACTIVITIES			
Investment in intangible fixed assets	–19	–24	–17
Sale of intangible fixed assets	—	20	30
Investment in tangible fixed assets	–2,729	–2,388	–2,190
Sale of tangible fixed assets	206	58	20
Investment income	396	744	437
Investment in financial fixed assets	–17	–8,700	–147
Sale of financial fixed assets	31	500	2
Cash flow from investment activities	–2,132	–9,790	–1,865
DEVELOPMENT ACTIVITIES			
Investment in development	–549	–600	–706
Sales of development	208	166	175
Development income	307	304	353
Cash flow from development activities	–34	–130	–178
FINANCING ACTIVITIES			
Newly raised loans	3,750	7,390	5,840
Repayment of long-term liabilities	–4,124	–9,456	–3,993
Increase (–) / decrease (+) long-term receivables	–64	–2,902	–1,871
Reduction in provisions due to payments	–108	–120	–195
Cash flow from financing activities	–546	–5,088	–219
DISBURSEMENT OF GRANTS FOR STATE INFRASTRUCTURE			
Disbursement of grants for state infrastructure	–749	–700	–48
Cash flow for the year	341	1,528	–960
Liquid funds at start of year	201	542	2,070
Liquid funds at year close	542	2,070	1,110
SPECIFICATION FOR CASH FLOW STATEMENT			
Specification of items not affecting liquidity (MSEK)			
Adjustment for depreciation and write-downs	775	825	866
Adjustment for provisions made	345	3	312
Adjustment for provisions made – pensions	243	380	142
Adjustment for other items not affecting liquidity and capital gains/losses	–47	–64	271
Total items not affecting liquidity	1,316	1,144	1,591

Notes – the City

1. Operating income

MSEK	2013	2014
Charges	2,049	2,125
Rents and leases	1,155	1,188
Government grants	1,461	1,643
EU grants	67	41
Other grants	189	232
Work performed	97	89
Sales activities and contract work	1,826	1,930
Development income	187	175
Capital gains	118	36
Other receipts	293	309
Total operating income	7,442	7,768

2. Operating expenses

MSEK	2013	2014
Wages and social security contributions	-14,791	-15,606
Pension costs	-1,449	-1,496
Financial assistance	-1,175	-1,182
Rent of premises and land, property management service	-1,072	-1,138
Contract work and purchased activities	-7,718	-8,331
Fuel, energy, water, etc.	-409	-377
Expendables and repairs	-855	-889
Development expenses	-100	-70
Leasing expenses	-552	-504
Capital losses and disposals	-27	-14
Other operating expenses	-2,585	-2,623
Total operating expenses	-30,733	-32,230

3. Operating items affecting comparability

MSEK	2013	2014
Receipts		
Repayment AFA Fora	355	—
Dissolution, provision and repayment of infrastructure	0	—
Reversal, development fund	27	103
Total receipts affecting comparability	382	103
Costs		
Costs for grants for state infrastructure	0	-418
Indexing for grants for state infrastructure	0	-54
Changed discount rate	-185	—
Use, development fund	-27	-103
Total costs affecting comparability	-212	-575
Total items affecting comparability	170	-472

4. Depreciation and write-downs

MSEK	2013	2014
Depreciation, intangible fixed assets	-4	-5
Depreciation, buildings and structures	-770	-820
Depreciation, machinery and equipment	-51	-41
Write-downs	—	—
Total depreciation and write-downs	-825	-866

5. Properties, facilities, machinery and equipment

MSEK	Intangi- ble fixed assets	Oper- ational proper- ties	Proper- ties for business activities	Public proper- ties	Land reserves and other proper- ties	New facilities in pro- gress	Machinery, equip., tech. facilities, vehicles, art	Total
Acquisition value	80	14,836	3,006	5,793	2,095	1,964	1,612	29,386
Acc. write-ups	—	—	—	—	—	—	—	—
Acc. depreciation	-30	-5,576	-1,791	-3,143	-425	0	-1,303	-12,268
Acc. write-downs	-29	-26	—	-2	—	—	—	-57
Book value brought forward	21	9,234	1,215	2,648	1,670	1,964	309	17,061
Net investments for the year	17	375	573	184	50	1,095	34	2,328
Sales/disposals for the year	-28	-2	-5	-7	-3	-7	5	-47
Depreciation for the year	-5	-547	-77	-168	-28	0	-41	-866
Write-downs for the year	—	—	—	0	—	—	—	0
Reclassifications/transfers	4	211	—	244	24	-497	6	-8
Book value carried forward	9	9,271	1,706	2,901	1,713	2,555	313	18,468

6. Tax revenue, municipal financial equalisation, etc.

MSEK	2013	2014
a) Municipal tax revenue		
Preliminary tax revenue, current year	21,922	22,578
Preliminary final settlement, current year	-128	-57
Final settlement, previous year	12	3
Total municipal tax revenue	21,806	22,524
b) Municipal financial equalisation, etc.		
Income equalisation	2,582	2,640
Structural grant	—	55
Cost equalisation	-465	-322
Settlement grant/charge	239	124
LSS equalisation	38	72
Municipal property charge	712	721
Total municipal financial equalisation, etc.	3,106	3,290
Total tax and municipal financial equalisation	24,912	25,814

7. Financial receipts and expenses**a) Financial receipts and expenses**

MSEK	2013	2014
Financial receipts		
Interest receipts	400	258
Interest receipts from subsidiaries	703	619
Earnings from shares and participations (incl. dividend)	7	229
Other financial receipts	8	15
Total financial receipts	1,118	1,121
Financial expenses		
Interest expenses	-989	-845
Interest expenses from subsidiaries	-155	-100
Interest on pension provisions	-26	-26
Other financial expenses	-16	-26
Total financial expenses	-1,186	-997
Net financial items	-68	124

b) Market value interest rate swaps

MSEK	2013	2014
Secured debt	2,638	2,868
Market value interest rate swaps	37	-229
Secured debt in foreign currency	4,834	3,178
Cross currency swaps *	-281	-78

* Regards the entire liability.

8. Extraordinary items

MSEK	2013	2014
Extraordinary receipts		
Earnings from sale of wholly owned subsidiaries	8,697	254
Total extraordinary receipts	8,697	254

9. Financial fixed assets

MSEK	2013	2014
Shares and participations	9,339	9,484
Deferred tax claim	—	—
Other long-term receivables	16,580	18,451
Total financial assets	25,919	27,935
Shares and participations		
Göteborgs Stadshus AB	9,197	9,451
Associated companies	2	1
Kommuninvest cooperative	17	17
Other companies, tenant-owner dwellings and basic fund capital trusts	123	15
Total shares and participations	9,339	9,484

10. Stocks, stores and development properties

MSEK	2013	2014
Stores and stocks	19	20
Development properties	210	293
Total stocks, stores and development properties	229	313
Development properties		
Value brought forward	—	210
Expenses for the year	133	154
Withdrawal of book value	-101	-71
Reclassification/revaluation	178	0
Total development properties	210	293

11. Current receivables

MSEK	2013	2014
Short-term receivables Group companies	3,226	7,245
Accounts receivable	515	534
Prepaid expenses/accrued income	1,202	1,101
VAT receivable	229	238
Receivables from the government	561	358
Other current receivables	448	430
Total current receivables	6,181	9,906

12. Equity

MSEK	2013	2014
Equity brought forward	8,423	18,018
Net earnings for the year	9,595	392
Equity carried forward	18,018	18,410
Distribution of equity		
Earnings equalisation reserve	549	549
Other equity	17,469	17,861
Equity carried forward	18,018	18,410

13. Provisions for pensions

MSEK	2013	2014
Benefit-determined retirement pension scheme	1,667	1,780
Collective agreement occupational pension, fixed-term pension, etc.	35	36
Employer's contribution	412	440
Total provision for pensions	2,114	2,256
Change in provision over the year		
Provision brought forward	1,815	2,114
New commitments during the year	322	192
of which newly earned pension	123	169
of which interest and base amount indexation	191	23
of which change in actuarial bases	0	1
of which pension to survivors	7	6
of which miscellaneous	1	-6
Payouts for the year	-81	-79
Change in special employer's contribution for the year	58	28
Total provision for pensions	2,114	2,256
Degree of updating (%)	100	100

14. Other provisions

MSEK	2013	2014
Provision for restoration of landfill (1)		
Reported value at start of year	36	34
Provisions for the period	—	—
Provisions utilised	-2	-2
Unused amounts reversed	0	—
Provision carried forward	34	32
Provision for West Sweden Package (2)		
Reported value at start of year	696	32
Provisions for the period	—	—
Provisions utilised	-664	-27
Unused amounts reversed	—	—
Provision carried forward	32	5
Provision for West Sweden Package: land use (3)		
Reported value at start of year	421	421
Provisions for the period	0	—
Provisions utilised	—	-1
Unused amounts reversed	0	—
Provision carried forward	421	420
Provision for expansion of E20, co-financing (4)		
Reported value at start of year	—	—
Provisions for the period	—	40
Provisions utilised	—	—
Unused amounts reversed	—	—
Provision carried forward	0	40

Provision for lowering of E45, co-financing (5)

Reported value at start of year	—	—
Provisions for the period	—	413
Provisions utilised	—	-19
Unused amounts reversed	—	—
Provision carried forward	0	394

Provision for Götalandsbanan, co-financing (6)

Reported value at start of year	—	—
Provisions for the period	—	20
Provisions utilised	—	-1
Unused amounts reversed	—	—
Provision carried forward	0	19

Provision for Gothenburg Port Line (7)

Reported value at start of year	36	—
Provisions for the period	—	—
Provisions utilised	-36	—
Unused amounts reversed	—	—
Provision carried forward	0	0

Provision for other infrastructure measures (8)

Reported value at start of year	30	22
Provisions for the period	1	—
Provisions utilised	-9	-10
Unused amounts reversed	—	—
Provision carried forward	22	12

Provision for development fund (9)

Reported value at start of year	400	373
Provisions for the period	—	—
Provisions utilised	-27	-103
Unused amounts reversed	—	—
Provision carried forward	373	270

Other provisions (10)

Reported value at start of year	17	18
Provisions for the period	4	5
Provisions utilised	-1	-1
Unused amounts reversed	-2	-2
Provision carried forward	18	20

Total balance brought forward	1,636	900
Total provisions for the period	5	478
Total utilised	-739	-164
Total unused amounts reversed	-2	-2
Total balance carried forward	900	1,212

(1) The Eco-cycle Committee is responsible for measures to protect the environment at closed landfills within the City of Gothenburg. The provision refers to a total of 17 closed landfills, of which the provision for Brudaremossen is about 50 per cent. Brudaremossen lies in the Delsjö Lakes water protection area and some of the other closed landfills also lie in areas of great natural value. At some of the landfills there is a risk that private drinking water intakes may be affected. A new analysis and estimate of the Brudaremossen provision was conducted in 2010, showing among other things that the preventive measures taken have appreciably reduced the risks. Improvement work is currently in progress at all landfills. As there is uncertainty about future costs, a new provision was made in 2011. Of the utilised funds, the majority relate to Brudaremossen. No further provisions were made in 2014.

(2) In 2010 the City concluded an agreement on co-financing of infrastructure measures as part of the West Sweden Package. The amount has been index adjusted up by SEK 0 (0) million.

(3) SEK 400 million concerns land use within the scope of the West Sweden Package. This was entered into the City's income statement and balance sheet in 2011. The amount has been index adjusted up by SEK -1 (0) million.

(4) In 2014, the City entered into a co-financing agreement for the expansion of E20. The amount has been index adjusted. The agreement is a sub-agreement between the Göteborg Region Association of Local Authorities and the City of Gothenburg. In the main agreement, the City of Gothenburg is represented by the Göteborg Region Association of Local Authorities.

(5) In 2014, the City entered into a co-financing agreement for, among other things, the lowering of E45 and a new bridge over Götaleden. The amount has been index adjusted up by SEK 54 million.

(6) In 2014, the City entered into a co-financing agreement regarding investigation of expansion of Götalandsbanan. The amount has been index adjusted.

(7) Concerns an agreement for bringing forward and co-financing the Gothenburg Port Line.

(8) Refers to remaining commitments for the Göta Tunnel and moving forward of certain investments to improve public transport in parts of the City of Gothenburg.

(9) On 6 December 2012, the City Council decided to set up a development fund of SEK 400 million for future initiatives in above all the social dimension. The fund's assets will not replace the committees' ordinary responsibility, but will be mainly used to deal with joint problems that the committees cannot reasonably manage in the ordinary budget. According to the City Council decision, dissolution of the fund will be shown as items affecting comparability in the respective year's income statement. The fund has been shown in the balance sheet as a provision. It does not meet the criteria that recommendation RKR 10.2 on Provisions requires for a provision.

(10) Other provisions refer to expected damages, unsettled investment grants to associations and foundations.

15. Long-term liabilities

MSEK	2013	2014
Debts to banks, credit institutes, etc.	17,579	19,420
Deferred income	239	642
Other long-term liabilities	80	86
Total long-term liabilities	17,898	20,148

Deferred income, regulated over several years

Connection charges	60	100
Investment grants	174	507
Payments for street costs	5	35
Total deferred income	239	642

Information on loans from banks and credit institutions

Average interest %	1,66	0,97
Average fixed interest period (days)	275	259
Loans due within 0-1 year	4,901	3,998
Loans due within 1-2 years	3,998	5,079
Loans due within 2-5 years	11,612	10,331
Loans due within 5+ years	1,999	4,010

16. Current liabilities

MSEK	2013	2014
Debts to banks, credit institutes, etc.	5,317	8,166
Debts to banks, credit institutes, etc., Group companies	1,541	1,726
Accounts payable	1,677	1,598
Accrued expenses/deferred income	3,573	3,848
Personnel taxes	231	234
Other current liabilities	191	134
Total current liabilities	12,530	15,706

17. Guarantees

MSEK	2013	2014
<i>(Regards loans and pension commitments)</i>		
Göteborgs Hamn AB	798	777
Göteborg Energi AB	235	234
Higab AB	508	1,197
Göteborgs Stadshus AB	100	1,050
Other companies	821	352
Total guarantees City companies	2,462	3,610
Other guarantees		
Private houses – government home loans	6	4
Foundations	603	560
Associations	186	190
Other	44	45
Total external guarantees	839	799
Total guarantees	3,301	4,409

In November 2012, the City of Gothenburg stood surety jointly and severally as for a debt of its own for all Kommuninvest i Sverige AB's present and future obligations. All 280 municipalities that as of 31/12/2014 were members of Kommuninvest Cooperative have entered into identical guarantee commitments.

A recourse agreement has been concluded between all members of Kommuninvest Cooperative that regulates the division of responsibility between the member municipalities in the event of the above-mentioned guarantee commitment being utilised. Under the recourse agreement, responsibility will be divided partly in relation to the size of the funds that each member municipality has borrowed from Kommuninvest i Sverige AB, partly in relation to the size of each member municipality's invested capital in Kommuninvest Cooperative.

From an estimate of the financial effect of the City of Gothenburg's responsibility for the above-mentioned guarantee commitment, it may be noted that as of 31/12/2014 Kommuninvest i Sverige AB's total obligations amounted to SEK 299,065 million and total assets to SEK 290,730 million. The City's share of the total obligations was SEK 3,266 million and its share of total assets was SEK 3,173 million.

18. Pension commitments not included in liabilities or provisions

MSEK	2013	2014
Pension commitments PA-KL active	4,807	4,435
Pension commitments PA-KL retired	4,723	4,726
Pension commitments annuity	434	412
Total pension commitments PA-KL	9,964	9,573
Pension commitments managers' agreements	28	21
Other pension commitments	9	10
Total pension commitments	10,001	9,604
Special employer's contribution	2,426	2,330
Total pension commitments and special employer's contribution	12,427	11,934

Redemption of pension commitments in contingent liabilities were made totalling SEK 680 million (SEK 420 million in 2001 and SEK 260 million in 2002). The City of Gothenburg's surplus funds in insurance amounts to SEK 6 (6) million as of 31/12/2014.

19. Future leasing expenses

MSEK	2013	2014
Operational leasing agreements		
Leasing fees paid for the year	552	504
Contracted future leasing fees		
Maturing within 1 year	300	268
Maturing within 1–5 years	749	447
Maturing in more than 5 years	966	134

Accounting principles

– the City and combined accounts

One of accounting's most important tasks is to constitute a basis for relevant assessments and decisions. For this to be done the various accounting principles must be shown in an open and informative manner. This section serves to describe accounting principles used by the City of Gothenburg, in both the municipal city and in the combined accounts.

Municipal accounting is regulated by the Local Government Act, Chapter 8 and the Municipal Accounting Act. In addition the Municipal Accounting Standards Council (Rådet för kommunal redovisning, RKR) gives recommendations for accounting in the municipal sector.

A review of development accounting will begin in 2015.

In 2014, the City began work to implement component depreciation beginning in 2017.

In conjunction with the upcoming change of accounting system, the net reporting of derivatives in accordance with RKR 21 will be implemented.

GENERAL

Deviations from current recommendations

The City of Gothenburg follows the recommendations issued by the Municipal Accounting Standards Council, except for certain parts of the following recommendations: RKR 10.2 Provisions and Contingent Liabilities, RKR 11.4 Tangible Fixed Assets, RKR 13.2 Accounting of Rental/Leasing Agreements, RKR 18 Income from Fees, Grants and Sales, RKR 21 Accounting of Derivatives and Hedging and RKR 8.2 Combined Accounts.

RKR 16.2 Accounting of Cash Flows, RKR 18 Income from Fees, Grants and Sales, and RKR 19 Write-downs and parts of RKR 10.2 Provisions and Contingent Liabilities were not applied to the combined accounts. Work is in progress to adapt the cash flow statement, with possible introduction in 2015. A detailed description of the deviations is given under each heading.

Changes to accounting principles

As of January 2014, the City of Gothenburg applies the K3 regulatory framework for municipal companies. The transition to K3 (BFNAR 2012:1) was fixed at 1 January 2013. As a result, the income statement and balance sheet for 2013 were recalculated. The accounting was mainly affected by application of component depreciation of tangible fixed assets. The effect on the profit/loss for 2013 amounts to SEK 192 million. This means that there are some accounting differences when it comes to the principles applied for the combined accounts.

A review and synchronisation between K3 and the combined accounts will be made as far as possible in the coming years. Different principles can be noted in regards to write-downs, connection charges, investment grants, component depreciation and provisions.

INCOME STATEMENT

Accounting of tax revenue

The City's reported tax revenue consists of preliminary tax payments credited to the City during the year, a forecast for the final settlement and the difference between the final assessment and the reported tax revenue for the previous year. The preliminary final settlement for tax revenue is based on SKL's December forecast, in accordance with recommendation RKR 4.2 Accounting of Tax Revenue.

Other receipts

Utility and connection charges in the City are from 2012 reported as deferred income among long-term liabilities and accrued over the period of use of the facility.

The connection charges were previously entered as a receipt in their entirety. Income in the City for 2014 was SEK 42 million, of which SEK 2 million was entered as a receipt during the year. In 2013, the income was SEK 31 million for utility and connection charges, of which SEK 2 million was entered as a receipt during the year.

Göteborgs Energi AB enters its connection charges as receipts when delivery of the connection is started, which is not adjusted in the combined accounts. Connection charges entered as receipts in the combined accounts totalled SEK 67 (66) million in 2014.

Items affecting comparability

Items affecting comparability are shown separately on their own line in the income statement. For an item to be regarded as affecting comparability, the item must amount to a considerable sum and be of such a kind that it is not expected to occur often or regularly.

Included in the earnings for 2013 and 2014 were a number of non-recurring receipts and costs affecting comparability.

In 2013, the City received SEK 355 million in repaid insurance premiums from AFA and the provision for the development fund was dissolved in the amount of SEK 27 million. The change in discount rate for the City's pension commitments, RIPS, meant a cost of SEK 185 million, including employer's contribution. This means that the items affecting comparability amounted to SEK 170 million net.

In 2014, a provision of SEK 418 million was made for co-financing of government projects for E20, E45 and Götalandsbanan as well as upward index adjustment of the West Sweden Package in the amount of SEK 55 million.

The provision for the development fund was dissolved in the amount of SEK 103 million. This means that the items affecting comparability amounted to SEK -472 million net.

Extraordinary items

An item is classified as extraordinary if the following three criteria are fulfilled simultaneously.

- 1) The event or transaction giving rise to the item lacks a clear connection to regular activities.
- 2) The event or transaction is of such a nature that it cannot be expected to occur often or regularly.
- 3) The item totals a significant amount.

In 2013, the City of Gothenburg decided on a major restructuring of the company sector. Förvaltnings AB Framtiden, Älvstranden Utveckling AB and Göteborg & Co Kommuntressent AB were transferred to Göteborgs Stadshus AB and Higab AB respectively in 2013. The remaining companies were transferred to Göteborgs Stadshus AB in 2014. The sale means that the City reported an extraordinary receipt of SEK 8,697 million in 2013 and SEK 254 million in 2014. At the same time, the City made a shareholder contribution to Göteborgs Stadshus AB at an amount equal to the extraordinary income. This item has been classified as extraordinary because it cannot be considered a municipal matter to buy and sell companies. This is specified in the appendices to RKR 3.1 Reporting of Extraordinary Items and Information for Comparative Purposes. For the balance sheet, the effect of the transaction is that the City's financial assets in the form of shares increased by SEK 8,697 million for 2013 and SEK 254 million for 2014. This affected e.g. the equity-assets ratio level, which increased significantly in 2013. Please note that the transfer of the companies to Göteborgs Stadshus AB is a pure intra-group transaction and is therefore eliminated from the combined accounts.

Loan expenses in connection with investments

Loan expenses in connection with investments can be reported according to both the main rule and the alternative rule in accordance with recommendation 15.1 Loan Expenses.

The main rule means that the loan expenses are charged to earnings and the alternative rule means that the loan expenses, under certain conditions, may be charged to the acquisition value of the facility.

In 2014, the City of Gothenburg's committees capitalised loan expenses of SEK 1 (33) million as fixed assets. In the combined accounts, loan expenses of SEK 28 (37) million were capitalised.

Leasing

According to a decision by the City Council, the City's investments in movable property from 2007 are financed by leasing, with the municipal company Kommunleasing i Göteborg AB as the leasing company. Leasing agreements signed before 2003 and leasing agreements with a term of three years or less are considered operational agreements in accordance with RKR 13.2 Accounting of Rental/Leasing Agreements and are reported as rental agreements. In accordance with RKR 13.2 Accounting of Rental/Leasing Agreements, financial leasing of tangible fixed assets shall be recognised as a tangible fixed asset and the liability to the lessor shall be recognised in the balance sheet. Since the current value of financial leasing agreements comprises a smaller part in relation to the value of total assets, all leasing agreements are shown as rental agreements. Thus the City of Gothenburg does not comply with RKR 13.2 Accounting of Rental/Leasing Agreements with regard to reporting of financial leasing objects (fixed assets and liabilities in the balance sheet).

BALANCE SHEET

Intangible fixed assets

Intangible fixed assets are shown at acquisition cost less depreciation according to plan and any write-downs.

In the combined accounts, intangible fixed assets consist among other things of goodwill. Goodwill is the amount by which the acquisition value exceeds the actual value of the Group's share of net assets acquired, or alternatively the assets and liabilities at the time of acquisition. In all cases, the investments are regarded as strategic.

Tangible fixed assets

In the City of Gothenburg an asset is regarded as a fixed asset if its life exceeds three years and the acquisition cost exceeds half a basic amount. Fixed assets are valued at acquisition cost with an addition for value raising investments and deduction for planned depreciation and write-downs, if any.

From 2013, incomes do not reduce the acquisition value but are instead accrued as income over the period of use. Agreements entered into on grants made by the government or other legal person for investments in fixed assets that the City of Gothenburg is not going to own or have recourse to, are shown as a cost in the income statement and a provision in the balance sheet when the agreement is signed.

Depreciation of tangible fixed assets is normally made for the estimated period of use, with linear depreciation based on the acquisition cost, not including any residual value. Depreciation begins from the time the asset is put into use.

City's recommended depreciation periods

	Years
Expenses brought forward for development work and similar work	5
Goodwill	5–10
Land improvements	20–50
Buildings	20–50
Kiosks, pavilions, barracks	10
Machinery, technical facilities and equipment	5–10
Personal computers and IT equipment	3

The period of use undergoes reassessment if there are circumstances that make this necessary, such as operational changes, technology changes, etc. The period of use for a fixed asset is normally not reassessed if the depreciation period is 10 years or less. No depreciation is made of assets in the form of land, art and work in progress.

Development properties

Beginning in 2013, new development assets are reported as current assets. Work to review the reporting and classification of development properties will continue in 2015.

Financial assets and liabilities

Financial assets and liabilities are generally shown as long-term items. Reclassification to a current item occurs when repayment is made or when the financial item is not extended.

Pensions

The City's pension liability is accounted for under the statutory "mixed model", which means that all pensions earned before 1998 under earlier pension schemes are not entered as a provision, but shown as a contingent liability. Expected future special employer's contributions are also shown as a memorandum item. Payments concerning pension benefits earned before 1998 are shown as a cost in the income statement. Pension benefits earned in pension schemes from 1998 onwards are shown as a cost in the income statement and a provision in the balance sheet. A special employer's contribution of 24.26 per cent of pension provisions made is also reserved under provisions.

The City of Gothenburg calculates the current pension liability as specified in the guidelines, RIPS 07.

Redemption of pension commitments in contingent liabilities were made totalling SEK 680 million (SEK 420 million in 2001 and SEK 260 million in 2002). The degree of updating of the pensions was 100 (100) per cent in 2014.

Provisions

A provision is a liability that is uncertain with regard to the time of maturity or the amount and according to RKR 10.2 Provisions and Contingent Liabilities refers only to formal obligations.

Provisions for landfills have been entered at amounts assessed to be necessary to settle the obligation on the balance sheet day. The amount is based on a projection made in 2010. The calculation is then continually updated. Landfills in the City of Gothenburg have no current value estimate and the change in the provision is shown directly in the income statement instead of as a contingent liability. Thus the City of Gothenburg does not in these sections comply with RKR 10.2 Provisions and Contingent Liabilities.

In 2012, the City Council decided to set up a development fund of SEK 400 million for future initiatives in above all the social dimension. The fund's assets will not replace the committees' ordinary responsibility, but will be mainly used to deal with joint problems that the committees cannot reasonably manage in the ordinary budget. Use of the fund will be shown as items affecting comparability in the respective year's income statement. The fund has been shown in the balance sheet as a provision. It does not meet the criteria that recommendation RKR 10.2 on Provisions requires for a provision.

According to RKR 10.2 informal obligations shown as provisions in Group companies should be reclassified as contingent liabilities in the combined accounts.

MEMORANDUM ITEMS

Memorandum items is an accounting concept that means that pledged assets and contingent liabilities are not included as liabilities or provisions in the balance sheet, but are shown directly under.

Contingent liabilities

Possible commitments where there is uncertainty as to the size of the sum and/or degree of discharge are shown as contingent liabilities. Under contingent liabilities are found the City's guarantee commitments and the part of pension commitments older than 1998.

COMBINED ACCOUNTS

General

The combined accounts are prepared in accordance with RKR 8.2 Combined Accounts, with certain deviations as regards RKR 10.2 Provisions and Contingent Liabilities, RKR 16.2 Accounting of Cash Flows, RKR 18 Receipts and RKR 19 Write-downs. The City of Gothenburg conducts extensive activities, primarily through wholly or partly owned limited companies, though also through joint statutory authorities, where the City, directly or indirectly has more than half the votes or in some other way has considerable influence.

Accounting principles – the City and combined accounts

The Financial Accounting Standards Council and the Accounting Standards Board give recommendations, instructions and statements for the companies' accounting. For joint statutory authorities, the Municipal Accounting Act applies with attached recommendations.

Differences in accounting principles between the companies and the City may occur because different recommendations are applied for the City and the companies respectively. This is among other things the case for leasing and accounting of projects in progress as well as provisions and write-downs.

Consolidation principles

The combined accounts are prepared in accordance with the acquisition method rather than following proportional consolidation. This means that the parent company indirectly acquires the subsidiary's assets and liabilities, valued at actual value. In the combined balance sheet, the parent company's book value of its share in the subsidiary is eliminated against the acquired share of the subsidiary's equity. In the combined accounts equity, therefore, is only that part of the subsidiaries' equity that has been added after the acquisition, together with the parent company's equity. The minority share of net earnings for the year is shown in the income statement. The minority share of net earnings for the year is shown in the balance sheet. Subsidiaries disposed of are included in the earnings until the point of disposal. On acquisition of a subsidiary, earnings are included from the time of acquisition.

The annual accounts of the Group are used as the basis for the combined accounts. Internal dealings and internal profits of importance have been eliminated.

Associated companies

Associated companies are shown in accordance with the equity method. Companies that are not subsidiaries, but where there is a long-term direct or indirect holding of at least 20 per cent and not more than 50 per cent (usually the share of voting power), are shown as associated companies. The parent company's shares in associated companies are shown at acquisition value. In the combined accounts, shares in associated companies are shown at acquisition value adjusted by the Group's share of the associated company's equity and 78 per cent of untaxed reserves. In the combined income statement, the owned share of the associated company's earnings before tax is included as income. The share of the associated company's tax is shown as a tax expense.

Untaxed reserves

Untaxed reserves in individual companies are divided into an equity part, shown as restricted equity, and a deferred tax liability part. In partly owned joint statutory authorities

and subsidiaries, external participants/shareholders' shares of equity and untaxed reserves are shown as a minority interest. The minority share of earnings after tax is shown in the income statement.



District committees – financial performance

From an economic perspective, the past year was a stable year for the district committees. Despite significantly increased costs in individual and family care, the committees were able to conduct operations within the budgeted framework.

As of 2011, Gothenburg is divided into 10 district committees. The committees' activities are almost entirely financed by City grants. City grants to the district committees, which are based on the size and composition of the population in each district, finance the district's net costs for pre-school, compulsory school, elderly care, services for people with functional impairment, income support, etc.

In addition, a special City grant is paid for a number of resource committee assignments, where the committee often has responsibility for meeting the needs of several districts or the whole city.

Financial performance

The difference between the City grants and net costs is the committees' earnings. A committee can finance a deficit by using a surplus from previous years. From 2009, a limit was imposed on the committees, whereby they cannot use equity over a limited level without the approval of the City Executive Board.

Net earnings 2014

Committee (MSEK)	Net cost	City grants	Net earnings for the year
District committees' population frame	-19,627	19,633	6
Resource committee assignments	-189	191	2
Total DCs	-19,817	19,825	8

In 2014, the district committees reported net earnings of just under SEK ten million, which was about SEK 50 million higher than budgeted by the committees. Five committees reported positive earnings and five committees reported a negative result. Of those reporting a negative result, for three committees this was planned in their original budget decisions, although the results for DC Örgryte-Härlanda and DC Västra Göteborg were slightly lower than budgeted. For DC Angered, a decision was made early on to use equity for non-recurrent initiatives. For DC Askim-Frölunda-Högsbo, it was

a matter of unplanned cost increases that the committee failed to resolve completely despite adoption of adjustment measures.

Increased costs in individual and family care

The rate of increase for both net costs and staff volume was higher in 2014 than in 2013. In particular, costs for social housing and institutional placements of children and young people in individual and family care increased sharply. In elderly care as well, the net costs increased more in 2014 than in 2013.

Cost and staff volume trend for the population frame

Change in per cent	2012	2013	2014
Net cost	5.4	4.3	4.9
Payroll expense	5.6	3.7	5.1
Personnel volume, no. of hours worked	2.4	1.2	2.5

Nettokostnadsförändring per verksamhet

Change in per cent	2012	2013	2014
Pre-school	8.1	6.6	6.1
Compulsory school, special needs school, childcare	4.9	6.8	5.3
Elderly care	3.7	1.0	3.3
Individual and family care	4.2	1.5	6.5
Functional impairment	6.7	5.1	4.1

Assessment of the future

Gothenburg's population is growing rapidly and this is a trend likely to continue in the coming years. The main reason is increased immigration and a large number of children and young people. This places great demands on the district committees in matters related to schools and other services.

Departmental committees – financial performance

Overall, the departmental committees report earnings for 2014 that deviate positively from both the budget and the previous year's accounts. As in previous years, the activities of several committees was affected by the increased load caused by large ongoing projects and initiatives in urban development, housing supply and traffic development.

The 20 or so departmental committees of the City of Gothenburg operate in several different areas that vary in nature. They handle matters such as urban development, construction, eco-cycle, traffic as well as culture, education, citizen services and various types of internal support functions.

Financial performance

In total, the departmental committees reported net earnings for 2014 of SEK 31 million, which is SEK 50 million better than budgeted for the year. Net income for the year was also a positive deviation compared to the 2013 accounts, when the combined net earnings were SEK -16 million. The committees' equity at year-end was SEK 378 million.

In total, the committees reported costs of SEK 13.4 billion for 2014, of which the majority, SEK 9.4 billion, was financed through City-internal or external receipts. The remaining SEK 4.5 billion was financed directly through municipal grants.

Indexation of the City's facilities and premises

An important part of the activities conducted by the City's departmental committees is indexation and development of existing facilities and premises. In all, the departmental committees invested approximately SEK 600 million in planned maintenance in 2014. This is a higher maintenance level than the previous year, which is partially explained by increased initiatives in the City Council's budget. In addition, several committees expanded maintenance efforts through redistribution from other parts of the organisation that had a surplus in relation to the budget.

Committees' investments

The total investment scope of the committees for 2011-2014 is approximately SEK 8 billion. The investment plans spanning several years have resulted in better and more long-term planning conditions for the committees.

The committees' investment expenditure for 2014 was SEK 2.2 billion, representing a generally unchanged investment level compared to the previous year. Several investments were postponed and will instead be applied from 2015 onwards. The year saw major investments which include construction of pre-schools, investments

related to the West Sweden Package and investments related to water and sewage.

New assignments and reorganisations

During the year, the City Council approved new regulations for the Committee for Intracservice. As a result of the changed regulations, Intracservice is transitioning from being an IT organisation to being a comprehensive internal service provider for the City as a whole.

The assignment of the Labour Market and Adult Education Committee also expanded during the year. The assignment of the former Adult Education Committee now also includes labour market policy initiatives. In the new assignment, the committee is expected to utilise and develop synergies between adult education and labour market initiatives.

Assessment of the future

The City's visions and goals for urban development, housing supply and traffic development are extensive. Achievement of these poses major challenges for both the organisation and the City's economy – in terms of both planning and execution.

Operational accounts – committees

MSEK	Receipts	Costs	Net costs	City grants	Year's net earnings	Equity carried forward
DISTRICT COMMITTEES						
Angered	290.0	-2,939.7	-2,649.7	2,643.0	-6.7	93.0
Askim Frölunda Högsbo	421.9	-2,682.5	-2,260.6	2,250.3	-10.3	14.4
Centrum	379.2	-1,750.6	-1,371.3	1,391.6	20.3	23.3
Lundby	406.3	-1,799.2	-1,393.0	1,387.1	-5.9	38.5
Majorna Linné	440.3	-2,239.2	-1,798.9	1,806.1	7.2	34.9
Norra Hisingen	383.1	-2,256.9	-1,873.8	1,881.0	7.2	47.5
Västra Göteborg	426.2	-2,462.7	-2,036.6	2,029.7	-6.9	61.1
Västra Hisingen	337.7	-2,531.2	-2,193.5	2,203.4	9.8	71.7
Örgryte Härlanda	366.7	-2,126.5	-1,759.8	1,750.1	-9.7	33.2
Östra Göteborg	280.4	-2,570.7	-2,290.3	2,291.2	0.9	37.4
Resource committee assignments	51.3	-240.7	-189.3	191.4	2.1	20.1
TOTAL DISTRICT COMMITTEES	3,783.1	-23,599.9	-19,816.7	19,824.7	8.0	475.1
DEPARTMENTAL COMMITTEES WITH SPECIAL FOCUS						
Planning and Building Committee	131.2	-256.0	-124.8	112.7	-12.1	12.8
Property Management Committee	385.8	-425.4	-39.6	46.0	6.4	23.9
Special Transportation Services Committee	149.3	-334.4	-185.1	187.3	2.2	19.7
Sports and Associations Committee	132.8	-485.0	-352.2	361.5	9.3	25.5
City Management Committee	443.4	-746.3	-302.9	297.8	-5.1	2.9
Committee for Consumer and Citizen Services	42.4	-72.6	-30.2	31.6	1.4	5.5
Cultural Affairs Committee	125.8	-481.9	-356.1	360.6	4.5	21.9
Supply of Premises Committee	2,640.7	-2,421.5	219.2	-215.9	3.3	58.7
Environmental Committee	55.7	-106.4	-50.6	52.1	1.5	6.0
Committee for Intraservice	592.2	-608.7	-16.5	16.5	0.0	15.0
Parks and Landscape Committee	368.4	-564.5	-196.0	201.4	5.4	30.7
Committee for Allocation of Social Welfare	556.4	-999.6	-443.2	449.1	5.9	35.9
Road Traffic Committee	1,570.8	-2,047.8	-477.1	485.5	8.4	27.7
Education Committee	744.3	-2,238.0	-1,493.7	1,511.3	17.6	46.3
Electoral Committee	16.6	-34.4	-17.9	18.0	0.1	0.7
Adult Education Committee	112.4	-503.5	-391.1	391.2	0.1	25.1
Chief Guardians' Committee	1.4	-17.5	-16.1	16.3	0.2	-12.8
DEPARTMENTAL COMMITTEES WITH ACTIVITIES FINANCED BY TARIFFS						
Eco-cycle and Water Committee	1,265.5	-1,271.1	-5.7	0.0	-5.7	19.4

MSEK	Receipts	Costs	Net costs	City grants	Year's net earnings	Equity carried forward
OTHER DEPARTMENTAL COMMITTEES AND ALLOCATIONS						
Archives Committee	36.8	-53.5	-16.7	18.2	1.5	0.8
Business Region Göteborg AB	—	-20.3	-20.3	20.3	0.0	—
Prop. Man. Comm. transfer payments	0.0	-66.7	-66.7	58.5	-8.2	-7.9
GBG & Co Träffpunkt AB	—	-117.0	-117.0	117.0	0.0	—
Sports and Associations Committee	—	-31.2	-31.2	31.2	0.0	—
Adult Education Associations	—	-31.2	-31.2	31.2	0.0	—
Auditors' Office	4.9	-35.2	-30.3	31.0	0.7	2.9
Greater Gothenburg Fire and Rescue Services	—	-314.2	-314.2	314.2	0.0	—
Safe Beautiful City	0.0	-45.8	-45.8	46.1	0.3	0.0
Chief Guardians Committee fees	5.7	-26.5	-20.8	14.1	-6.7	7.6
TOTAL DEPARTMENTAL COMMITTEES	9,382.4	-14,324.9	-4,942.5	4,973.6	31.1	368.0
TOTAL COMMITTEES	13,165.5	-37,924.7	-24,759.2	24,798.3	39.1	843.1
Central municipal items	26,166.7	-1,015.6	25,150.9	-24,798.3	352.6	17,566.9
MUNICIPAL CITY TOTAL	39,332.2	-38,940.5	391.6	0.0	391.6	18,410.0
JOINT STATUTORY AUTHORITIES						
Stretered Property	0.3	-0.1	0.2	—	0.2	15.4
Greater Gothenburg Rescue Services	594.4	-590.5	3.9	—	3.9	99.8
Acquisition company Gothenburg joint statutory authorities	2.5	—	2.5	—	2.5	5.9
Minority interest	—	-1.3	-1.3	—	-1.3	-36.8
TOTAL JOINT STATUTORY AUTHORITIES	597.2	-591.9	5.3	—	5.3	84.3

Investment and development accounts

MSEK	Property Manage- ment Committee	Premises Committee	Parks and Landscape Committee	Sports and Associ- ations Committee	Road Traffic Committee	Eco-cycle and Water Committee	Total
INVESTMENTS							
Expenses/purchases	97	808	96	75	776	338	2,190
Grants, government and EU	—	-2	-5	—	-395	—	-402
Income excl. sales	-26	-1	-1	—	-6	—	-35
NET INVESTMENTS excl. sales	71	805	90	75	375	338	1,753
Income, sales	-21	—	—	—	—	—	-21
NET INVESTMENTS incl. sales	50	805	90	75	375	338	1,732
DEVELOPMENT							
Expenses/purchases	339	—	13	—	291	63	706
Income excl. sales	-101	—	-6	—	-246	—	-353
NET DEVELOPMENT excl. sales	238	—	7	—	45	63	353
Income, sales	-175	—	—	—	—	—	-175
NET DEVELOPMENT incl. sales	63	—	7	—	45	63	178
INVESTMENTS AND DEVELOPMENT incl. sales	113	805	97	75	420	401	1,910



4

COMBINED ACCOUNTS FINANCIAL ANALYSIS AND ACCOUNTS

Group accounts are referred to as combined accounts in the municipal sector. In this block, the combined account's financial position and development are analysed from a number of perspectives. The statutory financial statements and additional information are also found here.

COMBINED ACCOUNTS

FINANCIAL ANALYSIS AND ACCOUNTS

91 Financial analysis of the combined accounts

A financial analysis of the combined accounts is presented in this section. Trends and overall perspectives are important elements of it. The analysis should make it possible to assess whether the organisation's control of the inflow and outflow of cash in the short and long term is kept at a level that allows good business quality.

96 The income statement, balance sheet and cash flow statement

The financial statements of the combined accounts are presented here.

99 Notes – combined accounts

Notes to the financial statements are found here.

102 Internal transactions

In the combined accounts, there are a number of internal transactions between the various accounting units. A comprehensive report of these is presented in this section.

103 Analysis of large groups and companies

This page presents a brief financial description of a number of large groups and companies. This includes Göteborgs Stadshus AB, Göteborg Energi AB, Göteborgs Hamn AB, Liseberg AB, Älvstranden Utvecklings AB, Förvaltnings AB Framtiden and Göteborgs Spårvägar AB.

107 Groups and companies in figures

A number of financial key figures are shown in tabular form for each group or company. They regard operating income, earnings after financial items, net earnings for the year, investments, total assets, equity and the equity-assets ratio.

Financial analysis – combined accounts

Net earnings for the year including non-recurrent items amounted to approximately SEK 400 million. In relation to the preceding year, net earnings decreased by SEK 1,300 million, of which the City accounted for SEK 760 million and the companies for SEK 540 million. The volume of investments declined by SEK 400 million, from SEK 6.6 billion in 2013 to 6.2 billion in 2014. The decrease is mainly attributable to projects that were postponed. The long-term financial manoeuvrability in the form of the equity-assets ratio was unchanged compared to the previous year, totalling 30 per cent at the end of 2014.

Description of the financial model

In order to survey and analyse the earnings, trends and position for the combined accounts, or Group accounts, as they are called in the private sector, a special financial analysis model is used. The model is based on four important financial aspects, namely financial results, trend in capacity, risk conditions and control of finan-

cial developments. These four aspects (financial results, capacity and risk, control) are the cornerstones of the model.

The objective is to identify any financial opportunities and problems on this basis and thereby try to clarify whether the City has good economic management, as prescribed in the Local Government Act.

Income statement for the City, joint statutory authorities and companies

MSEK	Operating income	Operating expenses incl depreciation	Net operating expenses	Net financial items incl. tax revenue	Earnings after net financial items	Taxes and extraordinary items	Year's net earnings
The City	7,768	-33,568	-25,800	25,938	138	254	392
Joint statutory authorities	591	-586	5	1	6	-1	5
Companies	17,629	-16,144	1,485	-1,328	157	-118	39
of which							
Göteborg Energi AB	6,244	-5,854	390	-105	285	-121	164
Förvaltnings AB Framtiden	5,099	-4,361	738	-472	266	-72	194
Göteborgs Hamn AB	687	-490	197	-43	154	-138	16
Renova AB	1,149	-1,101	48	-27	21	58	79
Liseberg AB	1,096	-962	134	-15	119	-55	64
Higab AB*	1,787	-1,643	144	-95	49	-74	-25
Other companies	3,037	-3,221	-184	-881	-1,065	268	-796
Eliminations companies	-1,470	1,488	18	310	328	14	342
Eliminations Group	-3,797	3,803	6	254	260	-263	-3
Total Group 2014	22,191	-46,495	-24,304	24,865	561	-128	433
Total Group 2013	22,724	-44,855	-22,131	24,053	1,922	-189	1,733

*Higab AB= including Älvstranden Utveckling AB, Förvaltnings AB Göteborgslokaler, Göteborgs Stads Parkeringsbolag, Idrotts- och Kulturcentrum Scandinavium and Fastighets AB Rantorget.

Turnover increased marginally

The City of Gothenburg Group reported income of about SEK 48 billion in 2014, of which half was tax revenue and municipal financial equalisation. Compared to 2013, income increased by SEK 200 million, which was a marginal increase.

Within the City, income increased by about 3 per cent, or about SEK one billion.

In the company sector, receipts from activities decreased by five per cent compared to the previous year, with Göteborgs Energi AB responsible for the lion's share of the decrease in receipts.

Net turnover

MSEK	2012	2013	2014
Net turnover	47,201	48,230	48,470
of which the City	32,330	33,472	34,703
of which companies	18,436	18,670	17,747

Reduced net earnings

Net earnings for the year for the combined accounts totalled SEK 433 million, of which the City accounted for about SEK 392 million.

In 2013 and 2014, there were some major items within the City that were non-recurrent in nature. The extraordinary income for the sale of companies at SEK 254 million (8,697) and dividends from Göteborgs Stadshus AB at SEK 226 million were eliminated at the Group level. In 2014, the City made provisions for co-financing of major government infrastructure projects, there was upward index adjustment of about SEK 500 million, and a dividend of SEK 226 million was received from Göteborgs Stadshus AB.

In 2013, the City received repayment of insurance premiums from AFA amounting to SEK 400 million.

In 2013, the City of Gothenburg began major restructuring of the City's companies. The new structure means that all of the City's directly and indirectly wholly-owned or partly-owned companies will be organised into one Group, with Göteborgs Stadshus AB as parent company. As part of this change, Förvaltnings AB Framtiden, Älvstranden Utveckling AB and Göteborg & Co Kommuntressent AB were transferred to

Göteborgs Stadshus AB and Higab AB, respectively in 2013. At the beginning of 2014, the remaining companies were transferred to Göteborgs Stadshus AB.

The sale means that the City reported an extraordinary receipt of SEK 8,697 million in 2013 and SEK 254 million in 2014. At the same time, the City made a shareholder contribution to Göteborgs Stadshus AB at an amount equal to the extraordinary income for both years. These items were eliminated from the combined accounts as they are intragroup transactions. However, these transactions have produced effects in the income statement and balance sheet for the City and the affected companies.

Net earnings for the City and companies

MSEK	2012	2013	2014
Earnings after financial items	2,802	1,922	561
of which the City	669	898	138
of which companies	2,185	1,033	157
Net earnings for the year	2,934	1,733	433
of which the City	669	9,595 *	392 *
of which companies	2,301	847	39 **
Net earnings for the year, not incl. extraordinary items and items affecting comparability	1,552	1,563	905
of which the City	596	728	610
of which companies	992	847	39

* For further information, see block 3 and the analysis of the City's economy.

** The net earnings include SEK 226 million in dividends to the City and elimination of internal capital gain of SEK 254 million, corresponding to net earnings of SEK 500 for the Group.

Volume of investments

There is a great need of investments in order to handle the continued development and growth of the City in the form of increased population and increased activity. The Group's investment volume is at a high level, but decreased compared to the previous year.

Excluding investment income, the Group's gross investments totalled SEK 6.2 billion, which was a decrease of SEK 400 million. This decrease can be attributed to both the City and the company sector.

The City's gross investments declined by about SEK 200 million compared to the previous year. During the

year, the City received temporarily increased investment income, causing the City's investments including investment income to decline compared to the previous year.

Of the company sector's SEK 4.1 billion investment volume, a large proportion was new investments of different types. Förvaltnings AB Framtiden and Göteborg Energi AB accounted for SEK 2.2 billion of the companies' investments, making up 54 per cent of the companies' total volume of investments. This consisted of new production, standard-enhancing measures and energy measures in existing dwellings and investments in a biogas plant and district heating substations. Other companies with a large volume of investments in 2014 were Göteborgs Hamn, Liseberg AB, Kommunleasing i Göteborg AB and Higa AB. Together, their investments totalled almost SEK 1.3 billion.

Investments for the City and companies

	2012	2013	2014
Volume of investments (MSEK)	7,244	6,647	6,248
of which companies	4,760	4,217	4,118
of which the City	2,498	2,394	2,190
Investments excluding investment income (MSEK)	6,682	5,805	5,530
Volume of investments / gross costs (%)	17	14	13
of which the City	8	8	7
of which companies	35	31	32

Reduced self-financing rate of investments

Investment financing through own resources in 2014 was 85 per cent, which was a lower level compared to the previous year. This decrease is mainly attributable to the City that had a 50 per cent lower degree of financing.

Degree of self-financing of investments

Per cent	2012	2013	2014
Degree of financing of investments	97	100	85
of which the City	69	108	58
of which companies	101	97	89

Total assets of about SEK 81 billion

Total assets were SEK 81.5 billion, of which the City accounted for about SEK 58 billion and the companies 62 billion.

Over the past two years, the City's total assets increased by 36 per cent or over SEK 15 billion, partly as the result of the initiated restructuring work between the City and Göteborgs Stadshus AB and the financial coordination of the Group. In the company sector, Förvaltnings AB Framtiden and Göteborg Energi AB were responsible for the greater part of the assets. These two companies were responsible for about half of the company sector's total assets.

Return on equity and total assets are examples of profitability measures, which describe the earnings in relation to capital investment. The size depends on the industry and risk-taking. Comparisons can often be made over time and within each industry.

Return on equity for the Group decreased to 2 per cent (7) in 2014. Return on total assets for the Group also decreased to 2 per cent, compared to 3-4 per cent over the past three years.

In this context, it is important to note that these measures should only be considered an indicator over time, as these key figures are not used in management of the combined accounts.

Some key figures from the balance sheet

MSEK	2012	2013	2014
Total assets	78,096	81,074	81,468
of which the City	42,483	51,460	57,732
of which companies	61,977	61,900	62,041
Return on equity	13.1	7.2	1.8
Return on total assets	4.3	4.4	2.4

Balance sheet for the City, joint statutory authorities and companies

MSEK	Fixed assets	Current assets	Total assets	Equity*	Provisions	Long-term liabilities	Current liabilities	Total equity & liabilities
The City	46,403	11,329	57,732	18,410	3,468	20,148	15,706	57,732
Joint statutory authorities	247	529	776	121	488	1	166	776
Companies	56,622	5,419	62,041	16,017	4,727	27,266	14,031	62,041
of which								
Förvaltnings AB Framtiden	26,292	345	26,637	8,790	1,449	12,588	3,810	26,637
Göteborg Energi AB	11,961	2,067	14,028	5,645	1,578	3,960	2,845	14,028
Higab AB**	11,400	1,504	12,904	2,769	691	6,277	3,167	12,904
Göteborg Hamn AB	2,629	178	2,807	1,338	449	325	695	2,807
Renova AB	1,750	1,504	3,254	393	407	810	1,644	3,254
Liseberg AB	1,442	118	1,560	830	83	402	245	1,560
Other companies	18,404	2,236	20,640	12,617	1,267	2,904	3,852	20,640
Eliminations companies	-17,256	-2,533	-19,789	-16,365	-1,197	—	-2,227	-19,789
Eliminations Group	-28,604	-10,477	-39,081	-9,953	-158	-18,847	-10,123	-39,081
Total Group 2014	74,668	6,800	81,468	24,595	8,525	28,568	19,780	81,468
Total Group 2013	73,061	8,013	81,074	24,163	7,845	26,681	22,384	81,074

* I Minority interest is included in equity.

** Higab AB= including Älvstranden Utveckling AB, Förvaltnings AB Göteborgslokaler, Göteborgs Stads Parkeringsbolag, Idrotts- och Kulturcentrum Scandinavium and Fastighets AB Rantorget.

Unchanged equity-assets ratio

The equity-assets ratio is a measure of long-term financial manoeuvrability. The equity-assets ratio trend depends on the change in equity and the change in assets. The equity-assets ratio for 2014 was 30 per cent, which was an unchanged level compared to the previous year. The equity-assets ratio according to the fully funded model increased by one per cent and was 15 per cent for 2014, compared to 14 per cent for 2013.

The Group equity-assets ratio was 41 per cent for the nation and 20 per cent according to the fully funded model. This means that the City of Gothenburg is slightly below average. The City's large Group with branches that have a high level of loan financing contributes to a lower equity-assets ratio within the Group compared to the national average.

There is no general level for how high the equity-assets ratio should be for a Group the side of the City of Gothenburg. A high equity-assets ratio increases manoeuvrability and the ability to handle fluctuations in the earnings trend.

However, it is more important that the groups and companies in the combined accounts have a good equity-assets ratio. Otherwise, there is a risk of the City as owner having to contribute funds if the companies have financial difficulties. Most City of Gothenburg companies report good equity-assets ratio levels and in many of the companies the ratio has improved or remained at unchanged levels in recent years.

Equity-assets ratio

Per cent	2012	2013	2014
Equity-assets ratio (mixed model)	29	30	30
Equity-assets ratio (full funding)	13	14	15

Indebtedness

The total debt-equity ratio was almost 70 per cent, a marginal reduction compared to the previous year. This was positive for the Group's net financial items, while the reduced indebtedness meant reduced financial risk for the Group.

Total borrowing for the Group was SEK 38.3 billion at year-end, a decrease of SEK 1.1 billion compared to the same period the previous year. At the same time, the City had an acid-test ratio of about SEK one billion.

Within the Group, the long-term debt-equity ratio increased while the short-term debt-equity ratio decreased compared to the previous year.

Long-term liabilities increased in the company sector, which increased the long-term debt-equity ratio. The short-term debt-equity ratio decreased by four per cent within the Group, primarily attributable to the company sector. The City's short-term debt-equity ratio increased by three per cent. The primary cause of the decrease is that the short-term portion of the companies' long-term liabilities decreased. In 2014, provisions increased by SEK 0.7 billion, mainly attributable to the City's provisions for co-financing of various government projects.

Debt-equity ratio

Per cent	2012	2013	2014
Total debt-equity ratio	71.3	70.2	69.8
of which degree of provision	11	10	10
of which short-term debt-equity ratio	20	28	24
of which long-term debt-equity ratio	41	33	35
of which the City	80	65	68
of which companies	76	74	74

Reduced liquidity

Short-term manoeuvrability for the year in the form of the acid-test ratio was 30 per cent for 2014, a decline of three per cent compared to the previous year.

The City's acid-test ratio increased slightly to 70 per cent (66). Similarly, the companies' acid-test ratio increased nine per cent to 35 per cent.

The City serves as internal back for several of the municipal companies. The City has in recent years had an acid-test ratio level where the City, in a short and medium-term financial perspective, does not need to take drastic measures to meet financial payment.

Net financial assets weakened

Included in the net financial assets measure are all financial assets and liabilities in the balance sheet that the City expects to convert in the next 10-20 years, namely financial fixed assets, current assets and current and long-term liabilities. The measure is important since it reflects financial manoeuvrability, which lies somewhere between the short-term liquidity measures and the long-term equity-assets measure.

Between 2013 and 2014, net financial assets weakened by SEK 0.7 billion from -40.6 billion to -41.3 billion. The decrease is primarily attributable to the City.

Net financial assets

MSEK	2012	2013	2014
Net financial assets	-39,772	-40,629	-41,333

Pension commitments totalled SEK 16 billion

Göteborgs Stad's Group's total pension commitments for 2014 amounted to approximately SEK 16 billion, a decrease of SEK 364 million compared to the previous year. The main reason for the decrease was pension payments for the year from contingent liabilities.

Of the total pension commitment, SEK 12.1 billion was for pension commitments and special employer's contribution that is older than 1998. These commitments are not recognised as a provision in the balance sheet, but rather a contingent liability in accordance with the Municipal Accounting Act.

Closing comments

The City of Gothenburg Group reported positive net earnings of about SEK 400 million. This is a reduction in net earnings of SEK 1,300 million in relation to the previous year. This means that the Group must be vigilant in coming years so as not to further reduce the financial margins.

A large group always requires active governance to minimise the risks related to factors such as market downturns. A future challenge will be controlling the large investments needed both in the City and in the individual companies.

Income statement – combined accounts

Amounts in MSEK	2012	2013	2014
Operating income note 20	22,677	22,554	22,191
Operating expenses notes 21, 36	-40,286	-40,984	-41,895
Operating items affecting comparability note 22	73	170	-472
Depreciation and write-downs note 23	-3,651	-3,871	-4,128
Net cost of activities	-21,187	-22,131	-24,304
Tax revenue note 6	20,814	21,806	22,524
Municipal financial equalisation etc note 6	3,113	3,106	3,290
Financial receipts note 25	597	764	465
Financial expenses note 25	-1,844	-1,623	-1,414
Financial items affecting comparability	1,309	—	—
Earnings before extraordinary items	2,802	1,922	561
Current and deferred tax	130	-193	-137
Minority share	2	4	9
Net earnings for the year	2,934	1,733	433

Balance sheet – combined accounts

Amounts in MSEK	2012	2013	2014
ASSETS			
FIXED ASSETS			
Intangible fixed assets note 24	537	459	371
Tangible fixed assets note 24	70,009	72,178	74,082
Financial fixed assets note 26	484	424	215
Total fixed assets	71,030	73,061	74,668
CURRENT ASSETS			
Stores and stocks, etc. note 27	475	720	861
Current receivables note 28	5,579	4,729	4,507
Short-term investments	182	174	167
Cash and bank	830	2,390	1,265
Total current assets	7,066	8,013	6,800
Total assets	78,096	81,074	81,468
EQUITY, PROVISIONS AND LIABILITIES			
EQUITY note 29	22,167	23,896	24,344
of which net earnings for the year	2,934	1,733	433
MINORITY INTEREST	265	267	251
PROVISIONS			
Provisions for pensions and similar commitments note 30	3,117	3,477	3,620
Deferred tax liability	3,017	3,034	3,101
Other provisions note 31	2,208	1,334	1,804
Total provisions	8,342	7,845	8,525
LIABILITIES			
Long-term liabilities note 32	31,677	26,681	28,568
Current liabilities note 33	15,645	22,384	19,780
Total liabilities	47,322	49,065	48,348
Total equity, provisions and liabilities	78,096	81,074	81,468
Guarantees and pension commitments not included in liabilities or provisions notes 34 and 35	22,518	20,013	16,422

Cash flow statement – combined accounts

Amounts in MSEK	2012	2013	2014
CURRENT ACTIVITIES			
Earnings after financial items	2,802	1,922	561
Reversal of depreciation and write-downs	3,651	3,871	4,128
Current tax paid	-125	-86	-42
Adjustment for items not affecting liquidity, see specification	-532	-498	631
Total liquid funds from operations	5,796	5,209	5,278
NET INVESTMENTS			
Intangible fixed assets	-43	-44	-54
Tangible fixed assets	-6,354	-6,025	-5,915
Shares and participations	25	5	35
Total net investments	-6,372	-6,064	-5,934
FINANCING			
Increase (-) / decrease (+) long-term receivables	73	59	174
Increase (-) / decrease (+) long-term liabilities	-100	-4,996	1,887
Total financing	-27	-4,937	2,061
CHANGE IN TIED UP CAPITAL			
Increase (-) / decrease (+) stores and stocks	-17	-245	-141
Increase (-) / decrease (+) current receivables	-105	858	215
Increase (-) / decrease (+) current liabilities	862	6,739	-2,604
Total change in tied up capital	740	7,352	-2,530
Change cash and bank (liquid funds)	137	1,560	-1,125

SPECIFICATION FOR CASH FLOW STATEMENT	2012	2013	2014
Items not affecting liquidity			
Change in pension provisions, etc.	170	360	143
Change in other provisions	-717	-874	470
Adjustment for other items not affecting liquidity	15	16	18
Total items not affecting liquidity	-532	-498	631

Notes – combined accounts

20. Operating income

MSEK	2013	2014
Charges	12,910	12,288
Rents and leases	2,186	2,426
Government grants	802	1,605
EU grants	209	47
Other grants	1,408	472
Work performed	261	210
Sales activities and contract work	2,155	2,074
Development income	187	94
Capital gains	61	35
Other receipts	2,375	2,940
Total operating income	22,554	22,191

21. Operating expenses

MSEK	2013	2014
Wages and social security contributions	-18,432	-19,171
Pension costs	-1,824	-1,880
Other personnel costs	-117	-97
Financial assistance	-1,175	-1,182
Cost of premises	-535	-787
Contract work and purchased activities	-6,711	-6,886
Fuel, energy, water, etc.	-5,533	-4,585
Expendables and repairs	-1,688	-1,925
Leasing expenses	-205	-187
Development expenses	-100	-70
Capital losses and disposals	-151	-96
Other operating expenses	-4,513	-5,029
Total operating expenses	-40,984	-41,895

22. Items affecting comparability

MSEK	2013	2014
Receipts		
Repayment AFA Fora	355	—
Dissolution, provision and repayment infrastructure	0	—
Reversal, development fund	27	103
Total receipts affecting comparability	382	103
Costs		
Costs for grants for state infrastructure	0	-418
Indexing for grants for state infrastructure	0	-54
Changed discount rate	-185	—
Use, development fund	-27	-103
Total costs affecting comparability	-212	-575
Total items affecting comparability	170	-472

23. Depreciation and write-downs

MSEK	2013	2014
Depreciation, intangible fixed assets	-118	-115
Depreciation, buildings and structures	-2,175	-2,138
Depreciation, machinery and equipment	-1,583	-1,704
Write-downs	5	-171
Total depreciation and write-downs	-3,871	-4,128

24. Properties, facilities, machinery and equipment

MSEK	Goodwill	Other intangible assets	Buildings and land	New facilities in progress	Machines and technical facilities	Other equipment	Total
Acquisition value	300	836	77,168	4,160	22,093	10,107	114,664
Acc. write-ups	—	—	3,502	—	—	—	3,502
Acc. depreciation	-148	-471	-28,032	-3	-10,106	-5,205	-43,965
Acc. write-downs	-54	-4	-1,334	-8	-342	-96	-1,838
Book value brought forward	98	361	51,304	4,149	11,645	4,806	72,363
Net investments for the year	—	54	1,554	3,293	94	1,374	6,370
Sales for the year	—	0	-1,197	-66	-5	-98	-1,367
Depreciation for the year	-26	-90	-2,141	—	-971	-731	-3,960
Reversed write-downs for the year	—	—	17	—	—	—	17
Write-downs for the year	—	-1	-65	-39	-51	-33	-188
Write-ups for the year	—	—	71	—	—	—	71
Reclassifications/transfers	—	-25	3,713	-2,807	777	-511	1,147
Book value carried forward	72	299	53,256	4,530	11,489	4,807	74,453

25. Financial receipts and expenses

MSEK	2013	2014
a) Financial receipts and expenses		
Financial receipts		
Interest receipts	415	269
Earnings from shares and participations	333	181
Other financial receipts	16	15
Total financial receipts	764	465
Financial expenses		
Interest expenses	-1,569	-1,348
Interest on pension costs	-37	-38
Other financial expenses	-17	-28
Total financial expenses	-1,623	-1,414
Net financial items	-859	-949
b) Market value interest rate swaps		
Secured debt	39,521	38,314
Market value interest rate swaps	-511	-1,930
Secured debt in foreign currency	4,834	3,178
Cross currency swaps	-281	-78

26. Financial fixed assets

MSEK	2013	2014
Shares and participations	159	124
Deferred tax claim	5	—
Other long-term receivables	260	91
Total financial assets	424	215
Shares and participations		
Associated companies	114	99
Kommuninvest cooperative	17	17
Other companies, tenant-owner dwellings and basic fund capital trusts	28	8
Total shares and participations	159	124

27. Stocks, stores and development properties

MSEK	2013	2014
Stores and stocks	401	391
Development properties	319	470
Total stocks, stores and development properties	720	861
Development properties		
Value brought forward	176	319
Expenses for the year	265	226
Withdrawal of book value	-300	-76
Reclassification/revaluation	178	1
Total development properties	319	470

28. Current receivables

MSEK	2013	2014
Accounts receivable	1,370	1,297
Prepaid expenses/accrued income	1,844	1,658
Receivables from the government	974	991
Other receivables	541	561
Total current receivables	4,729	4,507

29. Equity

MSEK	2013	2014
Equity brought forward	22,167	23,896
Other adjustments	-4	15
Net earnings for the year	1,733	433
Equity carried forward	23,896	24,344

Other adjustments are due to a changed group structure. Net earnings for 2014 include SEK 8 million, which represents income in Göteborgs Tekniska College and Cityflygplatsen before ownership was transferred to Göteborgs Stadshus AB. Net earnings for 2013 were adjusted (SEK +192 million) as a result of the City companies beginning to apply BFNAR 2012:1 from 2013 onwards.

30. Pensions

MSEK	2013	2014
Pension provision		
Benefit-determined retirement pension scheme	2,937	3,049
Collective agreement occupational pension, fixed-term pension, etc.	37	37
Employer's contribution	503	534
Total pensions	3,477	3,620
Change in provision over the year		
Provision brought forward	3,117	3,477
New commitments during the year	436	254
of which newly earned pension	166	208
of which interest and base amount indexation	249	49
of which change in actuarial bases	10	1
of which pension to survivors	7	6
of which miscellaneous	4	-10
Payouts for the year	-146	-141
Change in special employer's contribution for the year	70	30
Total pensions	3,477	3,620

31. Other provisions

MSEK	2013	2014
Restoration of landfills 1)	88	85
West Sweden Package and other co-financing 2)	475	890
Development fund 3)	373	270
Future commitments 4)	89	141
Guarantee commitments 5)	49	50
Future environmental measures 6)	71	70
Write-down in projects 7)	24	230
Other 8)	165	68
Total other provisions	1,334	1,804

Change in other provisions over the year

At start of year	2,208	1,334
Additional provisions	97	802
Amounts utilised	-892	-303
Reversed unused amounts	-71	-25
Reclassification, etc.	-8	-4
Total other provisions	1,334	1,804

- 1) Provision for restoration of landfill is for e.g. the City's closed landfills, of which Brudaremossen accounts for about half of the provision.
Provision in Göteborgs Hamn AB is for the restoration of the Torsviken dredging depot, which is expected to be carried out between 2015 and 2019.
- 2) Relates to the City's provision for co-financing of infrastructure measures within the West Sweden Package, including land use (SEK 425 million). The remainder of the provision is for co-financing for the expansion of E20, lowering of E45, Götalandsbanan and other infrastructure measures. See City note 14.
- 3) The City's development fund is a provision for future initiatives, particularly social initiatives.
- 4) Älvstranden Utveckling AB has a provision for future commitments in relation to the properties Örgryte Torp, Kvillebäck-en and inre Sannegården.
- 5) The provision for warranty commitments generally relates to the poorly sealed windows within Förvaltnings AB Framtiden.
- 6) The provision for future environmental measures in Göteborg Energi AB relates to factors such as restoration of land. Göteborgs Hamn AB makes provisions for environmental improvement measures in Torsviken, which is expected to be paid out in 2015.
Liseberg AB reported a provision for contaminated land in a subsidiary.
Greater Gothenburg Fire and Rescue Services reported an environment-related provision for the decontamination of the Färjenä land area.
- 7) Provision for write-down in projects regards future needs in Higab AB.
- 8) Other relates to provisions for e.g. restructuring and outstanding claims (Göteborgs Spårvägar AB), Västra Eriksberg (Älvstranden utveckling AB) and damages (City).

32. Long-term liabilities

MSEK	2013	2014
Debts to banks, credit institutes, etc.	26,388	27,851
Deferred income	240	643
Other long-term liabilities	53	74
Total long-term liabilities	26,681	28,568

Deferred income, regulated over several years

Connection charges	60	100
Investment grants	175	508
Payments for street costs	5	35
Total deferred income	240	643

33. Current liabilities

MSEK	2013	2014
Debts to banks, credit institutes, etc.	12,872	10,295
Accounts payable	2,818	2,715
Accrued expenses/deferred income	5,759	5,850
Personnel taxes	277	272
Debts to the government	68	55
Other current liabilities	590	593
Total current liabilities	22,384	19,780

34. Guarantees

MSEK	2013	2014
Guarantees		
Private houses – government home loans	6	4
Foundations	603	560
Associations	186	190
Other	44	45
Total guarantees	839	799

Other contingent liabilities* **544** **480**

Pledged assets **5,992** **3,012**

* Göteborg Energi AB has bank guarantees for considerable sums.

35. Pension commitments not included in liabilities or provisions

MSEK	2013	2014
Pension commitments PA-KL active	4,817	4,443
Pension commitments PA-KL retired	4,917	4,909
Pension commitments annuity	434	412
Total pension commitments PA-KL	10,168	9,764
Pension commitments managers' agreements	28	21
Other pension commitments	9	10
Guarantee commitments FPG/PRI	7	6
Total pension commitments	10,212	9,801
Special employer's contribution	2,426	2,330
Total pension commitments and special employer's contribution	12,638	12,131

36. Leasing expenses

MSEK	2013	2014
Operational leasing agreements		
Leasing fees paid for the year	205	187
Contracted future leasing fees		
Maturing within 1 year	41	34
Maturing within 1–5 years	31	50
Maturing in more than 5 years	3	5

Internal transactions and contract companies

Included in the City of Gothenburg Group are the City, the municipal companies and the joint statutory authorities. A large number of transactions take place between the different units of the City of Gothenburg Group. The table below presents a picture of these transactions.

Extensive internal sales of district heating and electricity occur within the City of Gothenburg Group by the Göteborg Energi Group to other units in the City of Gothenburg. The Eco-cycle and Water Committee also has extensive internal sales to other units. According to a decision by the City Council, the City's investments in movable property are financed by leasing, with the municipal company Kommunleasing i Göteborg AB

as the leasing company. This involves a large number of transactions with other companies, committees and joint statutory authorities. Most of the borrowing consists of transactions with the Finance department, which constitutes the internal bank function within the Municipal City of Gothenburg. The Finance department has guarantee commitments to the City companies. The City stands surety for loans and for certain pension obligations.

Sales

MSEK	Compa- nies	The City	Joint statutory authorities	Total
Seller				
Companies	—	2,723	11	2,734
The City	635	—	16	651
Joint statutory authorities	4	373	—	377
Total	639	3,096	27	3,762

Interest

MSEK	Compa- nies	The City	Joint statutory authorities	Total
Interest				
Companies	—	96	—	96
The City	619	—	—	619
Joint statutory authorities	—	4	—	4
Total	619	100	—	719

Lending

MSEK	Compa- nies	The City	Joint statutory authorities	Total
Lender				
Companies	—	1,796	—	1,796
The City	25,649	—	—	25,649
Joint statutory authorities	—	399	—	399
Total	25,649	2,195	—	27,844

Surety

MSEK	Compa- nies	The City	Joint statutory authorities	Total
Surety issuer				
Companies	—	—	—	—
The City	3,484	—	128	3,612
Joint statutory authorities	—	—	—	—
Total	3,484	—	128	3,612

Group and shareholders' contributions received/paid by Göteborgs Stadshus AB in 2014

Companies (MSEK)	Shareholders' contribution paid	Group contribution received from	Group contribution paid to
Göteborg Energi AB	—	91	—
Göteborg Port Holding AB	—	—	—
Higab AB	563	114	—
Liseberg AB	17	40	—
Göteborgs Stads Upphandlings AB	—	—	3
Göteborgs Spårvägar AB	—	—	—
Got Event AB	—	—	164
Business Region Göteborg AB	14	—	37
Göteborgs Stadsteater AB	—	—	101
Kommunleasing i Göteborg AB	—	—	20
Utveckling Nordost AB	—	—	4
Göteborgs Hamn AB	78	127	—
Total	672	372	328

Analysis of large groups and companies

The City of Gothenburg has a number of wholly and partly owned groups and companies. The operating income of these was SEK 17.4 billion (18.3). Earnings after financial items for the City's groups and companies amounted to SEK 617 million (1,021) and combined investments were SEK 4.1 billion (3.9).

In 2013, the City Council decided on a new company structure for the City's companies. The new structure means that all of the City's companies will be organised into one Group, with Göteborgs Stadshus AB as parent company. The largest groups are Förvaltnings AB Framtiden, which consists of the public housing companies, Göteborg Energi AB, Göteborgs Spårvägar AB, Higab AB and Göteborgs Hamn AB. Amounts in brackets refer to last year's outcome.

Net earnings for the year and activities in 2014

On 5 December 2013, the Gothenburg City Council decided on a new company structure for the City as of 2014. The new structure means that all of the City's directly and indirectly wholly-owned or partly-owned companies will be organised into one Group, with Göteborgs Stadshus AB as parent company. As part of this work, Göteborgs Stadshus AB acquired Förvaltnings AB Framtiden and Göteborg & Co Kommuntintressent AB in 2013, while Higab AB acquired Älvstranden Utveckling AB. On 2 January 2014, Göteborgs Stadshus AB acquired the City's shares of Renova AB, Gryaab AB, Grefab AB and Boplatz Göteborg AB. BRG also acquired the City's shares of Lindholmen Science Park AB, Johanneberg Science Park AB, Cityflygplatsen i Göteborg AB and Göteborgs Tekniska College AB.

Göteborgs Stadshus Group

Göteborgs Stadshus AB is the parent company in one of the Municipal City of Gothenburg's wholly-owned groups. The main purpose of the group is to promote active governance of the City's companies in a dialogue with the companies and based on the ownership directive of the City Council. The group reported operating income of SEK 17,363 million (11,011) and earnings after financial items of SEK 617 million (863). The group's equity-assets ratio was 27.5 per cent (27.3). From 2014, the group applies BFNAR 2012:1 Annual report and combined accounts K3. The account are mainly affected by tangible fixed assets relating to application of the component method. Comparative figures for 2013 have been recalculated.

Förvaltnings AB Framtiden*

The company is the parent company of the municipal housing companies. The group manages a total of over 70,000 flats. Operating income in the group decreased by 10 per cent to SEK 5,099 million (5,644), largely as the result of the sale of Förvaltnings AB Göteborg-slokaler, Göteborgs Stads Parkeringsbolag and Idrotts- och Kulturcentrum Scandinavium to Higab AB. Earnings after financial items totalled SEK 266 million (212). Net earnings were positively affected by lower operating expenses. The group's operating expenses decreased by SEK 138 million to SEK 2,092 million. The tariff charges made up 42 per cent of the total operating expenses and reduced compared to the previous year, particularly costs related to heating and electricity. Costs for planned maintenance amounted to SEK 1,043 million (1,027). The group reported a number of items affecting comparability totalling SEK -96 million (-43). The largest individual items related to write-downs of projects and participations in subsidiaries. In all, the supplied delivered 288 new tenant dwellings (203) and 16 freehold dwellings (117) in 2014. A further 88 flats were added through conversion of premises and there were 58 temporary student flats. The investment expenditure for 2014 was SEK 1,552 million (1,023). The Group's investments consist of investments in new construction and investments in existing properties in the form of standard-improvement measures and measures to reduce e.g. energy consumption in buildings.

* Förvaltnings AB Framtiden's annual report is prepared in accordance with IFRS in the group accounts. For this reason, there are deviations from the values in the combined accounts.

Göteborg Energi AB

Göteborg Energi AB is the parent company of a Group with products in district heating, electricity market, mains supply, cooling, gas, gas grid, energy services renewable electricity and data and telecommunications. The group's earnings after financial items totalled SEK 285 million (711). The earnings decrease for 2014 is partly due to the capital gain that occurred when the

wholly-owned subsidiary Falbygden Energi AB was sold in 2013. The group's operating income totalled SEK 6,244 million (7,125). The delivered volume of district heating was lower than the previous year's volume due to warmer winter weather than expected. The reduced volume and reduced margins in electricity trade explain the negative deviation compared to the previous year. Net earnings were also negatively impacted by problems in biogas production. The Group performed write-downs of the biogas plants in Skövde and Sävsjö. Göteborg Energi AB sold its share of FordonsGas Sverige AB to Air Liquide SA, which positively affected the Group's earnings by SEK 58 million. Investments for the year totalled SEK 670 million (1,348). In late 2014, the GoBiGas plant began delivering gasified and methanised biogas to the network. All that remains in the plant is minor conversions and completion of residual products and commissioning. Investments in district heating totalled about SEK 200 million and included two substations.

Göteborgs Hamn AB

The group's earnings after financial items were SEK 154 million (129) and operating income was SEK 687 million (640). In 2014, the volumes at the Port of Gothenburg demonstrated a shifting trend during the year. The container volumes continue the decline that began in the summer of 2013 and ended with a reduction of 3 per cent compared to 2013. Note that it is primarily the number of empty containers that decreased. Ro-Ro volumes reduced slightly during the year compared to the previous year. When it comes to cars, the final outcome was a 2 per cent increase compared to the previous year, despite Volvo Car's production stoppage of the XC90 in the autumn. Despite a recovery towards the end of the year, oil volumes decreased significantly due to reduced refining margins. Cruise ship ports of call increased from 36 to 76 calls during the year – the largest number of calls ever. The company's investment for 2014 amounted to SEK 393 million (140). Large projects under way during the year include new construction of a dock in the container terminal. This project is expected to reach completion in 2015 and the project is expected to cost SEK 431 million. As of 31 December 2014, the accumulated outcome was SEK 360 million. Other projects in progress are construction of an LNG terminal, which is scheduled for completion in 2016, with an investment outlay of SEK 140 million, and a new oil pipeline totalling SEK 76 million.

Göteborgs Spårvägar AB

Operating income during the year decreased to SEK 1,245 million (1,277). The reduction in the group's turnover is largely an effect of reduced activity because the group lost contracts in connection with procurement. The group reported earnings after financial items totalling SEK 38 million (5). Improvement compared to the previous year is due to a repayment from Fora and insurance compensation received due to property

crimes at Banteknik. In 2013, Göteborgs Spårvägar was tasked with procuring new trams. The procurement was interrupted in early 2014 and picked up again in the autumn. The tender request documentation is scheduled for distribution in February 2015 and the first delivery of trams is scheduled for 2018. Overhaul of rust and floors began on the M32 tram. The first car was completed at the end of January 2015, with the overhaul of other cars spanning a three-year time period. GS Spårvagn AB was merged with the parent company on 30 December 2013 and tram operations were then run under the parent company Göteborgs Spårvägar AB. Tram operations reported earnings of SEK 6 million. The earnings include SEK 12 million in repayment from Fora and insurance compensation amounting to SEK 7 million. Reduced earnings from the tram agreement was offset by lower electricity costs and higher earnings from Banteknik and Kommunikationsteknik. The subsidiary GS Buss AB reported earnings of SEK 20 million. The earnings include utilisation of the readjustment reserve totalling SEK 5 million and repayment from Fora amounting to SEK 13 million, which means that the underlying earnings are SEK 1 million. The subsidiary GS Trafikantservice AB also shows better earnings, SEK 10 million, through reduction of the readjustment reserve and repayment from Fora. The group's investments amounted to SEK 48 million and mostly related conversion of the Majorna depot and purchase of vehicles. At the end of the year, the company received notice that they won the contract for tram stop services beginning 1 April 2015.

Higab AB

Higab AB reported operating income of SEK 729 million (730). Earnings after financial items totalled SEK -106 million (175). The main explanation for the negative deviation is that the project for ground improvement and conversion of the Högvakten neighbourhood has begun. For this, the company conducted a write-down of SEK 225 million. The company will receive a shareholder contribution in an equal amount. The company reported increased earnings, primarily due to the sale of land at Kviberg. Property costs showed negative deviation due to increased costs for maintenance in several projects. In total, the company invested SEK 268 million (273) during the year. Several projects were completed during the year, including Stadsbiblioteket and Rådhuset. Work to build a new arena at Hisingen also started. On 30 December 2013, the company acquired Älvstranden Utveckling AB from the City of Gothenburg through the City Council's 5 December 2013 decision to implement a new company structure in the City. On 2 January 2014, Higab AB acquired Förvaltnings AB Göteborgslokaler, Göteborgs Stads Parkeringsbolag and 92 per cent of Idrotts- och Kulturcentrum Scandinavium from Förvaltnings AB Framtiden. In August, the remaining 8 per cent of shares from acquired from Frölunda Hockey Club.

Göteborgs Stads Parkerings AB

The company's net turnover amounted to SEK 385 million (343) and company earnings were SEK 144 million (86). The improved earnings can be explained by increased income through new business transactions, price increases, utilisation of weather-dependent areas such as Liseberg and swimming areas, plus reduced maintenance costs. The administrative costs were lower due to postponement of administrative projects. Postponement of projects also positively affects depreciation and write-downs as write-downs related to Skeppsbron are not applied to 2014.

Liseberg AB

The group's operating income increased slightly during the year, amounting to SEK 1,096 million (977). Earnings after financial items totalled SEK 119 million (53). A total of 2.4 million (2.1) guests visited the amusement park in the summer, an 11 per cent increase compared to the previous year. Over the year as a whole, Liseberg Park had 3.1 million guests, which is 9 per cent more than 2013. The total turnover in the park was SEK 817 million, which is the park's highest turnover ever. Not only did the number of guests increase, but there was also a high consumption level per guest. Christmas in Liseberg was both profitable and a hit with guests, with a total of 542,000 guests (532,000) attending Christmas in Liseberg this year. Lisebergs Restaurant AB had better earnings than expected. There were several contributing factors to this, including increased sales per guest and high occupancy rates at Rondo. Earnings totalled SEK 45 million. For Hotell Liseberg Heden AB, the year started off weak and then recovered in the final months. Increased competition in both the private and the business segment was noticeable during the year. The company reported earnings of SEK 5 million. Liseberg Gäst AB also saw a weak start to the year followed by gradual slight recovery. Earnings totalled SEK 3 million. Liseberg AB's investment expenditure for 2014 was SEK 278 million (382). The single largest new investment was in attraction project Helix, a new roller coaster completed in spring 2014.

Göteborgs Gatu AB

The company reported operating income of SEK 240 million (218). The company's earnings after financial items totalled SEK 35 million (0). Earnings from current activities were SEK 26 million (22). Improvement in operating profit is largely due to a volume increase with good order intake throughout the year, continued productivity improvement within the company, and improved earnings from vehicle sales. The company's earnings were affected by non-recurrent items in the form of repayment from Fora for health insurance premiums totalling SEK 4 million and SEK 5 million in consultant insurance compensation in relation to the Vrångö port facility. Furthermore, the cost for the company's historic pension commitment did not increase to the extent

previously expected. The company's investments for the year were SEK 135 million and were largely related to vehicles.

Kommunleasing i Göteborg AB (KLAB)

The company's operating income increased to SEK 407 million (398). Earnings after financial items totalled SEK 0 million (-14). In January and February 2015, the first M32 tram cars will come back from overhaul and inspection. After a final inspection and checks, all other trams (65 in total) shall undergo the same upgrade. Final negotiations regarding the costs of this will occur during the first half of 2015. Investments in the company comprise investments in leasing assets. These assets are leased to organisations within the City of Gothenburg. The role of the company is to rent out movable property, such as equipment, vehicles and construction machinery, etc. to the committees, departments and companies of the City of Gothenburg.

Renova AB

The group's operating income decreased by 5 per cent, amounting to SEK 1,149 million (1,207). The group reported earnings after financial items totalling SEK 21 million (-63). The restructuring of the group is now complete. The parent company Renova AB is the collection point for assignments allocated by the municipalities, while the subsidiary Renova Miljö AB operates in a highly competitive market with both municipalities and businesses as its customers. The allocated assignments in Renova AB demonstrated earnings of SEK -4 million, which is SEK 46 million less than budgeted for the period. During allocation of the budget, there was great uncertainty regarding the division of costs between the companies. The negative deviation is mainly attributable to the effect of costs for the action package and change-over. Net energy also has a negative impact due to lower prices for electricity and heating. In Renova Miljö AB, which consists of the business areas Recycling and Logistics, earnings totalled SEK 26 million, which is SEK 62 million better than budgeted. Positive deviations were generally seen in all segments. Net energy also has a negative effect within Renova Miljö AB. Investments for the year amounted to SEK 84 million and are mostly related to Renova Miljö AB.

Älvstranden Utveckling AB

The group's operating income totalled SEK 388 million (425). Earnings for the year were SEK -8 million (22). All property sales included on Älvstranden's sales list for 2014 were successful. Rental income deviated negatively by SEK 11 million due to renegotiation and termination of existing rental agreements and a larger number of vacancies than budgeted. During year-end evaluation of the property stock, write-downs in the property stock amounted to SEK 23 million were identified and there was a reversal of a write-down totalling SEK 2 million. The group's net financial items deviate positively through a lower volume of investments. The volume of invest-

ments amounted to SEK 166 million (111). The company is running several projects concerning sales commitments made in connection with the transfer of land. One example is the construction of infrastructure in Västra Eriksberg – a project that began in 2005 and is expected to be completed in 2019. The current forecast for the project as a whole is SEK 475 million and worked up outcome totals SEK 375 million. Other major projects comprise infrastructure at Östra Kvillebäcken, where accumulated outcome is SEK 57 million and the forecast for the project as a whole is SEK 85 million; infrastructure Stora Torp with a forecast of SEK 83 million and accumulated outcome of SEK 66 million; and infrastructure Inre Sannegården with accumulated outcome of SEK 82 million and project expenditure estimated at SEK 89 million.

Gryaab AB

The main role of the company is to collect and treat wastewater from owner municipalities. 138 million cubic metres of water (115) were treated during the year. Operating income increased to SEK 336 million (308). The earnings increase consists primarily of increased contributions from owner municipalities.

The company reported earnings of SEK 2 million (-16). Gryaab carried out several major construction projects, including projects to increase capacity for nitrogen purging, with a total budget of SEK 360 million. Earthworks were completed in June and a large concrete project was started. The project is running on schedule and within budget.

Total investments in groups and companies 2013–2014

MSEK	Annual accounts 2013	Budget whole year 2014	Annual accounts 2014
Förvaltnings AB Framtiden	1,023	1,458	1,552
Göteborg Energi AB	1,348	750	670
Älvstranden Utveckling AB	111	302	166
Kommunleasing i Göteborg AB	396	288	355
Renova AB	78	144	84
Higab AB	273	161	268
Göteborgslokaler AB	—	53	90
Parkeringsbolaget AB	—	54	4
Scandinavium AB	—	0	9
Göteborgs Hamn AB	140	547	393
Liseberg AB	382	262	278
Gryaab AB	122	160	99
Göteborgs Gatub AB	97	110	135
GREFAB	2	11	4
Göteborgs Spärvägar AB	45	59	48
Got Event AB	17	20	24
Göteborgs Stadsteater AB	3	10	3
Försäkrings AB Göta Lejon	2	0	1
Göteborg & Co AB	0	0	0
BRG AB	0	0	0
Göteborgs Upphandlings AB	1	0	0
Boplat i Göteborg AB	3	2	0
Eliminations	-100	0	-66
Total	3,942	4,391	4,117

Göteborgslokaler, Parkeringsbolaget and Scandinavium became part of Förvaltnings AB Framtiden in 2013.

The main role of Gryaab is to collect and treat wastewater from owner municipalities.



Groups and companies in figures

MSEK	Operating income	Earnings after fin items	Year's net earnings	Total assets	Equity	Equity- assets ratio	Year's invest- ments
Förvaltnings AB Framtiden	5,099	266	194	26,637	8,790	33	1,552
Göteborg Energi AB	6,244	285	164	14,028	5,645	40	670
Göteborgs Spårvägar AB	1,245	38	35	686	421	61	48
Göteborgs Hamn AB	687	154	16	2,807	1,338	48	393
Renova AB	1,149	21	79	3,254	393	12	84
Liseberg AB	1,096	119	64	1,560	830	53	278
Higab AB	729	-106	-59	6,695	1,191	18	268
Älvstranden Utveckling AB	388	-8	14	4,205	512	12	166
Göteborgs Gatu AB	240	35	0	392	129	33	135
Kommunleasing i Göteborg AB	407	0	4	2,547	782	31	355
Gryaab AB	336	2	1	1,417	68	5	99
Göteborg & Co Kommunintressent AB	200	1	0	69	20	29	0
Got Event AB	148	-156	6	255	37	15	24
BRG Business Region Göteborg AB	84	-47	-10	89	55	62	0
Försäkrings AB Göta Lejon	106	12	9	299	193	65	1
Göteborgs Stadsteater AB	60	-105	0	59	26	45	3
Göteborgsregionens Fritidshamn AB (GREFAB)	53	4	1	104	19	18	4
Göteborgs Stads Upphandlings AB	52	-3	0	30	17	57	0
Boplats Göteborg AB	20	0	0	18	5	27	0
Göteborgs Stadshus AB	13	-321	-321	15,328	12,368	81	0
Dormant company	0	0	0	1	1	100	0

Auditor's report

AUDITOR'S REPORT FOR 2014

concerning the City of Gothenburg Executive Board and Committees and the combined annual accounts
Municipal City of Gothenburg, reg. no. 212000-1355

We, the auditors for the Executive Board and Committees of the City of Gothenburg are appointed by the Gothenburg City Council.

The Executive Board and Committees are responsible for activities being conducted in a purposeful and financially satisfactory manner, for the accounts and the report being true and fair and for the adequacy of the internal control systems.

Our responsibility is to express an opinion on the accounts, the activities and the internal control systems on the basis of our audit. We also assess whether the annual accounts are compatible with the financial and operative goals decided by the City Council.

By means of lay auditors appointed to companies and subsidiaries wholly owned by the City of Gothenburg, the activities and internal control of these companies have also been examined.

The audit has been performed in accordance with the Local Government Act and generally accepted auditing standards in municipal activities as well as the City of Gothenburg's audit regulations. The examination has been carried out with the focus and to the extent required to provide reasonable grounds for assessment and examination of liability.

The results of the examination of the City Executive Board and Committees are shown in the audit memoranda and audit accounts submitted to the Board and the Committees. The results of the examination of the companies are shown in a corresponding way in the audit reports and audit accounts submitted to each company. The examination has also covered the combined accounts for the City of Gothenburg. The year's examination is summarised in our annual statement, which has been submitted to the City Council.

It is our opinion that the Board and Committees of the Municipal City of Gothenburg have conducted their business in an appropriate and financially satisfactory manner.

We assess that the accounts essential provide a fair and accurate picture.

We assess that the internal controls of the Board and Committees have been adequate.

We assess that the results according to the Annual Report are consistent with the financial and operative goals determined by the City Council.

The auditors will report to the City Council their examination of liability of the Board and Committees. The assignment of the lay auditors in the companies does not include a standpoint in the matter of liability.

A qualification was addressed to the Askim-Frölunda-Högsbo district committee. The City audit of the committee's individual and family care activities identified serious deficiencies. The overall assessment of the City audit is that the activity was not managed with satisfactory internal governance and control and that it does not fully live up to the Social Services Act and the regulations of the National Board of Health and Welfare. It is also our opinion that the committee's financial control was deficient.

We recommend that the City Council grant the members of the Board and the Committees discharge from liability for the financial year 2014.

We recommend that the 2014 Annual Report for the City of Gothenburg be approved.

Gothenburg, 01 April 2015



Lars Bergsten



Eshag Kia



Carina Henriksson Johansson



Claes-Göran Lans



Bo Forsäng



Kågan Karlsson



Bengt Bivall



Elisabet Olin



Inger Peterson



Annbrith Svensson



Lars Svensson



Sven R. Andersson



Lars-Gunnar Landin



Peggy Svensson



Jan Lindblom



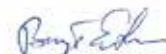
Vivi-Ann Nilsson



Torbjörn Rigemar



Sven Jellbo



Bengt Eriksson



Gerhard Annvik



Eva Åsman Sand

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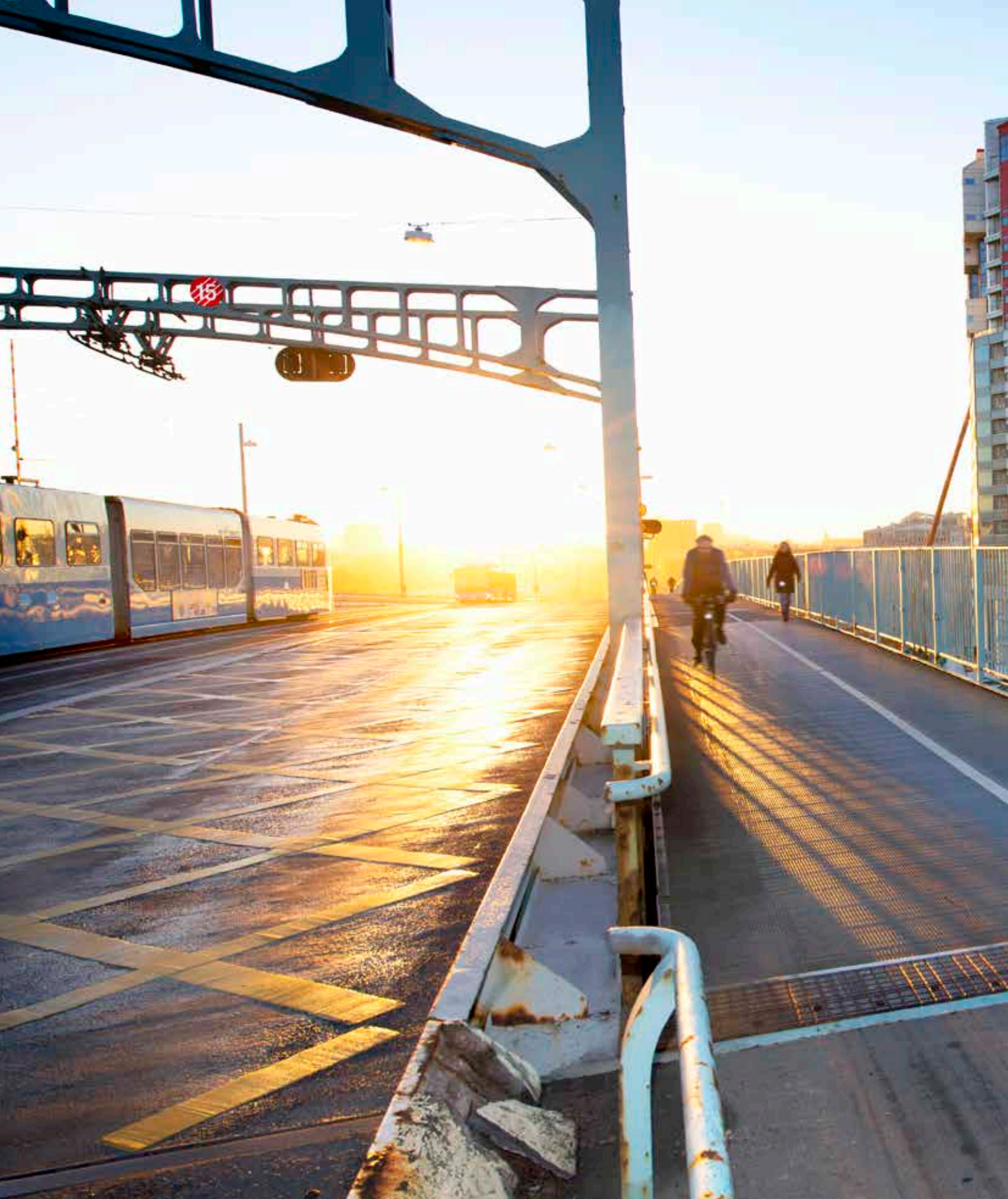
In brief

	2012	2013	2014
Population 31 Dec.	526,089	533,271	541,145
Primary municipal tax rate (%)	21.12	21.12	21.12
NET EARNINGS FOR THE YEAR (MSEK)			
The City	669	9,595	392
The companies	2,301	847	39*
Combined accounts	2,934	1,733	433
INVESTMENTS excl. investment income (MSEK)			
The City	2,498	2,399	2,190
Combined accounts	7,244	6,647	6,248
RECEIPTS (MSEK)			
The City	32,403	33,472	34,703
Combined accounts	47,201	48,230	48,470
TOTAL ASSETS (MSEK)			
The City	42,483	51,460	57,732
Combined accounts	78,096	81,074	81,468
EQUITY-ASSETS RATIO (%)			
The City	20	35	32
Combined accounts	29	30	30

* See page 92 for further information.

If you have any questions about the Annual Report, please contact the Group Accounts unit at the City Management Office, tel. +46 (0)31-368 00 00. www.goteborg.se

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