



# City of Gothenburg Annual Report 2019

**Sustainable city – open to the world**



**City of  
Gothenburg**

# City of Gothenburg Annual Report

The City of Gothenburg Annual Report is the City Executive Board's report to the City Council on the combined services and finances for the year. It is also aimed at residents and visitors, as well as external stakeholders such as lenders, suppliers and other public authorities. The Annual Report is produced by the City Management Office for the City Executive Board.

The Annual Report begins with a summary of the past year by the Chairman of the City Executive Board in 2019, Axel Josefson. This is followed by an overview of the City of Gothenburg's organisation, its employees, assignments and future challenges. The City of Gothenburg Annual Report is divided into four sections.

**Title:** City of Gothenburg Annual Report 2019

**Author:** City Management Office, City of Gothenburg

**Graphic design and layout:** Visual Communication City of Gothenburg

**Cover photo:** Frida Winter

# 1

## Administration Report

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The first section contains the Administration Report, which according to the Swedish *Municipal Accounting Act* must be presented in the Annual Report. The various headings are based on the guidelines of the Swedish Council for Municipal Accounting. The Administration Report is forward-looking and provides information on conditions that are essential for the governance and management of the City. The Administration Report focuses on key elements of the City's services and developments in finances and human resources. It is intended to describe the City's services, which are provided by municipal companies and administrations. A relatively large proportion of the City of Gothenburg's services are organised in the form of municipal companies.

The report also provides an assessment of progress towards the City Council's goals and assignments set out in the City Council's budget. Finally, there is a short report on sponsorship and foundations.

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## Accounts

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This section presents the income statement, balance sheet and cash flow statement for the Municipality and the combined accounts, with accompanying notes. The compiled financial statements cover the Municipal Group, which includes the municipal companies and joint statutory authorities. This section also describes the accounting principles as applied to the City of Gothenburg, and defines a number of terms.

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## Operational accounts

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The operational accounts are set out to allow comparison of outcomes with the City Council's budget for the committees. These accounts therefore meet the City Council's requirement to report on progress and demonstrate the accountability of the committees.

The financial performance of the municipal companies is also reported in this section. Comparisons are made with the budget agreed by the boards of the companies. Further information is also provided about the financial status of the companies in the form of key financial figures.

# 4

## Investment accounts

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The investment accounts are intended to allow easy comparison of financial outcomes with the City Council's budget. The financial performance for the companies is reported in the same way, by comparison with the budgets agreed by the boards of the companies.

This section also reports on selected investment projects that are highlighted at City Council level.

# “Getting our finances in good shape”

2019 has been a positive year for the City of Gothenburg. The Municipality showed a surplus and we now have funds to invest in our mutual welfare. Thank you to everyone who helped make this possible!

Gothenburg’s strength and its challenges lie in the growth of the city. In 2019 alone the population grew by 7,000. This growth is welcome at a time when many other municipalities are struggling with a shrinking population base. But naturally, it also presents challenges. More residents mean more demand for housing and more pressure on what is often called welfare infrastructure – pre-schools, schools and housing for the elderly. Another growing challenge is to recruit and retain employees. For example, competition for pre-school teachers is very strong today. Gothenburg must actively work to provide welfare at a level that matches demand.

Economically, we saw the lingering effects of the boom in 2019. Although the population increased, unemployment fell. Above all, we can thank the strong business community in the Gothenburg Region for this. The many industrial and tech companies that compete in the international market are creating jobs that will lay the foundation for everyone’s welfare.

But no boom lasts forever. As a municipality, we must take advantage of the good times so that we are better equipped when the economy falters. Our goals for 2019 were to get our finances in good shape and at the same time invest in the core area

of welfare. We have been largely successful in this and there are several examples worth highlighting.

We have been careful with taxpayers’ money. Despite a sharp increase in demand for municipal services and many ongoing organisational changes we have managed our shared resources carefully and achieved a positive financial result. This is very important, as it gives us more scope for action going forward.

## **Climate change is even higher on the agenda**

The threat to the climate is the greatest challenge of our time. In Gothenburg, we have full political agreement on this issue. In 2019 the Municipality set up a special working group with representatives from every sector that will focus on accelerating the transition to fossil-free energy. Party politics must not stand in the way of climate work. The City continued to switch over its vehicle fleet to fossil-free fuels during the year, and further progress was made on installing solar panels on municipal buildings. For the fourth year in a row we have been voted the world’s most sustainable meetings and events city. »



Axel Josefson, Chairman of the City Executive Board,  
reflects over the past year.

PHOTO: FRIDA WINTER





### » **We have built more homes**

The pace of housing construction in Gothenburg has risen significantly in 2019. 4,400 new homes have been built. This many new homes have not been built in the city since the early 1970s. For the first time in 15 years, construction now matches population growth. More housing and a better mix of housing types are one way of countering homelessness and segregation. The city has been suffering from a housing shortage that we are now in the process of rectifying.

### **We have invested in schools**

Resources in the school sector have been increased. Several positive trends were noted in 2019. Perhaps the most important is that the proportion of students who leave year nine with satisfactory grades is rising. We are also pleased to report that the proportion of students graduating from three-year national programmes at upper secondary level is rising and upper secondary school attendance is also growing. Important measures have been taken in pre-schools to improve assessment and systematic planning.

The Pre-School Administration has taken active steps to increase the proportion of qualified teaching staff and bring pre-school education to the same level across the city. Some of the financial surplus for 2019 will be used to invest in new schools and pre-schools.

### **We have invested in the older generation**

Welfare is a contract between generations. We have put more resources into care for the elderly. In 2019, Gothenburg also appointed an ombudsman for the elderly in order to identify and highlight the interests of the elderly as we build the city of the future. The City has decided to start introducing greater freedom of choice in housing and personal support for the elderly. Having a choice over their care provider gives elderly people more influence over their everyday lives. The proportion of users who choose private home-help services has increased, and the proportion of users who are satisfied with their home help has also risen.





PHOTO: LO BIRGERSSON

**“The City’s employees are its most important welfare resource. We employ more than 50,000 people – in over 100 job roles – to deliver services to residents and ensure the Municipality runs smoothly.”**

### **We take public safety seriously**

As in the rest of Sweden, there is a greater sense of insecurity in public spaces in Gothenburg. We take this seriously and are investing in improving public safety. The City cooperates with the police and other organisations on measures such as installing surveillance cameras in areas with high crime rates. A dialogue was conducted in 2019 with the aim of introducing municipal security officers in 2020. The city districts have taken steps to identify unsafe areas and make them more accessible and attractive. One notable success was in Gårdsten, which in 2019 became the first district in Sweden to be removed from the police force’s register of high-risk areas.

### **We aim to be a competitive employer**

The City’s employees are its most important welfare resource. We employ more than 50,000 people in more than 100 different occupational categories to deliver services to residents and ensure the Municipality runs smoothly. Sick leave fell in 2019, while attendance rose among the Municipality’s employees. Continuing to make the City an attractive workplace where people thrive and feel they are developing is a priority issue. The City’s good results in 2019 would not have been possible without all the fine efforts of the Municipality’s employees.

**Axel Josefson (M)**

Chairman of the City Executive Board

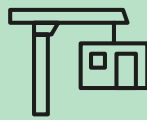
# Sustainable city – open to the world

Gothenburg is Sweden's second largest city, with a population of almost 600,000. The city is strategically located between Oslo and Copenhagen, and is the heart and the growth engine of the Gothenburg Region and Region Västra Götaland. It is home to many strong industries and Scandinavia's largest port.



## Industry and education

Gothenburg has always been open to people and influences from around the world. This is reflected in the variety of trade and industry in the city, which share the hallmarks of sustainable development, innovation, expertise and technology. The Gothenburg Region is home to a wide range of industry, including multinational companies, small businesses and specialist clusters in around 50 different sectors. Gothenburg is also a student city with hundreds of vocational training courses, two universities and 40,000 students.



## Our main challenges

Gothenburg is in the midst of a major development boom of historical importance. The city needs to grow rapidly to make space for almost 700,000 residents by 2035 – 120,000 more than today. Over the next 15 years we will build 80,000 new homes and workplaces. Right now, construction projects are in progress across large parts of the city; many new homes are being built, office buildings are rising above the city, and roads and railways are being placed in tunnels to improve access. These changes can be seen all around us and are essential if Gothenburg is to meet our shared goals. Ensuring the city continues to function effectively as it makes the transition to a major city is one of many challenges. Development has to be sustainable – ecologically, economically and socially.

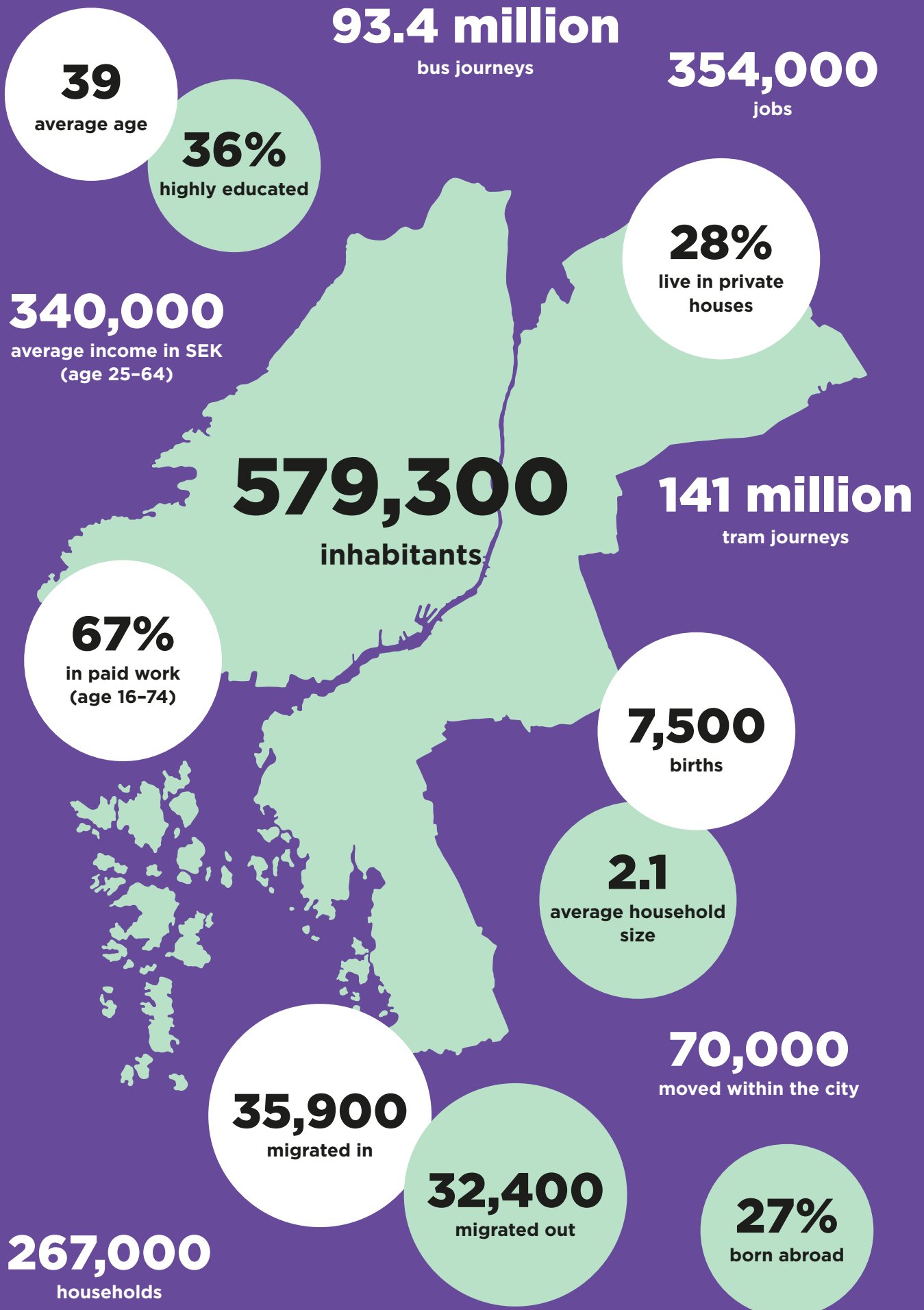


## Our assignments

Sweden's municipalities are responsible in law for providing services that are vital to society. These include healthcare, schools and child care, social care and other mandatory requirements such as libraries, planning and building issues, health and environmental protection, cleaning and waste management, water supply and emergency services. The City also provides voluntary activities that are of value to society, such as cultural and recreational activities, public housing, park maintenance and other technical services.



## City of Gothenburg in figures 2019



On a normal working day we are responsible for:

**29,000**

children in pre-school

**60,000**

children and young people  
in compulsory schooling

**18,000**

young people in upper  
secondary education

**9,000**

people with disabilities  
receive service and  
support

**8,000**

people receive home-help  
services

**8,000**

receive care in housing  
for the elderly

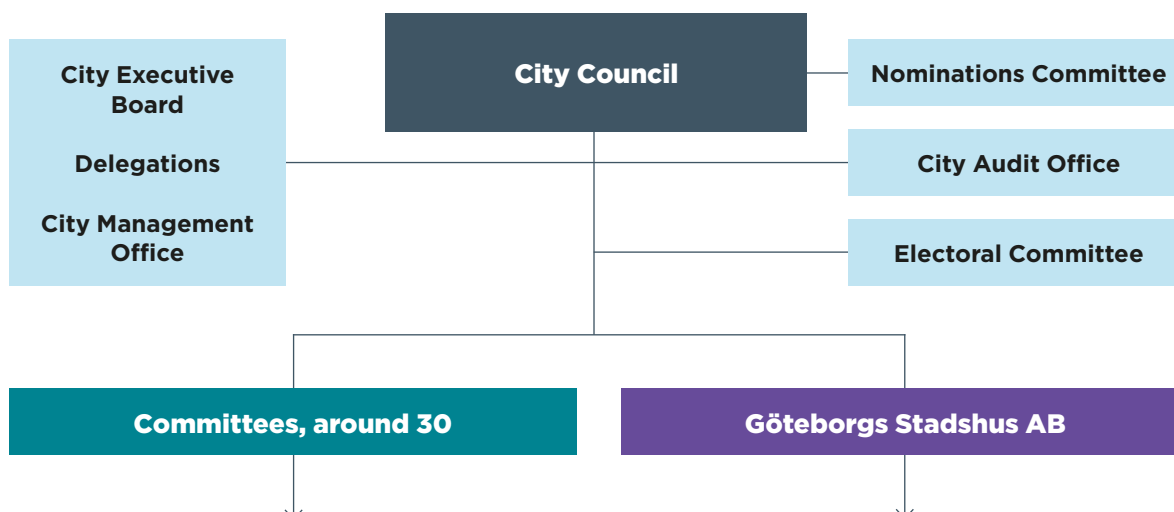
### In 2019:

- » **1.5 million people** visited our swimming pools
- » **500,000** visited our museums
- » **4.2 million** visited the city's libraries
- » Liseberg welcomed **3 million** guests
- » Almost **5 million** refuse bins were emptied
- » **6,300** ships visited the Port of Gothenburg
- » Almost **1,000** homes were completed by the City's housing companies.



## Our organisation

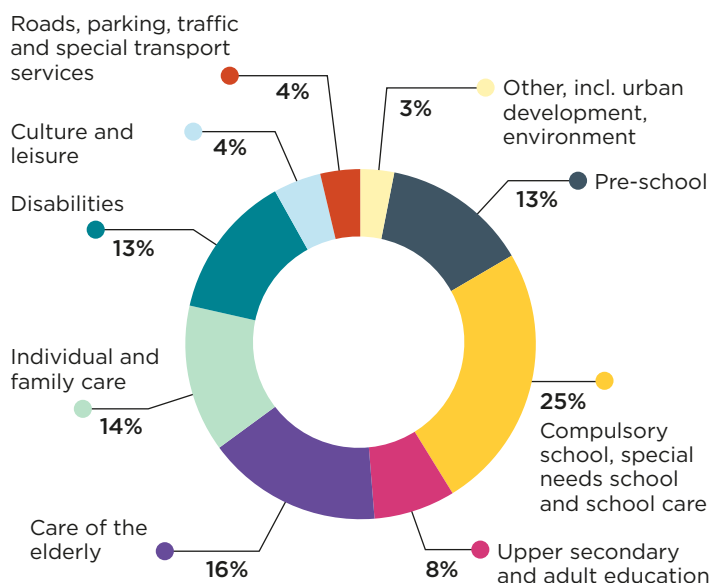
Since 2019 the City of Gothenburg has been led by a governing minority comprising the Moderate Party, Liberals, Christian Democrats and the Centre Party. The City Council is the highest decision-making body and its politicians are elected by citizens. Under the City Council is the City Executive Board, which directs and coordinates services. The City of Gothenburg is an organisation comprised of administrations and municipal companies. The City Audit Office examines and assesses the services provided by the City Executive Board, the committees and the boards of municipal companies to ensure that the assignments the City Council has agreed upon are implemented efficiently and purposefully.



## How tax money is used

How each SEK 100 of municipal tax is spent:  
89% is spent on healthcare, schools and social care.

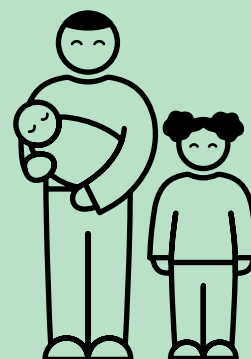
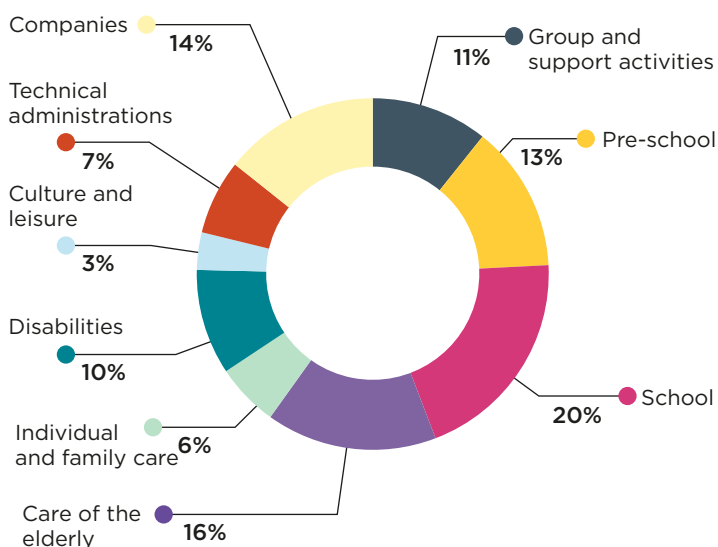
### SEK 100 in 2019



## Our employees

The City of Gothenburg is the largest employer in Gothenburg and employs 56,100 people in more than 100 job roles in city districts, specialist administrations and municipal companies. Our shared mission is to create a good quality of life for all the city's residents and to develop Gothenburg for the future. The average age of permanent employees in the administrations is 45, and the proportion of employees born outside Sweden is 28%, which closely reflects the population mix in the city as a whole.

### City of Gothenburg employees in 2019



## Our residents

The City's various services conduct regular user surveys to improve the quality of services based on users' needs. An attitude survey is also conducted annually through Statistics Sweden (Statistiska Centralbyrån, SCB). The results show that residents of Gothenburg are satisfied with their opportunities for education and work, and with commercial facilities. They are less satisfied with access to housing and their sense of security. Cultural activities and sports and exercise facilities are rated highly. All services achieve a satisfactory rating according to Statistics Sweden.

The survey shows that most residents of Gothenburg feel very satisfied or quite satisfied with the way democracy works in the City of Gothenburg. A growing proportion feel they have an opportunity for democratic influence. Younger people are more satisfied than older people with democracy and their opportunities for influence.



# 1

## Administration Report

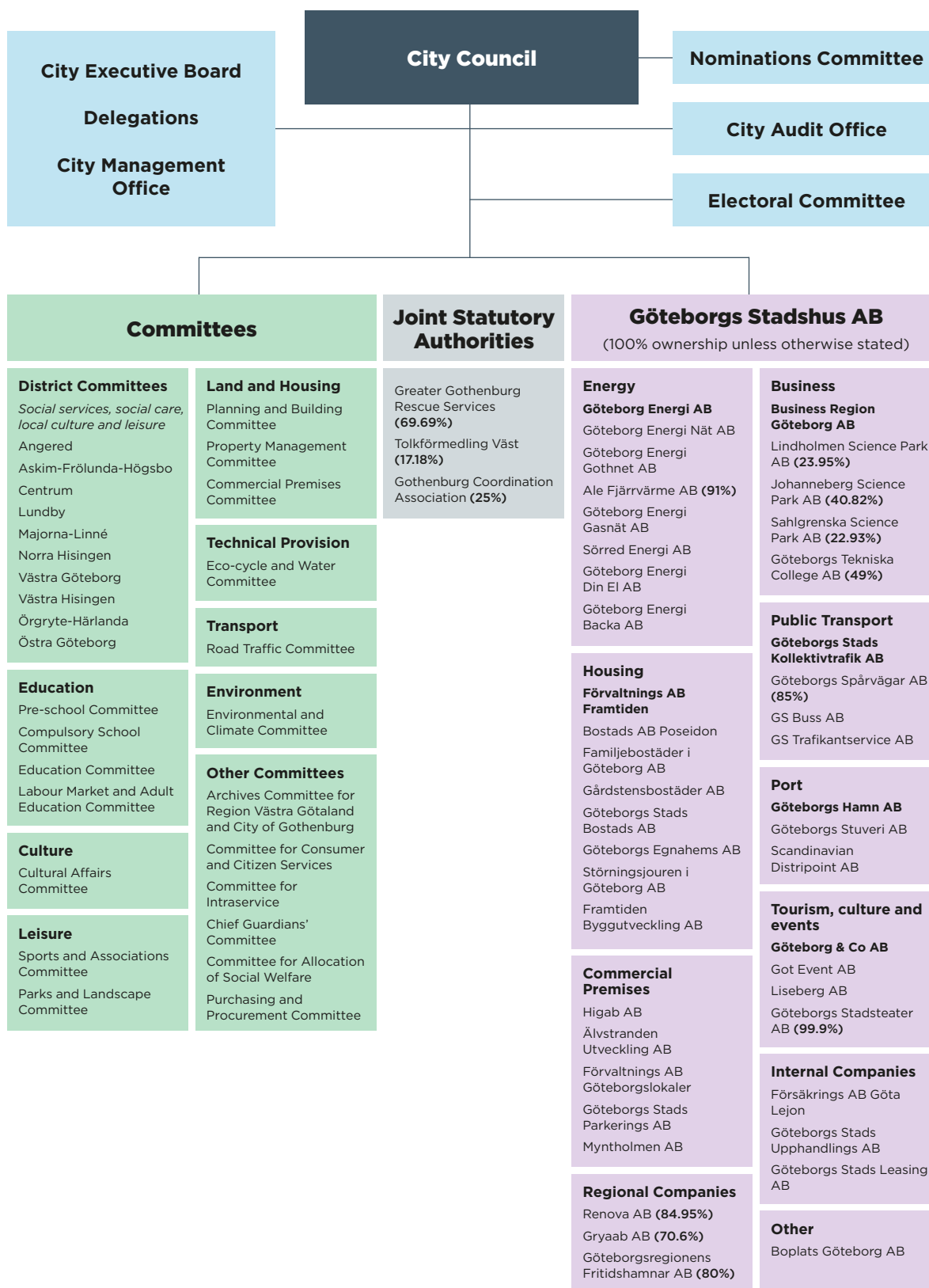
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The Administration Report provides information on the administration of the Municipality and the Municipal Group in accordance with the Swedish *Municipal Accounting Act (2018:597)*. The Administration Report is intended to provide a clear and comprehensive picture of the Municipality's services over the past year. The main focus is on the Municipal Group, which is made up of the municipal committees and companies. The Swedish Council for Municipal Accounting also publishes guidelines for administration reports, which set out the headings that must be included.

- 14 The Municipal Group**  
An overview of the committees and companies that make up the Municipal Group, and the changes that took place during the year.
- 17 City Council's goals and assignments**  
The goals set by the City Council in the budget for the mandate period have an important role in the governance of the City of Gothenburg.  
A general assessment of the achievement of goals is presented here. There is also a review of progress on the City Council's assignments.
- 35 Overview of trends in operations**  
A description of some of the services provided by the City of Gothenburg's committees and companies during the year. Important events and trends in each operational area are described from a variety of perspectives. Each area concludes with an outline of the key issues for the future.
- 64 Key conditions for earnings and financial position**  
A summary financial analysis for the Municipality and Municipal Group which highlights financial developments and trends. This also includes information on progress and risks, as well as a summary of pension obligations.
- 82 Significant events**  
This section describes a number of significant events that occurred in 2019, as well as such events that occurred in 2020 before the Annual Report was prepared.
- 84 Governance and monitoring of municipal operations**  
A presentation of information and important facts regarding governance, monitoring and internal control for the Municipality and Municipal Group.

- 86 Good financial management and financial position**  
This section analyses the Municipality's financial development in relation to good financial management practice and the guidelines set by the City Council.
- 88 Balanced budget requirement**  
A description and analysis of the balanced budget requirement, followed by a report on the Municipality's earnings equalisation reserve (EER).
- 89 Significant personnel-related conditions**  
The administration report is required to include a description of significant personnel-related conditions.
- 94 Expected development**  
A summary of market trends describing expectations for the future. This analysis is based on known, real-world conditions that affect the Municipal Group and Municipality directly or indirectly. It also includes comments on risks and uncertainties related to these conditions.
- 100 Sponsorship**  
Through sponsorship, the City of Gothenburg contributes to activities that are outside the City's municipal mandate, but which nevertheless are expected to have positive effects on the social climate, living conditions for residents, and strengthen the brand of the city.
- 101 Foundations**  
The City of Gothenburg manages affiliated foundations and donations for various purposes. The city only manages grant-making foundations and is responsible for the foundations' capital and for the yield paid out according to the donors' instructions.

# The Municipal Group





The City of Gothenburg's overall operations consist of an organisation of committees in the municipal sector that constitute a legal entity; joint statutory authorities comprising the rescue services, coordination associations, interpreting service; and a company sector under the parent company Göteborgs Stadshus AB. The summary shows companies that are directly owned by the Municipal Group and the clusters/sub-groups, see also the section on *Accounts*.

### Changes in ownership

The following changes have taken place in ownership of joint statutory authorities and company organisation during the financial year:

- » Fastighets AB Antares, 556992-7816, has been sold (ownership was 100%).
- » Fastighets AB Vingaren, 556953-3937, has been sold (ownership was 100%).
- » Ownership in Göteborgs Spårvägar AB, 556353-3412, has been reduced from 100% to 85%.
- » Ownership in Gryaab AB, 556137-2177, has been reduced from 71.4% to 70.6%.
- » Ownership in Tolkförmedling Väst, 222000-2972, has been reduced from 22% to 17.18%.
- » The four coordination associations in Gothenburg (Centrum, Hisingen, Nordost and Väster) have been combined in the newly formed Gothenburg Coordination Association, 222000-3285.

### Private providers

The City of Gothenburg outsources some of its services to private providers through procurement. Special transport and adult education services are largely performed by private providers. Road maintenance and waste collection are other examples of services that are partly outsourced to private providers, including LP Entreprenad AB.

In social services, all accommodation is managed by private providers. Individual places for social services healthcare and accommodation are largely procured. The largest providers are Attendo Sverige AB, Föreningen Betaniahemmet and Gryning vård AB.

Since 2018, users have been able to choose their own home-help service providers under the *Act on System of Choice in the Public Sector (LOV)*. With effect from 2019 this freedom of choice is also extended to daily activities under the *Act concerning Support and Service for Persons with Certain Disabilities (LSS)*.

Many children and pupils attend private pre-schools and independent schools. These schools are run on the basis of the right of establishment and are not regarded as private providers.

## City Executive Board members 2019



**Axel Josefson (Mod.)**  
City Councillor,  
Chairman



**Helene Odenjung (L)**  
City Councillor, 1st Vice  
Chairman



**Daniel Bernmar (Left)**  
City Councillor,  
2nd Vice Chairman



**Blerta Hoti (Soc. Dem.)**  
City Councillor



**Martin Wannholt (D)**  
City Councillor



**Karin Pleijel (Green)**  
City Councillor



**Hampus Magnusson  
(Mod.)** City Councillor



**Marina Johansson  
(Soc. Dem.)**  
City Councillor



**Grith Fjeldmose (Left)**  
City Councillor



**Jessica Blixt (D)**  
City Councillor



**Jörgen Fogelklou (SD)**  
City Councillor



**Naod Habtemichael  
(C)** City Councillor



**Jonas Attenius  
(Soc. Dem.)**  
City Councillor



**Nina Miskovsky (Mod.)**  
City Councillor



**Jenny Broman (Left)**  
City Councillor



**Viktoria Tryggvadottir  
Rolka (Soc. Dem.)**  
City Councillor



**Elisabet Lann  
(Chr. Dem.)**  
City Councillor



**Henrik Munck (D)**  
City Councillor

# City Council's goals and assignments

The Annual Report describes progress towards the 16 focus areas of the goals set in the budget adopted by the Municipal Council. The focus areas are grouped into *Overall goals*, *Organisational goals* and *Operational goals*.

These goals are monitored at a general level using indicators that are largely sourced from official statistics. For many of these indicators the values for 2019 are not available until 2020.

In the case of overall goals the trends are difficult to assess, but for one of the goals, *A sustainable living environment in Gothenburg*, we can see a positive long-term trend.

Progress has been made towards roughly half the organisational goals and operational goals,

while it is difficult to assess the rest as their indicators do not show a clear trend, or the changes are marginal.

Around two-thirds of the assignments, 52 in number, were completed in 2019. For most of the rest, work is under way and is expected to be reported by the committees and the boards during the first half of 2020.

## City Council's goals and Agenda 2030

In 2015, the UN General Assembly adopted the resolution *Agenda 2030 for Sustainable Development*. The goal is to bring about social transformation that leads to economically, socially and environmentally sustainable development that protects the planet, eradicates poverty and generates good welfare for everyone by 2030.

The agenda is made up of 17 global goals for sustainable development that are sub-divided into 169 targets. A central principle is that the goals are integrated and indivisible, that no goal can be accomplished at the expense of another, and that success is required in all areas in order for the overall goal to be achieved.

The City of Gothenburg's budget over the past 15 years has focused on all three dimensions of sustainability. The state of the environment

has been monitored systematically since the first environmental policy was adopted in the 1990s. A review of the budget goals, programme and plans has shown that the City generally has control over the targets that are considered relevant from a municipal perspective and that there are no apparent weak spots.

It was also found that Gothenburg, like Sweden as a whole, has a good standing in relation to the goals of Agenda 2030 and, in many ways, the City influences development towards the relevant targets, usually within the framework of its base assignments.

The graphic on the following page shows how the City of Gothenburg's budget goals relate to the global sustainability goals. »



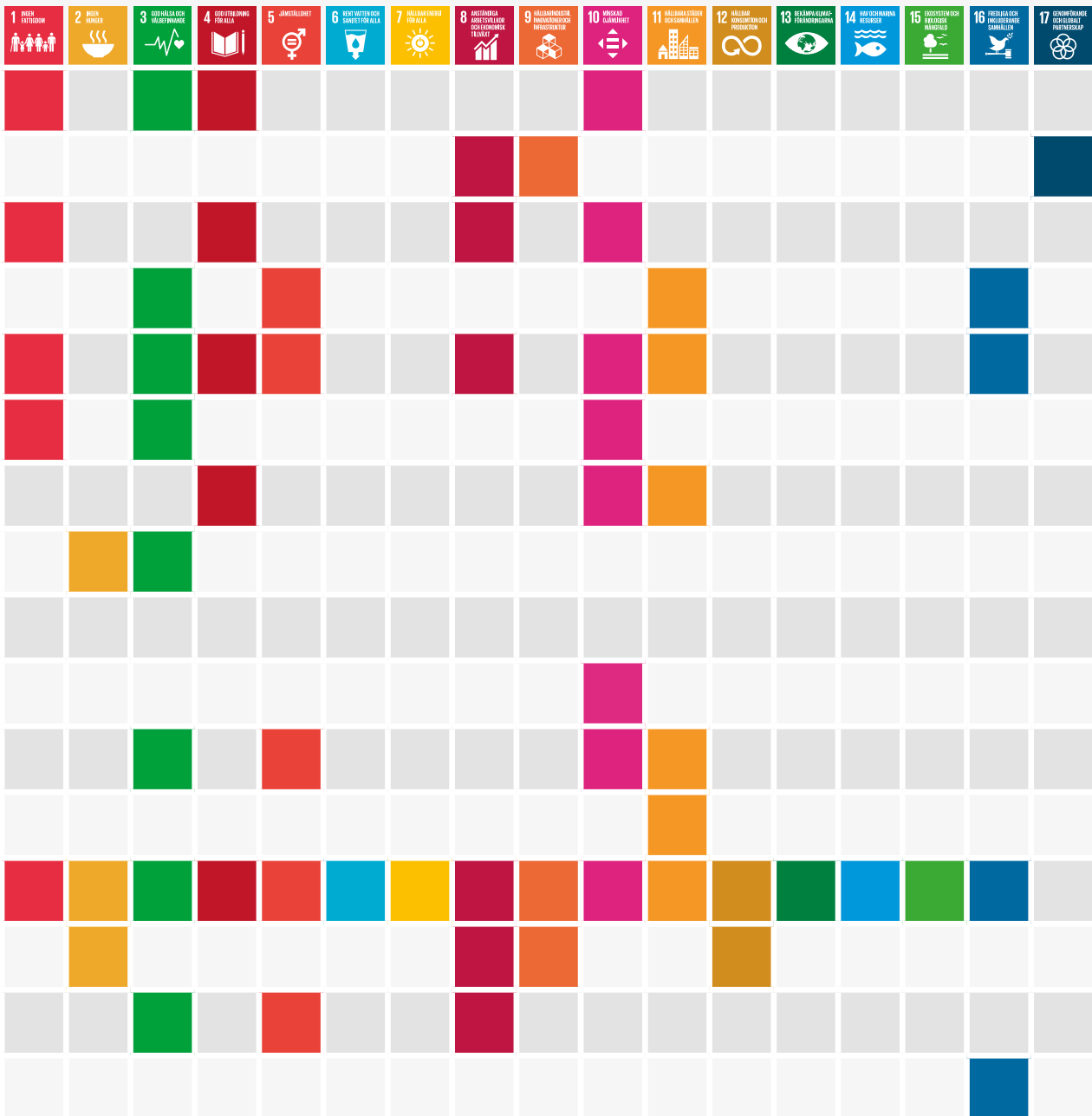
# City Council's goals and Agenda 2030

## Links between the City of Gothenburg's budget goals for 2019 and the global sustainability goals

- » Gothenburg has pre-schools and schools that foster equality
- » Gothenburg is a city that encourages enterprise and growth
- » Gothenburg is a city where people work and support themselves
- » Gothenburg is a safe, secure and clean city
- » Gothenburg is a city that is free from discrimination, where human rights are self-evident
- » Gothenburg takes early social initiatives to create equal living opportunities for everyone
- » Gothenburg is a city that is accessible to everyone
- » Gothenburg provides dignified, high-quality care for the elderly, with freedom of choice
- » Gothenburg offers freedom of choice and diversity
- » All Gothenburg citizens have access to culture
- » Gothenburg has a wide selection of sports and leisure that are accessible to everyone
- » Gothenburg is a city with high level of housebuilding
- » Gothenburg's living environment is sustainable
- » Procurement delivers added value for the residents of Gothenburg
- » The City of Gothenburg is an attractive employer that provides good working conditions
- » The City of Gothenburg has a balanced budget

## Global goal for sustainable development

No poverty  
Zero hunger  
Good health and well-being  
Quality education  
Gender equality  
Clean water and sanitation  
Affordable and sanitation  
Decent work and clean energy growth  
Industry, innovation and infrastructure  
Reduced inequality  
Sustainable cities and communities  
Responsible consumption and production  
Climate action  
Life below water  
Life on land  
Peace and justice, strong institutions  
Partnerships to achieve the goals



# Overall goals

## Gothenburg is a safe, secure and clean city

Indicator	2017	2018	2019
Reported violent crimes per 100,000 residents	1,261	1,227	1,233*
Reported criminal damage per 100,000 residents	2,449	2,328	2,591
Cost (MSEK) of property damage, City of Gothenburg property	269	219	317
Citizen satisfaction index: Cleaning and waste collection	63	-	60
Region satisfaction index: Security	54	-	52
Survey of pupils, year 9: <i>I feel safe in school</i> , index value	74	-	76

\* Summary of statistics from the Swedish National Council for Crime Prevention. Figures for 2017 and 2018 are taken from Kolada.

Based on the indicators in the table, it is not possible to see any clear trend in whether Gothenburg is becoming safer, more secure and cleaner. The City has an influence through its own services and through collaboration with other stakeholders, including the police, business and civil society. Within the framework of the City's base assignments, active long-term measures are being taken to improve safety, but the effects are difficult to link to the indicator results for the whole of Gothenburg.

Reported violent crimes and criminal damage largely remain at the same level but are lower than in Stockholm and Malmö. The security index is lower than the average for Swedish municipalities, but once again the size of the city is an important factor. Women feel a lower degree of security, as do elderly people. Surveys show that the sense of security is lower in resource-poor parts of the city, but also that security is improving in some of these areas. Long-term efforts by the housing companies

and in the districts have meant that the police no longer define Gårdsten as a high-risk area and there is a greater sense of security in Bergsjön and Angered, for example.

Costs for property damage rose in 2019, largely as a result of the fire in Slotsskogshallen, which accounted for SEK 40 million.

Citizens' opinions of the City's cleaning and waste collection services are somewhat lower than in 2017 and lower than the average for other municipalities. Measures to counter graffiti and other damage are mainly identified as the reason for the lower rating.

The perceived security of pupils in school is on a par with the Gothenburg Region and has improved over the past year. The Swedish School Inspectorate's review shows that there are schools where perceived security and freedom to study are high, but there are other schools where improvements are needed.

PHOTO: LO BIRGERSSON



## Gothenburg is a city that is free from discrimination, where human rights are self-evident

Indicator	2017	2018	2019
Number of reports of discrimination against the City of Gothenburg – DO	40	48	52
Number of reports of abusive discrimination – all schools incl. independent schools	127	129	68*
Number of reported crimes identified as hate crimes in Gothenburg	-	373	-

\* Number of reports during period January–June 2019.

Achievement of this goal is difficult to assess from an overall perspective. The total number of reports of discrimination against the City of Gothenburg to the Equality Ombudsman (DO) rose between 2017 and 2019, but levelled out somewhat between 2018 and 2019. Reports of abusive discrimination in schools have remained relatively unchanged. The figures should be interpreted with some caution, as few reports lead to an investigation. However, they do give an indication of individuals' experiences of feeling discriminated against in their contacts with the City of Gothenburg's services, such as in workplaces, as well as experiences of abusive discrimination in schools.

The number of reported hate crimes in Gothenburg is reviewed every two years. This shows that the

number of reports rose from 311 (2016) to 373 (2018). The most frequent hate crimes are those with racist/xenophobic motives, which totalled 256, which is 36 more than were reported during the last review in 2016. The largest increase occurred in the second largest category of reports, relating to sexual orientation, which rose from 22 to 34 reports, and those relating to Islamophobia, which rose from 26 to 34.

To allow comparison between Stockholm, Gothenburg and Malmö the total number of hate crimes is reported per 100,000 residents. For Gothenburg, this figure is 66 (2018), which is lower than both Stockholm (102) and Malmö (71). These statistics are not entirely reliable however, as a large proportion of hate crimes are not reported, according to the police.

## Gothenburg's living environment is sustainable

Indicator	2017	2018	2019
Residents aged 16–84 with low trust in others (%)	-	30	-
Residents aged 16–84 in perceived good health (%)	-	72	-
Income inequality, household disposable income per consumer unit P90/P10 (percentile)	3.59	-	-
R&D investment by company sector in Västra Götaland (MSEK)	35,517	-	-
Number of the City of Gothenburg's environmental quality targets that are expected to be achieved within the allocated time frame.	9	6	-

For the first two indicators – trust and health – questionnaires were not sent out to residents in 2017 and 2019. Over a 10-year period, the score for trust has shown a generally positive trend, although there have been fluctuations in the scores between surveys. Scores for health have shown a clear positive trend over a 10-year period, but have fallen by three percentage points in the most recent survey.

The income equality indicator shows how many times higher the disposable income of households in the 90th percentile is compared to that of households in the 10th percentile. This indicator is based on income taxation and is therefore not yet available for 2018 and 2019. According to the latest

report, *Monitoring of Gothenburg's local environmental goals 2018*, it was expected that none of the 12 environmental quality goals would be achieved. However it was considered that 7 of them could be reached with additional measures. When broken down into targets, it was considered that 6 out of 36 targets could be achieved and that 19 could be reached with additional measures. Eleven goals are considered difficult to achieve. Several of the goals are nearing their completion dates, which means that the time available to implement measures is running out. Progress towards the environmental goals for 2019 will be reported in 2020.



# Organisational goals

## The City of Gothenburg is an attractive employer that provides good working conditions

Indicator	2017	2018	2019
Sustainable Employee Engagement, HME index for employees	76	77	76
Sustainable Employee Engagement, HME index for managers	80	80	79
Healthy attendance (%) (districts)	38.6	37.1	40.7
Sick leave (%) (districts)	9.0	8.6	8.1
Attractive employer, employees	65	67	-
Attractive employer, managers	74	75	-
Proportion who experience discrimination/bullying at work, by colleagues (%)	10	10	10
Proportion who experience discrimination/bullying at work, by manager (%)	4	4	4
Proportion who experience discrimination/bullying at work, by users/customers/pupils/relatives (%)	9	8	8

Progress towards the goal as a whole over the time period is cautiously positive. Changes across the city usually take place slowly, with gradual changes from year to year. The indicators are the same as for the City of Gothenburg programme for attractive employers. All indicators except for absence sick leave and healthy attendance are taken from the City's employee survey, which only covers some of the companies. The healthy attendance and sick leave figures are for the districts, but exclude municipal companies, as consistent reporting is not yet possible. The sick leave figure for companies

is reported to be between two and five per cent. Healthy attendance is the proportion of employees with four or fewer sick days per year. The indicators for attractive employer to employees and managers use a weighted index taken from the employee survey that indicates how attractive employees perceive their employer to be. It is reviewed every two years and will next be reported in 2020. In the case of total sick leave there is a clear positive trend as this figure has fallen since 2017. Healthy attendance also improved in 2019, and this is explained by fewer cases of influenza than in 2018.

PHOTO: FRIDA WINTER



## The City of Gothenburg has a balanced budget

Indicator	2017	2018	2019
Equity/assets ratio, Municipal Group (%)	21	19*	20
Tax revenues and municipal financial equalisation as share of earnings (%)	7.0	5.7	4.6
Self-financing of municipal investments (%)	115	83	77
Self-financing of municipal development (%)	138	98	108
Deviation from budget as share of total municipal budget (%)	3.6	3.0	1.9
Deviation from committees' forecasts as share of total assets (%)	0.1	0.8	0.9

\* Changed as a result of adjustment to write-ups in companies, which has reduced this indicator by about three percentage points.

The first four indicators in the table are as set out in the new guidelines for good financial management. The first of these is the equity/assets ratio for the Municipal Group, while the remaining three refer solely to the Municipality. The equity/assets ratio has increased in recent years, largely because the equity of the Municipality and municipal companies have increased due to positive earnings.

The municipal budget is balanced, based on a positive deviation in financial earnings. It is noted however that there is a negative trend in some indicators. Tax revenues and municipal financial equalisation have decreased as a share of earnings, and when one-off items for dividends and capital gains are excluded this share is now 0.6%. Investments are no longer fully self-funded.

## Gothenburg offers freedom of choice and diversity

Indicator	2017	2018	2019
Percentage of geographical free choice (LOV) areas where individuals can choose their own home-help service providers (%)	-	89	89
Percentage of geographical free choice (LOV) areas where individuals can choose from four or more home-help service providers, of which the City of Gothenburg is one (%)	-	26	51
Percentage of total recipients of home help who chose a private provider (%)	-	3	5
Percentage of total recipients of daily activities who chose a private provider (%)	*	*	19
Percentage of children in independent pre-schools (%)	16	17	17
Percentage of pupils in independent compulsory schools (%)	22	22	22
Percentage of pupils/students in independent upper secondary schools (%)	45	47	49
Percentage of upper secondary students in other municipal schools (%)	7	7	7

\* Data were collected in various ways and are therefore not readily comparable. However, the proportion of users of privately provided daily activities is estimated to be roughly the same as before the introduction of freedom of choice.

Progress towards the goal is difficult to assess on the whole. The percentage of geographical FREE CHOICE areas where individuals can choose their own home-help service providers is unchanged since 2018, but it can be noted that residents' opportunities to choose from at least four providers have doubled. This

means that in just over half the geographical FREE CHOICE areas there is a range of choice that meets the City's definition of free choice.

The changes in other indicators are marginal.



## Gothenburg is a city that is accessible to everyone

Indicator	2017	2018	2019
Percentage of facilities surveyed for easily remedied obstructions (%)	60	67	85
Percentage of facilities where easily remedied obstructions have been remedied (%)	2.4	10.3	19.5

Measures are being taken to survey and rectify all easily remedied obstructions in the city. This is a long-term process and is developing in the right direction. Out of a total of 3,269 facilities, 85% have been surveyed. There is also a positive trend in the proportion of easily remedied obstructions that have been rectified in 2019. The indicators cover the

facilities that are listed in the Availability Database (TD system). Parks, streetscapes and stairways are also surveyed.



PHOTO: MARIT LISSDANIELS

# Operational goals

## Gothenburg provides dignified, high-quality care for the elderly, with freedom of choice

Indicator	2017	2018	2019
Housing for the elderly, user satisfaction index	79	78	77
Housing for the elderly, percentage who are notified in advance of temporary changes (%)	44	44	43
Percentage who get their first choice (%)	84	85	81
Home-help services, user satisfaction index	83	80	81
home-help services, percentage who were able to choose provider (%)	27	46	51
Availability of home-help services provided by the City (%)*	-	-	70

\* Availability describes the percentage of the approved time for which the recipient received care.

Overall, the indicators show that the assessed quality of elderly care has deteriorated somewhat, while freedom of choice has improved.

Total user satisfaction in care of the elderly has fallen each year since 2016. No similar trend is seen in nationwide results or in other major cities. Some of the areas where the performance of a number of district committees and private providers deteriorated are related to whether users were given a place in the elderly housing they had requested, and whether they found their housing a pleasant

place to live. The results for privately provided housing are similar to those for the City of Gothenburg's own housing, but have fallen slightly more than in previous years.

The proportion of elderly people who reported that they were able to choose their home-help service provider has risen every year.

Home-help services began monitoring the availability of care on 1 May 2019. Since then, individuals have received a higher proportion of the care at home that they were granted.

## Gothenburg has pre-schools and schools that foster equality

Indicator	2017	2018	2019
Percentage of pre-school teachers (%)	50.9	49.6	48.6
Percentage of children (1–5 years) in population without pre-school places (%)	15.9	15.7	15.7
Percentage of qualifying pupils who go on to upper secondary vocational programme (%)	71.6	75.4	75.6
Spread in grade achievement between pupils in year 9: 10th percentile	40	60	65
Spread in grade achievement between pupils in year 9: 90th percentile	305	310	308
Percentage of students who gain upper secondary diploma in year 3 of national programme (%)	79.0	79.8	80.3
Attendance at upper secondary school (%)	81.0	80.7	82.6

The overall assessment is that there has been slight progress towards the goal.

The proportion of trained pre-school teachers has declined for the third year in a row. The distribution of pre-school teachers in the city is uneven, both between and within the various education areas.

The proportion of pupils who leave compulsory school with grades that qualify them for upper secondary vocational education has risen for the third

year in a row. Although just over 24% of pupils still leave compulsory school without qualifying for upper secondary vocational education there has been a clear improvement in those pupils with the lowest grade achievement.

The proportion of students who gain a diploma in year 3 of upper secondary national education continues to rise. The same applies to attendance at upper secondary school.



## Gothenburg is a city where people work and support themselves

Indicator	2017	2018	2019
Employment level ages 15–74 (4th quarter), (%) (LFS)*	68.6	70.3	70.0
Unemployed ages 15–74 (4th quarter), (%) (LFS)	6.3	6.9	6.2
Number of households receiving income support, monthly average	9,766	9,227	8,655
Number who are long-term dependent on income support	8,652	8,049	7,467
Percentage receiving economic support (%)**	14.0	13.1	-
Number of people with disabilities who receive support from the Swedish Public Employment Service***	3,568	3,434	3,427

\* The Labour Force Survey (LFS) by Statistics Sweden is a sample survey. All changes shown are within the margin of error.

\*\* Refers to income support, unemployment benefit, sickness/disability benefit, etc. Data is published annually in spring the following year.

\*\*\* Refers to disabilities that do not prevent employment.

There has been positive progress towards the goal, largely due to the strong economy. Unemployment has continued to fall and this has led to an overall reduction in dependence on income support. A larger proportion of the population can support themselves through employment.

The need for short-term and long-term income support has decreased.

The high demand for labour also benefits those groups that have less work experience and lower levels of education. The challenge is to match skills with demand, and equip the unemployed to meet the needs of the labour market. Another challenge is to provide training to those who are employed and want to change jobs, in order to create movement in the labour market.

## Gothenburg takes early social initiatives to create equal living opportunities for everyone

Indicator	2017	2018	2019
Net cost of preventive initiatives for children and young people as percentage of total net costs for children and young people (IFO, SDN) (%)	6.8	7.4	7.2
Net costs of recreation centres, SEK per young person	1,759	1,681	1,647
Number of young people in target group that the Administration for Allocation of Social Welfare has conversations with per evening (average)	47	41	46
Number of young people and young adults who social workers have met in partnership with the police (refers to Administration for Allocation of Social Welfare)	382	450	535

It is not possible to detect any clear progress towards the goal from the indicators. One of the important tasks of society is to create the right conditions for every child to have a good upbringing. Active steps have been taken during the year to reach out to more children and young people with an attractive range of leisure and cultural activities. New opportunities for leisure for children have

been created within the framework of the *School as Arena* (Skolan som arena) project, and steps were also taken to extend home visits to first-time parents during the year. This work is long-term and requires continuity and endurance. A long-term course of action based on a full picture of the mental health of children and young people benefits the individual and society.

## All Gothenburg citizens have access to culture

Indicator	2017	2018	2019
Number of library visits	4,379,000	4,219,000	4,167,000
Number of borrowers from municipal libraries, per 1,000 residents	321	317	315
Activity opportunities for children and young people in municipal libraries, per 1,000 residents aged 0–20	28.7	26.4	30.7
Number of participation opportunities in voluntary culture school activities	-	343,400	335,900
Number of museum visits	672,600	531,000	537,100

The city offers good access to culture through a wide range of libraries, museums and other art and cultural institutions, as well as festivals and meeting places. Visitor numbers remained high, and there were only marginal changes in visits to libraries, museums, theatres and culture schools. Many efforts were made during the year to reach out to under-represented groups. Thanks to outreach museum lessons, for example, more school classes from prioritised areas were attracted to museums.

The number of visits to the city's museums rose slightly, even though two museums were closed for some time. The Röhsska Museum reopened at the end of February with a new permanent exhibition and three temporary exhibitions which proved popular, while the Maritime Museum & Aquarium was closed for renovation and extension all year.

Digitalisation is growing. For libraries, this means that more and more users are using the libraries online, without visiting them physically. Downloads of e-books and e-journals have increased by 25% and 500% respectively.

During the year, 25 district libraries and Kåken cultural centre were transferred to the Cultural Affairs Committee. The district libraries have many important partnerships with local stakeholders in the districts, which highlights the importance of networking and relationship building as working methods.

Gothenburg Culture Festival arranged 747 programme events for 750,000 visitors. The annual festival offered all residents of Gothenburg a diverse range of arts and cultural experiences with free admission for all ages.

## Gothenburg has a wide selection of sports and leisure that are accessible for everyone

Indicator	2017	2018	2019
Number of visitors (pools, exercise facilities, gyms, ice rinks)	1,096,700	1,203,000	986,100
Number of grant-receiving associations	823	720	770
Number of young people active in associations, aged 7–25	94,300	92,200	88,100
Hours for which sports facilities are hired out	306,528	299,664	307,757

Progress towards the goal is difficult to assess and the indicators do not show a clear picture. This is because the number of visitors to swimming pools has decreased significantly, possibly due in part to the discontinuation of free swimming for children, young people and pensioners in June 2019. Several swimming pools were also closed for long periods during the year. In contrast, the number of guest nights and the rental of halls and pitches for competitions and sporting events increased.

There was an increase in the number of grant-receiving associations and in the number of activities that associations organised for children,

young people and people with disabilities. There was a reduction in memberships of associations, however. The number of young people aged 7–25 who are active members of associations fell by 4.5%. The largest decrease was among boys.

Targeted initiatives have been taken to reach groups with lower participation levels, and these will increase in 2020. Examples include activity taster sessions, collaboration with schools, targeted support for collaboration projects between associations in socio-economically vulnerable districts, and initiatives aimed at groups with disabilities.

## Gothenburg is a city that encourages enterprise and growth

Indicator	2017	2018	2019
Insight survey, Swedish Association of Local Authorities and Regions	69	67	68
New enterprise, number of new companies per 1,000 residents aged 16–64	11.9	11.3	-
Total number of new companies in quarters 1–3 of each year	3,198	3,393	3,432
Number of participants in <i>Förenkla – helt enkelt</i> enterprise initiative	251	188	150

We see an improvement in the Insight Customer Satisfaction Index (CSI), which reflects the corporate climate. The improvement in 2019 is in line with the improvement achieved by Gothenburg in the annual Confederation of Swedish Enterprise ranking of the corporate climate in 290 municipalities.

New enterprise is the number of new companies set up per 1,000 residents aged 16–64. It is

calculated for the calendar year and reported in spring 2020. The total number of new companies rose during the period, and to facilitate comparison the numbers are reported for quarters 1–3 each year. The *Förenkla – helt enkelt* initiative is held once a year to give new employees an insight into promoting new enterprise. The initiative will be evaluated and improved in 2020.

## Gothenburg is a city with high level of housebuilding

Indicator	2017	2018	2019
Number of homes for land set aside or allocated	4,183	3,610	765
Number of homes covered by local plans	1,685	2,360	2,566
Number of homes in adopted/approved local plans	11,337	6,389	1,282
Number of homes for which construction has started	3,779	5,195	5,446
Number of completed homes	2,201	3,168	4,357
Newly constructed publicly owned homes	305	341	978

Gothenburg has an unusually high level of housing construction at present. The reduced level of housing construction in Sweden as a whole is not yet reflected here, instead construction has reached a new record level. This is a result of long-term efforts to increase the volumes of planned housing and improve implementation capacity within the City of Gothenburg. It takes 6–8 years to complete housing, from initial idea until residents are ready to move in, and the process involves many decisions

and stakeholders. The Municipality creates the conditions for planning, but housing construction also requires the right commercial conditions.

A reduction in land allocations for housing during the year is a priority issue, given that there are approximately 55,000 homes already at the planning stage, of which approximately 21,000 have approved local plans but construction has not yet started. The City is focusing on getting these homes completed.

## Procurement delivers added value for the residents of Gothenburg

The Purchasing and Procurement Committee compiles, describes and provides an overview of the purchases made by the City of Gothenburg. Purchases are grouped into different purchasing categories and provide a basis for analysing what has been purchased and which part of the organisation buys what. Further steps will be taken

in 2020 to monitor and assess purchasing based on key figures that show how procurement can create added value for residents of Gothenburg. It is therefore not yet possible to report on progress towards targets for the past year on the basis of measurable indicators.







# The City Council's assignments

The table below presents the reports of the committees and boards on whether or not they have completed their assignments in the Municipal Council's budget. If an assignment was not completed in 2019, the comments explain why it was not completed or when it is expected to be completed.

Assignment	Has the assignment been completed? Yes/No	If not complete: a brief comment on the reasons why, and on which part has been completed, if any.
The City Executive Board is assigned to develop common guidelines for the City's opt-out service.	Yes	
The City Executive Board is tasked with drawing up proposals to coordinate and improve the City's measures to improve security.	Yes	
The district committees are assigned to identify vulnerable and unsafe places and recommend which areas should be classed as Paragraph 3 areas (where policing is supported by municipal security officers).	No	Nine out of ten district committees have completed the assignment. Lundby District Committee reports that it is awaiting a ruling from the Court of Appeal regarding Paragraph 3 areas.
The City Executive Board must reach an agreement with the Police Authority on extending video surveillance of areas that are unsafe or have high crime levels.	Yes	
Framtiden AB is assigned to review the possibility of partnerships inspired by Business Improvement Districts (BIDs), and the City Executive Board is tasked with creating a way into the city to coordinate initiatives.	Yes	
The City Executive Board is assigned to investigate opportunities to set up a local/regional support centre with the relevant stakeholders for people at risk of honour-based violence and oppression.	Yes	
The City Executive Board is tasked with coordinating the City's measures to prevent radicalisation and violence-promoting extremism.	Yes	
The City Executive Board is assigned to investigate the introduction of community service in return for income support.	Yes	
The City's committees and companies are tasked with offering internships and various forms of summer work to young people.	Yes	
The City Executive Board is tasked with preparing to introduce the right to challenge procurement by the City.	No	A decision was taken by the City Council on 17 October 2019 to postpone introduction until September 2022.
The Labour Market and Adult Education Committee and the City Executive Board are assigned to identify opportunities to create work experience jobs and labour market policy measures in the City's administrations and companies.	Yes	
The City Executive Board is tasked with reviewing municipal rules to simplify and improve conditions for companies.	Yes	
The Planning and Building Committee is assigned to implement the developer-driven local planning process.	Yes	
Business Region Göteborg, together with the Property Management Committee, Road Traffic Committee and Förvaltnings AB Framtiden, have the strategic task of attracting foreign construction companies.	Yes	
The Property Management Committee is assigned to establish an open marketplace for land in the City of Gothenburg.	No	The Property Management Committee has not started this assignment.
The Planning and Building Committee, Property Management Committee and Commercial Premises Committee are tasked with developing a process to enable welfare stakeholders to get land allocations for social services.	Yes	

Assignment	Has the assignment been completed? Yes/No	If not complete: a brief comment on the reasons why, and on which part has been completed, if any.
The Planning and Building Committee and the Property Management Committee are assigned to step up the construction of private houses.	Yes	
The Planning and Building Committee, Property Management Committee and Förvaltnings AB Framtiden are tasked with developing a strategy to reduce production costs and facilitate low-cost housing.	No	A pilot project will be launched in 2020 to show how production costs can be reduced in connection with local planning.
Förvaltnings AB Framtiden is assigned to work on the conversion of rental properties in deprived areas and to develop a model to stimulate such conversions.	Yes	
The City Executive Board will take an initiative to improve collaboration on the Gothenburg-Oslo route.	Yes	
The Road Traffic Committee is assigned to increase the electrification of public transport and achieve full electrification in the long term.	No	The Traffic & Public Transport Authority is working with Västtrafik on development projects and on the planning and implementation phases for future electrification of public transport in Gothenburg. This assignment will be examined by the Road Traffic Committee in March 2020.
The Road Traffic Committee is assigned to carry out an inventory of bicycle parking linked to the City's services.	No	The Traffic & Public Transport Authority completed surveys in 2015 and 2016, which led to plans that have largely been implemented, and is now carrying out a new assessment of the need for bicycle parking. This assignment was dealt with by the Road Traffic Committee on 6 February 2020.
The Road Traffic Committee is assigned to report to the City Executive Board with an evaluation and analysis of objectives for the City's traffic strategy.	No	Interim results from the evaluation were presented at a meeting of the Road Traffic Committee on 13 June 2019. A report will be submitted in spring 2020.
The Planning and Building Committee is tasked with evaluating the guidelines for mobility and parking planning, and making adjustments where needed.	Yes	
The City Executive Board and the Environmental and Climate Committee are assigned to revise and update the City's environmental programme.	No	This assignment has not yet been completed but is nearing completion. A proposal is due for review in spring 2020.
The City Executive Board is tasked with investigating a suitable environmental management system for the City's services.	No	This assignment has not yet been completed but is nearing completion.
The Parks and Landscape Committee is assigned to update the City of Gothenburg's recycling policy for waste paper bins.	No	The assignment is covered in a new waste plan that is being drawn up in 2020.
The Environmental and Climate Committee is tasked with investigating the need and costs for increasing the collection interval at recycling stations.	Yes	This assignment will be examined in a supplementary report.
The Eco-cycle and Water Committee is assigned to investigate the measures needed to reduce surface water in the sewage system and associated costs.	No	Work has started on this assignment. The goals and necessary investment levels need to be determined politically in an updated <i>Sewage Action Plan</i> in 2020.
The City Executive Board is tasked with investigating how the city's heating requirements can be met sustainably, in collaboration with the relevant stakeholders.	Yes	
The Pre-school Committee is tasked with analysing and drawing up a long-term plan for the expansion of pre-schools in collaboration with the relevant committees.	No	This work is underway with the City Premises Secretariat and City Premises Administration, and is also covered in the City Premises Provision Plan.
The Pre-school Committee is assigned to set up a special industry council for independent pre-schools to improve collaboration with independent providers.	Yes	
The Pre-school Committee is tasked with developing a new monitoring system to safeguard quality.	No	A series of indicators has been drawn up together with a process to enable reporting by principals. A model for quality dialogues is under development.
The Pre-school Committee is assigned to determine attendance times by children.	No	This survey will be completed when all services are connected to the <i>drop off/pick up</i> IT system.
The Pre-school Committee is tasked to identify pre-school classes that have large groups of children, inadequate premises and high rates of sick leave.	Yes	
The Compulsory School Committee is assigned to introduce active choice of schools.	Yes	

Assignment	Has the assignment been completed? Yes/No	If not complete: a brief comment on the reasons why, and on which part has been completed, if any.
The Compulsory School Committee is tasked to set up an investigation into the working environment of principals.	Yes	
The Compulsory School and Education Committees are assigned to carry out a review of teachers' salaries.	Yes	
The Compulsory School Committee is tasked with developing municipal rules, routines and monitoring of students' attendance.	Yes	
The Compulsory School Committee is assigned to set up a <i>school for disruptive pupils</i> .	Yes	
Responsible committees are tasked with developing a city-wide digitalisation strategy for the school system.	Yes	
Responsible committees are assigned to ensure that areas for special attention identified in the investigation of schools and pre-schools are implemented.	Yes	
The Compulsory School and Education Committees are tasked to carry out a review of existing plans, demand for new schools and maintenance.	Yes	
The Compulsory School Committee is assigned to develop a new monitoring system for systematic quality management.	Yes	
Responsible committees are tasked with reducing the administrative burden on teachers.	Yes	
The Education Committee is assigned to evaluate a new organisation in which each upper secondary school has a clear educational manager or head of operations.	Yes	
The Education Committee is tasked with creating meeting places for exchanging experiences and passing on research and methods to actively counter cyber-bullying.	Yes	
The City Executive Board is assigned to prepare for the introduction of freedom of choice in personal support.	Yes	
The City Executive Board is tasked with ensuring that methods and practices used in individual and family care are evidence-based.	No	This work is in progress and is expected to be reported to the City Executive Board in June 2020.
The City Executive Board is assigned to monitor the quality of childcare investigations and ensure they are carried out promptly in accordance with legal requirements.	Yes	
The City Executive Board is tasked with developing the accessibility database into a more useful guide.	Yes	
The City Executive Board is assigned to develop an implementation plan to safeguard the number of short-term places.	Yes	
The Sports and Associations Committee is assigned, in collaboration with the district committees, to investigate how children and young people with disabilities can be motivated to become more active.	Yes	
The City Executive Board is tasked with preparing the introduction of freedom of choice in housing for the elderly.	Yes	
The City Executive Board is assigned to develop guarantees of dignity that also cover housing for the elderly, as well as investigating a compensation system where this fails.	No	The City Executive Board decided on 9 October 2019 to re-submit this assignment.
The City Executive Board is tasked with exploring the idea of setting up a committee for the elderly.	Yes	
The City Executive Board is assigned to implement the City's housing plan for the elderly, which will safeguard housing places until 2035.	Yes	
The City Executive Board is tasked with ensuring that health promotion activities are in place for employees and the elderly.	Yes	
The Cultural Affairs Committee is assigned to review how the city's collections can be made more accessible for the public.	No	This assignment is being undertaken through a feasibility study of new storage facilities that will be presented to the Cultural Affairs Committee in April 2020 and through the ongoing digitalisation of the City of Gothenburg's collections.

Assignment	Has the assignment been completed? Yes/No	If not complete: a brief comment on the reasons why, and on which part has been completed, if any.
The Cultural Affairs Committee is tasked with reviewing and evaluating admission fees.	Yes	
The Cultural Affairs Committee is assigned to review the locations, opening hours and range of services at the city's libraries.	No	An investigation is ongoing and the results will be presented to the Cultural Affairs Committee during the first half of 2020.
The Cultural Affairs Committee is instructed to terminate the lease for Stora Teatern.	No	The existing lease runs until 31 December 2020 and can be terminated 9 months in advance. The Cultural Affairs Committee is also awaiting an investigation of Stora Teatern by Stadshus AB.
Göteborgs Stadshus AB, in collaboration with the City Executive Board, is assigned to investigate a future provider for Stora Teatern.	No	The focus of this assignment will be determined by the City Executive Board during the first quarter of 2020.
The Sports and Associations Committee, in collaboration with the relevant committees, is assigned to coordinate opportunities for sports associations to inform the city's schools about their activities.	Yes	
The Sports and Associations Committee is tasked with phasing out the socio-economically differentiated activity grant.	Yes	
The Sports and Associations Committee is assigned to ensure that all associations are given the right to association support for those aspects of their activities that are non-denominational and do not involve religious practice.	Yes	
The Sports and Associations Committee is tasked with procuring tuition support as soon as possible for free swimming tuition, under the Public Procurement Act.	Yes	
The Sports and Associations Committee is assigned, in consultation with associations, to develop training for leaders in civil society in countering sexual abuse.	Yes	
The City Executive Board is tasked with ensuring that equal staff benefits are offered throughout the city in 2019 and that a base level applies to all employees.	No	This assignment was reported to the City Executive Board on 11 December 2019 and was postponed. The assignment was re-submitted to the City Management Office on 5 February 2020.
The City Executive Board is assigned to investigate how the agreement on special employment security can be phased out.	Yes	
The City Executive Board is tasked with monitoring the job descriptions of the committees and municipal companies.	Yes	
The district committees are assigned to assess interest in setting up more intrapreneurships in the welfare sector.	No	Most committees have completed this assignment. The committees that have not completed the assignment state that it was not a priority in 2019.
The City Executive Board is assigned to review whether the intrapreneurship efforts of the districts reflect equality and comply with the City's regulations.	Yes	
The City Executive Board is tasked with reviewing the mandate, powers and resources of the personnel review.	Yes	
The City Executive Board is tasked with developing a new regulatory framework for the use of equity by committees.	Yes	
The City Executive Board is assigned to carry out a review of the City's investment management.	No	A report on this assignment was submitted to the City Executive Board in spring 2019 and the assignment was resubmitted to the City Management Office. An interim report on the assignment was submitted to the City Executive Board on 26 February 2020 and a final review is expected to be presented in <i>Requirements for the City of Gothenburg budget 2021-2023</i> in May 2020.
Göteborgs Stadshus AB is tasked with preparing for the sale of all or parts of companies as well as land and property holdings within the Group.	No	This assignment was partially completed in 2019 and work is continuing.
The Property Management Committee is assigned to proceed with sales of municipal land, property holdings and leaseholds.	No	The Property Management Committee has not started this assignment.
The City Executive Board is tasked with reviewing the regulations for closing down municipal premises.	No	An interim report is expected to be submitted to the City Executive Board in March 2020.
The City Executive Board is assigned to develop a new monitoring system that includes goals, indicators and targets. The targets will be based on the prevailing situations in 2017 and 2018.	Yes	





# Overview of trends in operations

The City of Gothenburg's operations developed well in 2019 and the Municipal Group's net earnings for the year amounted to SEK 2,200 million, of which the Municipality contributed SEK 1,504 million and the companies contributed SEK 1,255 million.

These earnings include various non-recurring items, which means that the structural earnings for the Municipality are considerably lower and totalled SEK 179 million for 2019. This means that the financial margins are lower than in the past two years.

Net costs increased by 4.6% in comparison with 2018, excluding the municipal companies, which is in line with the average increase over the past ten years. There is, however, considerable variation between the City's services in the way that net costs developed over time. Costs have risen more in areas such as education, where we now see a link with population growth and demographic changes.

The overall growth in population by an average of 7,000–8,000 per year is affecting the Municipality and the services provided by the municipal companies. Demand for municipal services, housing, infrastructure and communication increasingly reflects this economic growth. Demographic changes also affect the ability to provide adequate skills within municipal services. This is due to a fall in the proportion who are able to work, while demand for municipal services continues to grow.

A number of services in the city face challenges in recruiting and retaining the skills they require. Because Gothenburg is a large city it is still in a better position than most other municipalities. In order to meet the challenge in relation to users and customers, it is important to use skills more effectively and implement more efficient ways of working. This is an area where the City's efforts to extend digitalisation and manage quality systematically play a key role.

## City of Gothenburg's services

The following sections describe the various services provided by the City of Gothenburg and how they have developed during the year, and aim to describe the various services provided by municipal companies and administrations. The main focus is on what has been achieved and how developments have affected the city's residents, visitors and businesses. Issues relating to public health, gender equality, human rights and children are included in the descriptions of how the services have developed.

The development of all services in the City of Gothenburg must reflect the public health perspective, with the aim of reducing divides in the living conditions and health of the people of Gothenburg. Public health is a priority issue in collective efforts to make Gothenburg an Equal City. The City's efforts in gender equality and human rights are important quality issues, as they contribute to equality in the services the City provides and benefit all residents and users. All decision-making that affects children and young people must reflect the spirit and intentions of the UN Convention on the Rights of the Child. The convention states that children are individuals with their own rights that extend into all areas. »

# Education

There have been many developments in equality and the quality of education during the year. Work has commenced on making the Convention on the Rights of the Child and human rights an integral part of the systematic quality management. Pre-schools and schools are two key arenas for establishing good health and equality of health. Equal education and early identification of pupils who need support are important for ensuring that pupils can take advantage of education opportunities regardless of their social and financial circumstances, age, gender and ability.

## Key improvement measures for children and pupils

The proportion of students who qualify for upper secondary vocational education has shown a positive trend for the last three years. However, it is still a challenge that a large proportion of students do not qualify for upper secondary national education when they finish compulsory school. The reading standards of younger pupils have fallen, as have grades in year 6. The proportion of students who gain a diploma in year 3 of upper secondary education has risen, and so has the proportion of students who gain a diploma in subsequent years. There are wide variations in achievement between schools, grade years and genders.

During the year, the education administrations drew up a common digitalisation strategy. In 2020, each provider will develop action plans linked to key areas, such as online support for decision making, adaptive learning materials and skills development.

## Skills provision

The right of children and pupils to equal education opportunities is affected by the availability of staff with qualifications and skills. Skills provision is an important current issue throughout the education sector. There is a shortage of trained childcare workers, pre-school teachers and teachers, so strategies are required to meet future skills requirements. The ability to recruit the skilled staff that are needed for education is hampered by a

national shortage of qualified teachers to provide teaching, as well as trained staff who can assist them. The estimated numbers of new teachers that are needed nationally and in Gothenburg far exceeds the estimated number who will graduate from teaching programmes. The number of applicants for pre-school and single subject teacher training programmes has fallen over the past two years, while applications to primary school teacher training programmes have remained level and applications for supplementary teacher training have risen. As a metropolitan region and university city, Gothenburg is able to recruit staff more easily than many municipalities, but as employers, the education administrations still need to use every available measure to strengthen the appeal of the city. Attracting new employees, reducing losses and developing the skills of existing employees are essential priorities for skills provision.

## Future issues

- » Improve equality of education in the city's pre-schools and schools.
- » Attract skilled and qualified staff against stiff competition.

## Pre-schools

### Clearer responsibility for management and leadership

The administration has begun a wide-reaching process to provide the foundations for systematic planning and monitoring of services. A well-organised forum for dialogue between each level in the management chain will be vital to track results and identify the need for support to meet goals.

### Improved quality of teaching

One challenge that principals faced during the year was to organise work so that pre-school teachers get an opportunity to lead the team, partly because there is such a wide range of skills within pre-school services. Organisational support for principals has been improved in 2019, with the aim of creating equal conditions and giving principals more opportunities to focus on educational leadership, which is expected to improve the achievement of goals.

### Greater equality between pre-schools

A development process was initiated in 2019 to ensure legal and equitable access to pre-school places based on residents' childcare needs. The availability of trained personnel is an essential requirement for offering a high-quality service that

is equitable. There was an uneven distribution of pre-school teachers in the education sector at the start of 2019. During the year, the administration identified and tested some initial approaches for allocating skills more effectively based on needs, but the distribution of pre-school teachers remains uneven at the end of the year. Greater focus must be placed on efforts to utilise skills as effectively as possible in 2020.

### Pre-schools – some key figures

	2017	2018	2019
Net cost (MSEK)	3,958	4,135	4,310
Net cost development (%)	4.3	4.5	4.2
Net cost deviation (%)*	-2.0	-2.8	-
Number of children in pre-school	29,742	29,943	29,432
Percentage in municipal pre-schools	83.0	83.2	83.3
Percentage in independent pre-schools	17.0	16.8	16.7
Demand as percentage of population aged 1–5	84.5	84.3	84.3

\* Percentage deviation between net cost per resident and reference cost as defined in the national financial equalisation system. Positive values indicate higher costs than expected and negative values indicate lower costs than expected. The figure for 2019 will be supplied by Statistics Sweden in May/June 2020.

## Compulsory schooling

### Academic results in compulsory school

The proportion of pupils, especially boys, who do not meet the required reading ability in year 1 is too high. Achievement of goals in mathematics and Swedish as a second language has deteriorated in each year of compulsory school.

The proportion of pupils who achieved the goals in year 6 has fallen since 2017. Girls have achieved better results than boys. The number of pupils qualifying for upper secondary vocational education has increased over the past three years, and this trend is especially noticeable among boys. However, just under a quarter of pupils still do not qualify for upper secondary school. The proportion of pupils who achieved the goals in all subjects in year 9 has increased compared to 2018.

There is considerable variation between schools in the city. The grades for the autumn semester show that, in three schools, more than 85% of pupils achieved the goals in all subjects, while in five

schools, less than 30% of pupils achieved the goals in all subjects. In the city's compulsory special schools a variety of methods are used to assess achievement of goals by pupils and to improve the quality of teaching. For monitoring purposes it is important that special schools use a consistent and legally reliable form of documentation and assessment.

### Improved quality of teaching

Three areas have been identified where improvements are needed in the quality of education. These are knowledge and learning, security and involvement, and quality of teaching. Areas where shortcomings have been highlighted for improvement include security and freedom to study, strategic equality initiatives, pupils' opportunities for influence and involvement, and pupils' attendance. Planned remedial measures include developing an overall picture of pupils' attendance and extending efforts to raise awareness. In order to meet qualification requirements for teachers in compulsory special schools, which will be introduced in 2020,



active measures are being taken to safeguard skills provision. A low proportion of compulsory special school teachers is currently qualified to teach at least one subject.

### Greater equality between schools

One indicator of whether a school is successful in compensating for the diverse abilities of children and pupils to achieve goals is that academic results should not vary depending on the area in which the school is located or the family circumstances of the pupil. Municipal schools in Gothenburg that have a high socio-economic index generally have a lower proportion of qualified teachers than schools whose pupils come from a privileged socio-economic background.

The results show that pupils do not have access to equal education. Academic results are generally better in areas with a high socio-economic status. There are still major challenges, and a central challenge is to improve the conditions for greater equality and address the wide variations in achievement of goals and the number of qualified teachers between schools. The continuing efforts of the Compulsory School Administration will focus on identifying priorities and needs-based measures that arise from these differences in school results.

Against this background it is important to maintain focus on compensatory measures and weigh up whether support and resources should be directed generally or based on the individual needs of schools.

Pupils who attend special schools but spend at least half their time with students who follow the compulsory school curriculum are known as individually integrated. The number of individually integrated pupils in the city has decreased over the past five years and is below the national level. To reverse this trend and increase the number of individually integrated pupils, the principals of compulsory special schools stress the importance of stepping up inclusion efforts in Compulsory School Administration.

### Clearer responsibility for management and leadership

The Compulsory School Administration's new model for systematic quality management requires further development towards a structural and cultural change based on monitoring and analysis through dialogue instead of inspection and reporting. A number of initiatives have been taken with the aim of clarifying and refining responsibilities and roles in the management and support chain.

## Compulsory school and compulsory special needs school – some key figures

	2017	2018	2019
Net cost (MSEK)	6,810	7,256	7,814
Net cost development (%)	7.0	6.5	7.7
Net cost deviation compulsory school and after-school recreation centres (%)*	2.6	1.8	-
<b>Number of Gothenburg pupils in compulsory schools</b>	<b>57,263</b>	<b>58,576</b>	<b>60,091</b>
Percentage in municipal schools	76.8	77	76.8
Percentage in other municipal schools	1.3	1.2	1.1
Percentage in independent schools	21.9	21.8	22.1
<b>Gothenburg pupils in compulsory special needs schools</b>	<b>499</b>	<b>572</b>	<b>626</b>
– of whom individually integrated	70	57	63
Percentage in municipal special needs schools	-	-	97.6
Percentage in other municipal special needs schools	-	-	0.6
Percentage in independent special needs schools	-	-	2.4
<b>Gothenburg pupils in after-school recreation centres</b>	<b>23,029</b>	<b>23,274</b>	<b>23,295</b>
Percentage in municipal after-school recreation centres	83.9	84.5	84.4
Percentage in other municipal after-school recreation centres	0.9	0.9	0.3
Percentage in independent after-school recreation centres	15.2	14.6	15.3
Demand as percentage of population aged 6-9	81.2	81.2	78.6
Demand as percentage of population aged 10-12	15.8	16.1	15.3

\* Percentage deviation between net cost per resident and reference cost as defined in the national financial equalisation system. Positive values indicate higher costs than expected and negative values indicate lower costs than expected. The figure for 2019 will be supplied by Statistics Sweden in May/June 2020.



## Percentage of pupils with a full set of grades in Year 9

Percentage of pupils who have achieved the goals in all subjects		2017	2018	2019
All providers	All	71.7	73.4	72.5
	Girls	74.5	75.6	74.0
	Boys	69.1	71.2	71.1
Municipal schools	All	62.3	66.6	67.2
	Girls	68.4	70.0	70.0
	Boys	57.2	63.3	64.4
Independent schools	All	79.9	83.9	83.8
	Girls	81.9	84.5	82.9
	Boys	77.8	83.3	84.7
Malmö municipal schools	All	61.8	65.4	63.9
Stockholm municipal schools	All	78.4	79.2	80.5
Sweden municipal schools	All	71.8	73.5	73.4
Sweden – all providers	All	74.1	75.6	75.9

## Upper secondary school

### Academic results in upper secondary school

The proportion of students who gained an upper secondary diploma within 3 years has increased by 0.5 percentage points to 80.3% in 2019. The proportion of students (men and women), who graduated from higher education preparatory programmes has risen compared to the previous year. However, the proportion who graduated from vocational programmes was lower than the previous academic year.

The proportion of men who graduated from vocational programmes continued to rise, while the proportion of women fell compared to the previous year. The proportion of students who gained a upper secondary school diploma within three years on national programmes is 75.4%, rising from 73.8% for the previous academic year.

The proportion of students following the upper secondary special school national programme who complete four years rose by seven percentage points to 89%. The proportion of students who go on to daily activities has risen from 42 to 58% compared with the previous year, and the proportion who go on to the labour market has fallen by the same percentage. The proportion who go on to further education remains at the same level as last year, at eight per cent.

### Developments in services

To improve the academic progress of students the administration has focused on the development of peer learning, language development methods and formative assessment. The Swedish School Inspectorate's regular quality review has also identified areas for improvement in the involvement and influence of students, active support from teachers during teaching, security and freedom to study without interruption. Systematic quality management continues to be an area for improvement at the school and provider levels.

The percentage of students who gain a diploma within three years of commencement is an area for improvement identified through quality management. There are large variations between upper secondary schools in the percentage of students who gain a diploma. The reasons for interruptions/drop-outs in studies and failure to graduated within three years need to be analysed in more detail in schools and programmes.

Another area for improvement identified through quality management is school attendance. All programme types have shown positive developments in 2019. The average absence from the city's upper secondary schools was 17.4%, which is an improvement over the previous academic year. Improving school attendance continues to be an area for development, as it affects students' ability to achieve their goals.

## Upper secondary schools and special needs schools – some key figures

	2017	2018	2019
Net cost (MSEK)	1,805	1,930	2,012
Net cost development (%)	9.9	6.9	4.3
Net cost deviation (%)*	-10.5	-8.5	-
Gothenburg pupils in upper secondary schools	17,465	17,587	17,650
Percentage in municipal schools	48	46	44
Percentage in other municipal schools	7	7	7
Percentage in independent schools	45	47	49
Gothenburg pupils in upper secondary special needs schools	322	321	316

\* Percentage deviation between net cost per resident and reference cost as defined in the national financial equalisation system. Positive values indicate higher costs than expected and negative values indicate lower costs than expected. The figure for 2019 will be supplied by Statistics Sweden in May/June 2020.

Academic results upper secondary schools	Gothenburg (municipal schools)		Sweden (municipal schools)	
	2018	2019	2018	2019
Grade average national programmes	14.0	14.2	14.3	14.3
Of which girls	14.5	14.8	-	-
Of which boys	13.6	13.7	-	-
Vocational programmes	12.6	12.8	13.1	13.1
Higher education preparatory programmes	14.7	14.9	14.8	14.9
Percentage of students eligible for university (%)	72.5	74.3	72.3	72.7
Vocational programmes	29.5	31.9	30.3	30.5
Higher education preparatory programmes	92.2	94.1	91.9	92.2
Percentage of students gaining an upper secondary national diploma within 3 years	73.8	75.4	77.1	77.4
Of which girls	74.6	76.5	-	-
Of which boys	72.9	74.2	-	-
Vocational programmes	68.8	67.0	72.9	72.7
Higher education preparatory programmes	75.6	78.5	78.8	79.4

# Individual and family care

Fewer households are dependent on income support, largely due to a strong labour market. There is still a large housing shortage and many people seek assistance to resolve their housing situation. During the year, individual and family care services prepared for incorporation of the UN Convention on the Rights of the Child in Swedish law, which took place on 1 January 2020.

## Key efforts to enable self-support

Income support is the individual and family care measure that reaches most people in the city. The downward trend in costs for income support in recent years continued in 2019. The net cost was SEK 865 million in 2019, which is SEK 79 million less than in 2018. Income support costs decreased in just 15% of Swedish municipalities in 2019.

Almost 15,000 households, on average 9,500 per month, received income support for various lengths of time in 2019. More people were able to support themselves, which is mainly the result of the continued good health of the labour market and the City's targeted efforts. Initiatives aimed at those who are excluded most from the labour market need to be strengthened and coordinated. The key factors for having access to the labour market are health, education and language.

## Fewer households receive income support

The total number of households that received income support fell by 1,300. Households that have received support for more than ten months account for 33% of the reduction.

Children's future opportunities are adversely affected in various areas of life if they grow up in conditions of financial vulnerability. 5,300 children were living in families that received income support in December 2019, a reduction of 12% compared with 2018. During the summer, Liseberg AB invited unaccompanied refugee children from the city's family home and families with long-term reliance on income support on a visit to the amusement park.

In households with children, it was mainly single women who became self-supporting in 2019. Research shows that a mother's relationship with the labour market has a positive impact on children. The experience of their daughters in the labour market is affected most positively. Long-term reliance on income support by mothers from a non-Swedish background has decreased by about 30% in four years. For mothers from a Swedish background the corresponding decrease is 43% over the same period.

The number of young people under the age of 25 who receive income support has fallen by three per cent. Individuals who still receive income support are in greater need of support to access work or education.

## Homelessness

Overcrowding and a lack of housing have reduced opportunities for individuals and families to live independent lives. Addictions and mental ill health are a significant problem, but there is also a group that has no other social problem than a lack of housing (structurally homeless). Most families with children who seek assistance have not had an opportunity to access the housing market. The City of Gothenburg's survey of homelessness in April 2019 showed that the number of homeless people has decreased compared to 2018. A new homelessness plan for the period 2020–2022 is awaiting a political decision.

Homelessness has continued to incur high costs for the City of Gothenburg. The district committees' net cost for social housing has fallen

for the first time since 2011. The net cost for 2019 amounted to SEK 835 million, a reduction of 10% compared with 2018. This is mainly due to a reduction in the number of newly arrived immigrants and family relatives of immigrants, and the fact that many families with children have been given apartments through the homeless families initiative of Förvaltnings AB Framtiden. Factors that are believed to have contributed to the lower costs are a new process for providing emergency support to residents, systematic efforts to assess applications for support, and shorter placement times. Children have been given high priority in the process for providing emergency support.

Development of the *Housing First* approach has continued in response to tackling homelessness.

This means that individuals who are homeless must have their housing situation resolved before they can be expected to deal with other problems, such as addictions. In 2019, housing was found for 49 people as a result of the Housing First approach.

Newly arrived immigrants who are assigned to Gothenburg under the *Reception for Settlement Act* have the opportunity to rent a transitional apartment for four or five years, depending on whether the household just consists of only adults or if it includes children. To reduce the risk of homelessness when the rental contract expires, recent immigrants are offered assistance with managing and finding their own housing.

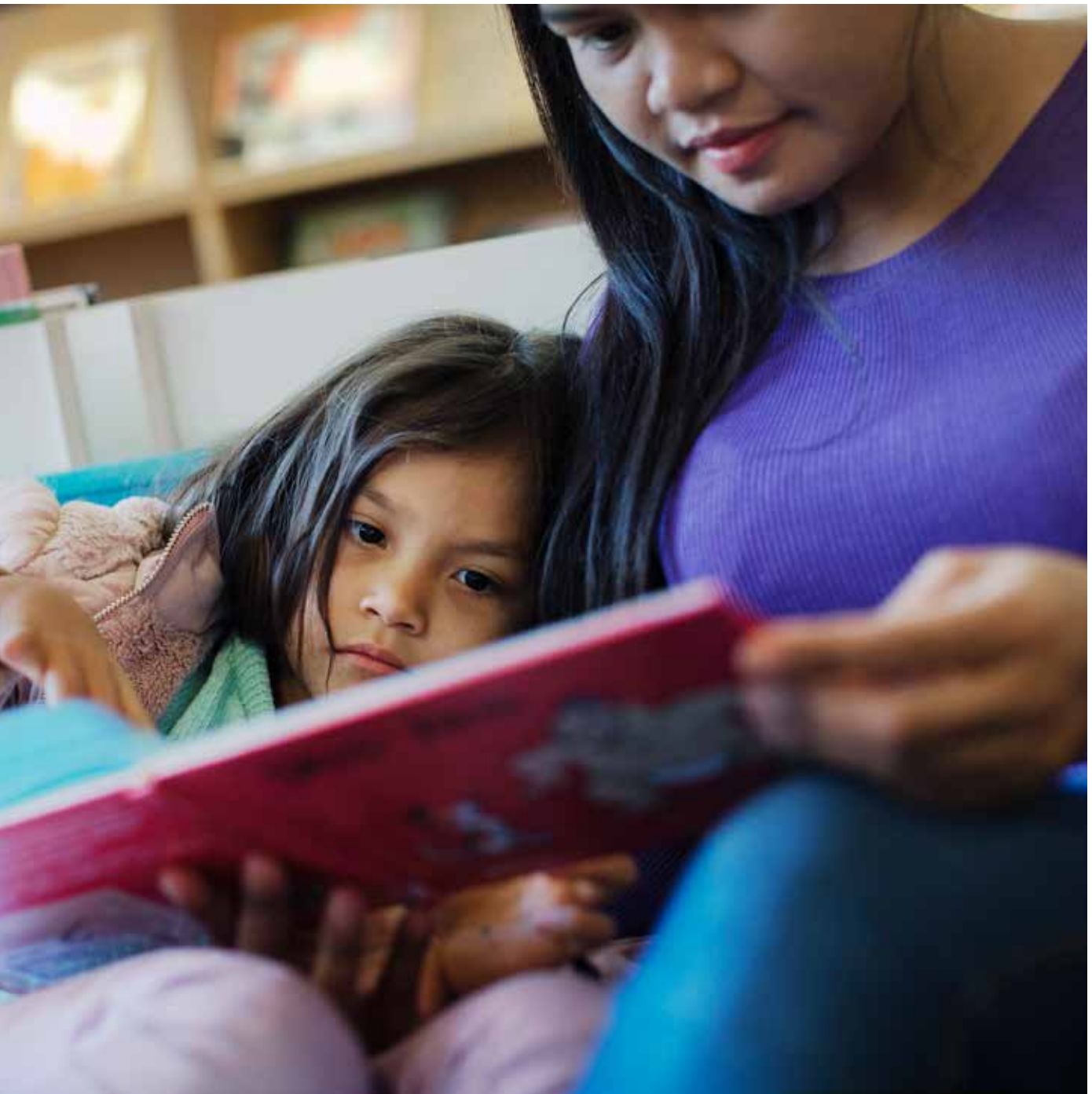


PHOTO: LO BIRGERSSON



## Initiatives for people with addictions

The City of Gothenburg Drug Survey 2019 shows that there are fewer people with serious drug addictions who are completely homeless and that injection abuse is decreasing. The survey also shows that the abuse of cannabis, heroin and other opiates is rising while the abuse of amphetamines is decreasing.

A comparison between Gothenburg, Stockholm and Malmö shows that Gothenburg has the highest mortality among addicts. Gothenburg has a larger proportion of people who are sectioned under legislation to protect addicts. In comparison with Malmö and Stockholm, a higher proportion of individuals in Gothenburg receive housing support without treatment for addiction, and a lower proportion of people receive treatment interventions under the Social Services Act. Efforts are being made to analyse the reasons for this.

The City signed a declaration of intent with Region Västra Götaland in 2019 to create better opportunities for collaboration and the development of joint initiatives and methods for helping people with combinations of drug abuse, addiction and mental illness.

The ACT (ASSERTIVE COMMUNITY TREATMENT) Gothenburg centre was set up on the basis of this declaration of intent. ACT Gothenburg is an integrated service that provides outreach care based on collaboration between the City of Gothenburg and healthcare services.

## Social services for children and young people

The number of reports of mistreatment of children has increased in recent years and in 2019 reported incidents rose by three per cent. Over the past five years the number of reported incidents has increased by a total of 46%. In December 2019 the National Board of Health and Welfare issued an initial report giving national statistics on mistreatment of children and noted a sharp increase over the last ten years.

The committees have worked hard to comply with the statutory requirement that the investigation should be completed within four months. Nevertheless, several committees still have difficulty meeting the legal requirement. Measures to safeguard quality remain a high priority.

The lack of housing for families is a concern and a major challenge for the city.

The number of unaccompanied children and young people awaiting placements has continued

to fall, as the main age groups reach adulthood. The number of unaccompanied children who have been assigned to Gothenburg remains low in 2019.

## Working environment, recruitment and staff retention

Staff turnover among social workers continued to fall in 2019 and more qualified applicants are available for advertised vacancies. Social workers are often recently qualified and issues relating to skills are therefore a high priority. The city has two doctoral students with placements in the Research School in Social Work. The aim is to disseminate expertise in services and promote collaboration with academia. The improved situation is seen as a result of efforts by the district committees and a changing labour market for social workers.

### Some key figures

District committees' population framework	2017	2018	2019
Net cost (MSEK)	3,831	3,873	3,741
Net cost development (%)	4.7	1.1	-3.4
Of which net cost:			
children and young people	1,559	1,557	1,561
adults	953	1,001	967
income support	970	944	865
Other costs	349	371	348
Net cost deviation (%)*	2.9	8.9	-

\* Percentage deviation between net cost per resident and reference cost as defined in the national financial equalisation system. Positive values indicate higher costs than expected and negative values indicate lower costs than expected. The figure for 2019 will be supplied by Statistics Sweden in May/June 2020.

## Future issues

- » Early and coordinated initiatives for children and young people.
- » Improve accessibility and efficiency of social services through digitalisation.
- » Safeguard staffing situation and enhance skills to apply evidence-based best practices.
- » Contribute to social planning to meet housing needs of groups that have problems finding housing.

# Disability services

The City's disability services must help to ensure that people of all ages with disabilities have influence over their lives and can live as independently as possible. During the year, individual and family care services prepared for incorporation of the UN Convention on the Rights of the Child in Swedish law, which took place on 1 January 2020.

## Key improvements to ensure quality of life

Children and young people with disabilities now have better opportunities to take part in active leisure activities as a result of the City's partnership with civil society.

From 1 November, breathing is considered a basic need in the right to assistance. This may mean that more children are entitled to assistance and thus are more likely to stay in their homes.

More Buildings with Special Service (BSS) have been completed and more approvals have been given than in previous years. More individuals, although still a small number, have had the opportunity to move from BSS to housing that allows a greater degree of independence.

## Individual support and services

The disabilities segment of social services includes a public authority remit under the *Act concerning Support and Service for Persons with Certain Disabilities* (LSS) and the *Social Services Act* (SOL), as well as support services for individuals with disabilities. BSS, relief services and housing support are some of these services.

In 2019, an average of 4,300 individuals per month received support under LSS, and 4,500 individuals per month under SOL. This is an increase of 100 individuals who received support under SOL and LSS respectively during the year. Individuals can be given support under one or both acts. More men than women receive support. In 2019, the growth in net costs has slowed somewhat compared to 2018, and the 2.5% increase is largely due to the extension of BSS.

## Involvement and empowerment

Digitalisation and welfare technology play an important part in improving individuals'

opportunities for independence and personal development. Several efforts are underway to expand the digital infrastructure and to improve the digital skills of employees.

Disability services are committed to ongoing training for employees to improve working routines and the use of methods for giving users greater involvement and influence. User audits are a tool for improving quality that give individual users the opportunity to rate the quality of services and influence initiatives and support in various aspects of life.

## Competence and staffing

Continuity and competence are essential elements of staff provision, to ensure that individuals get high-quality support and opportunities for involvement and influence. Disability services is experiencing a considerable shortage of job seekers with the right skills. The City has extensive needs for supplementary training to safeguard basic skills and deliver specialist training in methodology. Development work is underway in several districts to improve staffing levels in services.

## Freedom of choice in daily activities

Freedom of choice in daily activities was introduced with effect from April 2019 under the *Act on System of Choice in the Public Sector* (LOV). This means that individuals who are granted support can choose who provides their daily activities. Around 1,700 individuals, comprising 40% women and 60% men, are covered by the freedom of choice system. When it was introduced, all users were offered the opportunity to choose, and eight per cent chose to switch daily activity. There are 15 private providers in the freedom of choice system. 19% of users carry out daily activities with a private provider, a proportion that is largely the same as

before the freedom of choice system was introduced.

The net costs of the district committees for daily activities have fallen by six per cent in 2019 compared with 2018. The City's services have worked on making changes in 2019 to adapt costs to the level specified in the payment model.

## Work and employment

The focus of the City's services is to provide people with opportunities to support themselves through work. To provide tailored support for people with mental disabilities and/or addiction problems to find work, three of the City's administrations use the evidence-based method of *Individual Placement and Support* (IPS).

The Labour Market and Adult Education Administration works in various ways to give people with disabilities access to the labour market. For example, 50 young people found summer jobs and around 180 individuals received support through the City's skills centres during the year.

## Housing situation

There is a considerable shortage of housing in Gothenburg. This creates a risk that people with disabilities who can look after themselves in regular housing, apply instead for housing through the Buildings with Special Service (BSS) scheme. By 1 October 2019 a total of 1,628 individuals – around 40% women and 60% men, had been approved for BSS.

During the year, 72 individuals were given apartments by the municipal housing companies, which provide apartments for people with disabilities under the F100 agreement. 15 of these people moved from BSS to accommodation that offers a greater degree of independence. A total of 251 people were offered and accepted places in BSS, which is almost twice the figure for 2018. The number of new approvals in 2019 was 193, which represents an increase over previous years. 13 of these approvals were for children and young people.

The number of BSS apartments that were completed in 2019 was 75, which is higher than average for recent years. The planned addition of 250 apartments in 2020–2023 does not meet the estimated demand for 400 apartments. The shortage of housing means that a number of city residents will not have their needs met in the next few years. The shortage of BSS has also led to a large number of short-term placements and the use of other temporary housing solutions.

The rise in net cost for disability services is largely due to the increase in BSS.

## Some key figures

District committees' population framework	2017	2018	2019
Net cost (MSEK)	3,587	3,752	3,846
Net cost development (%)	4.0	4.6	2.5
Net cost deviation LSS (%)*	6.5	6.7	-
Change in staff numbers	0.9	-0.5	-0.9

\* Percentage deviation between net cost per resident and reference cost as defined in the national financial equalisation system. Positive values indicate higher costs than expected and negative values indicate lower costs than expected. The figure for 2019 will be supplied by Statistics Sweden in May/June 2020.

## Future issues

- » Early and coordinated initiatives for children and young people.
- » Attract people into municipal services to ensure skills provision.
- » Meet housing needs.
- » Introduce welfare technology to improve involvement, influence and opportunities for users to be independent.

# Care of the elderly and home medical care

Gothenburg must be an accessible city that offers a good quality of life for the elderly, with plenty of meeting places and a wide choice of activities for senior citizens. Individuals should receive the care and welfare they need to feel safe and to live their lives in the way they wish wherever possible.

## **Age-Friendly Gothenburg is based on the needs, experiences and views of senior citizens**

*Age-Friendly Gothenburg* is a project linked to the World Health Organization's (WHO) global network of *Age-Friendly Cities and Communities*, which includes more than 1,000 towns and cities. About 30 senior future developers have been recruited to voluntarily share their life experiences, knowledge and commitment by running their own initiatives for an age-friendly city.

On UN International Day of Older Persons, on 1 October, the City of Gothenburg held its first rollator race in the Garden Society of Gothenburg. About 220 senior citizens using a variety of walking aids took part in the race, which aims to highlight the need of the elderly for access to the urban environment, and to promote exercise and health in a fun way.

## **Ombudsman for the Elderly gives the elderly a voice**

Since 1 March 2019 the City of Gothenburg has had an Ombudsman for the Elderly. The ombudsman represents all Gothenburg citizens aged 65 and older in a general role. Information about needs, interests and key issues related to living and ageing in the City of Gothenburg is gathered from a long-term perspective. This is done by monitoring research and best practice, and gathering the views of senior citizens, relatives and other representatives. The Ombudsman for the Elderly listens to questions concerning the City's operations and

the various services and environments that the City is responsible for.

The data is analysed in depth throughout the year, and two clear themes emerge from the 550 or so views submitted during the year:

- » The need for effective information and communication in digital and physical forms.
- » Rights when contacting the City's services, on issues such as housing alterations, housing contracts, reporting injuries on public transport and age discrimination in employment.

## **Freedom of choice in home-help services**

Freedom of choice in home-help services was introduced in spring 2018. From 1 January 2019 a permit is required from the Health and Social Care Inspectorate in order to offer home-help services. To become an approved provider, the provider must first meet the requirements set by Gothenburg home-help services.

At the end of 2019, eight private providers were approved, which is four less than in the previous year. About five per cent of users have chosen private providers and a gradual increase is expected.

The range of home-help services from private providers varies depending on where one lives in the city. At the end of the year, the district of Majorna-Linné had 98 users and the largest proportion of users who chose private providers. In Västra Göteborg, where there are few private providers, 11 users chose private providers for their



home-help service. The City of Gothenburg's own home-help service can be chosen throughout the city.

### More freedom of choice possible

The City of Gothenburg has decided to examine the introduction of freedom of choice under the *Act on System of Choice in the Public Sector (LOV)*, for personal support under the *Social Services Act (SOL)*, under the *Act concerning Support and Service for Persons with Certain Disabilities (LSS)*, and in special housing for the elderly. This investigation continued throughout the year and will be presented in 2020.

### Quality of home-help services and housing for the elderly

The City of Gothenburg produces annual reports on the quality of home-help services and housing for the elderly.

The annual user survey shows that the level of satisfaction with home-help services and housing for the elderly is on a par with other major cities, but lower than average for Sweden as a whole. The largest negative deviation from the national average is for home-help services.

There is no significant difference in satisfaction level between women and men.

PHOTO: FRIDA WINTER



The single factor that elderly residents are most satisfied with regarding both home-help services and housing for the elderly is the attentiveness of staff. Other aspects that score highly in both services are safety, confidence in staff and the fact that staff are considerate of requests about how help is provided.

Desirable areas for improvement are having a choice over when staff visit and being notified in advance by staff about temporary changes.

A number of homes for the elderly are certified under the City of Gothenburg's system of standardised working routines.

### Healthcare and medical care

The transition of Region Västra Götaland to *Accessible Care* and the *Act on Collaboration on Discharge from Closed Healthcare and Medical Care* has meant that more people of all ages who are seriously ill can receive care at home. The City of Gothenburg collaborates on common issues with the region and other municipalities in Västra Götaland to provide safe, secure and equal care.

During the year, healthcare and medical care services continued to develop the patient-centred approach so that people who are ill or have disabilities are more involved in the planning and provision of their own care.

### Skills provision – a challenge

Care of the elderly and healthcare and medical care services are finding it difficult to recruit and retain staff with the necessary skills. Turnover among nurses remains at a high level, which makes it difficult to retain staff with the skills needed in municipal healthcare and medical care. A joint project was conducted across the city during the year to safeguard the provision of skills. A new recruitment scheme, entitled *A way in for nurses*, has been developed and will be implemented in 2020.

Changes in working methods, new professional roles and the adoption of new technology in services are required in order to meet skills provision needs.

### Vital role for digitalisation in improving services

Home-help services took a major step towards digitalisation during the year that requires changes in working routines. Home-help staff have been given mobile phones to enable a more mobile approach to working. The introduction was hampered by a number of technical problems and highlighted some pre-existing shortcomings. Overall this had a

negative impact on the working conditions of staff. The Swedish Work Environment Authority has called for improvements in working equipment, including a system that enables staff to include travel time in their schedules and the clarification of “ancillary duties”, as well as time being set aside for such duties. Once these shortcomings have been rectified it should make day-to-day work easier, as staff will be able to use their phones to access their schedules, patient documents, map features, etc. The measures taken must be reported to the Swedish Work Environment Authority by 1 May 2020.

### Some key figures

Population framework	2017	2018	2019
Net cost care of the elderly (MSEK)*	4,701	4,850	5,002
Net cost development care of the elderly (%)	3.5	3.2	3.1
Net cost deviation care of the elderly (%)**	2.5	4.5	-
Net cost home medical care (MSEK)***	473	514	548
Net cost development home medical care (%)	1.7	8.7	6.6
People receiving home-help services (average/month)	8,269	8,079	8,203
People in housing for elderly excl. short-term (average/month)	4,009	4,023	4,023

\* Including home medical care for people over 65.

\*\* Percentage deviation between net cost per resident and reference cost as defined in the national financial equalisation system. Positive values indicate higher costs than expected and negative values indicate lower costs than expected. The figure for 2019 will be supplied by Statistics Sweden in May/June 2020.

\*\*\* Home medical care for all ages.

## Future issues

- » Improve skills provision through new professional roles and updated working methods.
- » Implement and take advantage of the potential of digitalisation.
- » Accessible Care plan between Region Västra Götaland and municipalities in Västra Götaland.

# Culture and leisure

Libraries, cultural and leisure facilities and meeting places attract many new visitors to the city. Outreach initiatives and new partnerships allow under-represented groups to be reached, which is a vital part of efforts to create an equal city. The participation initiative *The city where we read to our children* brought publicity to the city as a finalist in the internationally acclaimed *Wellbeing City Award 2019*.

Preparations for the City of Gothenburg's 400-year anniversary in 2021 became increasingly visible in the city. Centenary Park in Frihamnen is a test bed for some of the many suggestions made by residents of Gothenburg citizens for how they want to celebrate the city and see it develop. Swimming in the river, a public sauna and activity spaces have all been trialled in partnership with civil society, with a clear focus on accessibility and young influence. The City Council approved an investment budget for Centenary Park during the year, as well as a budget for the anniversary year. The anniversary preparations involve close collaboration between the city and businesses, civil society and the Academy for Innovation and Development.

## Exhibitions and outreach at museums

Pablo Picasso's work *Family of Acrobats with Monkey* was exhibited in Basel and Paris and drew close to a million visitors. The work returned to Gothenburg Museum of Art and was displayed in a well-attended exhibition during autumn. The City Council has approved the transformation of Gothenburg Museum of Art into a modern, energy-efficient museum of international standard.

Ten temporary exhibitions opened at the city's museums in 2019. All were well-attended and received media publicity. All the City of Gothenburg's museums now hold showings for visitors with impaired hearing and sight, as well as showings in simple Swedish and special programmes for people with dementia. The museums had fewer visits from children and young people in 2019, mainly because the Maritime Museum & Aquarium was closed. Another reason is that the museums and art exhibitions have chosen to focus outreach activities in areas that attract a low number of visitors. This

work demands considerable resources and attracts new visitors rather than large numbers of visitors. One result of these outreach efforts is that one in four classes that received an outreach museum lesson or project subsequently visited the museum.

## Fewer young people are active members of associations

The number of young people in the age group 7–25 who are members of associations that receive grants from the City is falling. In 2018 this figure was 73%, and in 2019 it dropped to 69%. The largest reduction occurred among boys. The Sports and Associations Administration also notes that associations still find it difficult to recruit leaders, especially in the socio-economically vulnerable districts. Segregation and relative child poverty aggravate conditions for associations in some parts of the city compared to others. Initiatives taken to reach groups that participate less in associations include activity taster sessions, collaboration with schools, targeted support for collaboration projects between associations in socio-economically vulnerable districts, and initiatives aimed at groups with disabilities.

An outreach initiative that challenges norms was developed during the year in order to make associations more inclusive. Associations have been offered training in inclusive sports and LGBTQ issues in collaboration with SISU and West Pride. Three associations have been LGBTQ certified following approval of development grants.

## Meeting places where young people can be active and find purpose

Out of almost 400,000 young people who attended youth activities and after-school recreation





PHOTO: LO BIRGERSSON

centres, 40% say they are not active members of associations and 17% that they have a disability. Roughly equal numbers of boys and girls answered the questionnaire, but the proportions varied between meeting places and activities. A number of recreational activities are LGBTQ certified and the city also has special meeting places and activities for LGBTQ young people. The district administrations' leisure services carry out systematic quality management through a network of fifty member municipalities. Half of the time spent on activities at these meeting places was organised by young people themselves, which is twice the average for the network. The City's services also exceeded the goals of the network for security, hospitality and participation.

Leisure services and culture schools took active steps to include young people with disabilities in their existing activities during the year. One example is extensive collaboration with the Passalen association, which developed a model known as Integrated Arena. A total of 632 activities were arranged for 2,884 participants (486 unique participants) at meeting places and exercise facilities in collaboration with the district administrations and the Sports and Associations Administration. A survey of the results reveals that participants gained

more confidence in their own ability, felt more independent and built new social relationships.

With government support, the City of Gothenburg organised summer holiday activities during the period 2016–2019. A total of 280,000 young people in the age group 6–15 took part in one or more of the 8,000 activities. In an interview survey, young Gothenburg citizens and their guardians report that the summer activities enabled them to try out new things, make new friends and become more familiar with the city and its surroundings.

### **Facilities opened during the year**

Following extensive renovations, Hammarbadet swimming pool re-opened in May. In September the gym was also opened, and is now equipped with lighter weights so that it appeals to new groups of users. The facility was very popular in autumn and the low-intensity workouts were fully subscribed.

The city's first permanent obstacle course was opened in Kvibergs Park in September. The obstacles are designed so that as many people as possible, regardless of age and ability, can train and exercise together. During the year, new facilities for spontaneous sports were developed in areas of the city where there is a priority need to improve equality.



## Performing arts that promote diversity

*Gothenburg Culture Festival* presented 747 events for a total of 750,000 visitors. The annual festival offers all residents of Gothenburg a diverse range of arts and cultural experiences with free admission for all ages. *Gothenburg Culture Festival* was held a week earlier than usual so that it would coincide with the *European Choir Games*, during which 6,000 choir singers from all over the world participated in 93 events. However, the earlier date limited the number of cultural organisers and other partners who could take part in the festival, as well as the number of visitors, which fell by 50%. In 2020, the festival will once again be held in the regular week.

Performances at Stadsteatern's Stora Scen stage had slightly lower ticket sales than expected, while attendance was good at the smaller stages, Studion and Lilla Scen. Backa Teater and Stora Teatern saw an increase in visitor numbers. Backa Teater has expanded its partnership with the districts to give new visitors an opportunity to sample a theatre performance. In addition to Östra Göteborg, this partnership has also been extended to Norra Biskopsgården and Tynnered. Stadsteatern has been working on preparations for the upcoming remodelling of the building, which will include a permanent Lilla Scen stage and improvements to public spaces.

## Don't guess what we think – ask us instead!

The UN Convention on the Rights of the Child celebrated its 30th anniversary on 20 November, and the Youth Council marked the occasion with a debate on children's rights attended by a hundred invited officials and politicians. The message of the dialogue was: *Don't guess what we think – ask us instead!* Before the Convention on the Rights of the Child becomes law, the City's administrations have identified a series of challenges such as conflicts between goals as the city becomes more densified, lack of time for decision-making, and inadequate financial resources. One big challenge is to safeguard the involvement and influence of young people on issues that concern them.

## Libraries offer a valuable service that is used by many residents

During the year, the 25 district libraries and Kåken cultural centre were transferred to the Cultural Affairs Committee, in an effort to support equality in library services and gain the benefits of coordination. The libraries are the most visited cultural facilities in the city, with 4.2 million visits in 2019 and 3.8 million media loans. The number of visits is

unchanged since last year, although library users are increasingly using digital services. The library app is used by more and more people, and allows many tasks to be completed without visiting a library. The overall number of loans is falling, but figures are rising in libraries that have introduced extended opening hours.

Gothenburg rallies behind equality. The city's inspiring initiative *The city where we read to our children* is part of a commitment to language and literacy efforts for all children throughout their upbringing. Under the *Book Launch* project, library staff visited the homes of 350 families with newborn children in selected areas during the year, offering gifts of books and guidance on the role of parents in children's early language development. The Cultural Affairs Administration also collaborates with the Administration for Allocation of Social Welfare to provide guidance for socio-economically vulnerable groups, reading circles for homeless women, language cafés for recent immigrants, EU direct offices and information for entrepreneurs in various languages.

## Guests/visitors

Thousands	2017	2018	2019
Letting of sports facilities (pitches and halls, hours)	307	290	307
Guest nights at sports tournaments	270	254	260
Swimming pools	1,103	1,395	983
Theatres	222	181	197
of which children	28	22	23
Libraries	4,379	4,219	4,167
Museums	673	531	537
of which children	186	146	110
Summer holiday activities	80	79	59

The number of visits to swimming pools decreased during the year. Free swimming for children and young people was withdrawn in June. Several swimming pools were also closed for long periods of the year.

## Future issues

- » Develop collaboration with civil society and trade & industry.
- » Create venues and arenas for culture, leisure and inter-generational meetings.

# Building and housing

Gothenburg is an attractive city, which means there are challenges in finding space for everyone who wants to live and work here. Similar trends in other regions are tapering off, but in Gothenburg the pressure on urban development remains high and the pace of building has risen.

## **Making the city safer and more accessible**

The City has extended its collaboration with the police force during the year. One result of the City's development efforts in partnership with residents is that the police no longer define Gårdsten as a high-risk area. Two measures that have been successful are giving residents opportunities to get involved in their own districts and offering a number of residents jobs in their own neighbourhoods. This year's questionnaire on public housing attracted a record number of responses and showed a higher level of satisfaction. One good result is that Bergsjön gained the highest rating for security.

The built environment is very important for people's well-being, health and everyday lives. The City is taking steps to improve security and safety and promote accessibility through several of its service areas. Brunnsparken is being redeveloped, and the refurbishment of Bergsjöbadet swimming pool, Gårdsåsmossen in Bergsjön and Värvåderstorget have all been completed. Pilot projects are underway to create outdoors spaces that foster equality and equal opportunities. Examples include playgrounds and swimming pools that are more accessible to children and the elderly, and people with disabilities.

The city's public spaces are used for events, celebrations, nature education and more, creating spaces for people to meet in the city. A *Children's Greenhouse* event was held throughout September for 6–9-year-olds in the Garden Society of Gothenburg to mark the 30th anniversary of the UN Convention on the Rights of the Child. Its aim was raise awareness of the benefits and opportunities of the city's parks in a playful, educational way. The event attracted just over 12,000 visitors.

## **Building the city**

Housing construction is declining across Sweden, but in Gothenburg it has steadily increased in recent years. Almost 4,400 new homes were built in 2019, which is the largest number since the Million Programme of the 1960s and 70s. At the turn of the year, 8,200 homes were under construction. This is the first time in 15 years that housing construction has matched population growth, and in terms of the number of dwellings alone, the shortfall has remained static during the year. More public housing has also been built this year than in many previous years. Nevertheless, the average waiting time for housing from the municipally owned Boplats housing company has risen to approximately 6.5 years. There are currently around 55,000 homes at the planning and construction stages, and the City has focused efforts on ensuring these are completed. The number of completed homes is dependent on construction companies building the planned homes.

The *BoStad2021* project, in partnership between the City and housebuilders, entered the implementation phase during the year. Construction has begun on more than half the homes, and in spring 2019 the first project was completed, providing 63 student apartments on Volrat Thamsgatan. Lessons learned from development projects such as *BoStad2021* will be used to advantage in other city-wide projects.

Housing construction creates demand for facilities such as pre-schools, schools, sports halls and housing for the elderly. This demand has been neglected in recent years. The City has therefore examined overall needs and identified priorities for meeting this demand through measures that include a premises supply plan. Long-term efforts



PHOTO: FRIDA WINTER

are needed to create a diverse city with accessible resources that meet municipal needs. One successful approach to creating sustainable living environments has been to focus on the children's perspective, as this leads to early and often preventative initiatives that can benefit all ages. This may, for example, entail setting aside land for healthy play and learning spaces.

Demand for commercial space from the business sector remains high. The City began a survey to identify more sites close to existing development areas during the year, but commercial land is still in short supply.

### **Housing for groups that are excluded from the housing market**

Despite a historically high level of housing construction, there is still a housing shortage, and this particularly affects groups that the Municipality is responsible for. The new housing supply programme will focus on the elderly, homeless, recent immigrants and people with disabilities. To counter homelessness, efforts are needed to improve the general availability of housing. The number of homeless households in Gothenburg is at its lowest level in several years. The number has fallen from 3,300 in 2015, to just over 3,000 homeless households today, comprising 3,500 adults and 1,500 children.

During the year, a total of 400 new households were given leases sub-let by the Municipality. 314 households were able to take over their leases. Approximately 70% of the sub-let municipal leases are converted to first-hand leases after 18 months.

To provide more housing options for the elderly, the City offers secure municipal housing. The number of sheltered apartments rose by 109 during the year and there are now around 740 sheltered housing apartments.

### **Urban development**

Consultations on a new general plan and more detailed plans for central Gothenburg and Frölunda-Högsbo took place in spring. The general plan provides municipal guidance on land use and indicates the desired focus of urban development.

Local plans were approved during the year for the West Link (Västlänken) stations at Haga and Korsvägen, for hotel and amusement park extensions at Liseberg, for the densification of Volvo's offices, and for development and testing facilities in Lundby. Construction work began on housing, offices and retail premises around Järntorget. Karlavagnstornet tower block is under construction along with the surrounding urban development site near Lindholmshamnen. A new district building, commercial building, multi-storey car park and a boathouse were completed in Selma Stad in autumn 2019.

### **A robust city in a changing climate**

To manage flood risks, the City has developed what is known as a themed addendum to the general plan. This addendum sets out important requirements for dealing with flood risks that could result from densification and development. The City has started planning and coordinating resources to construct river embankment

protection and handle heavy rainfall. The main challenges the City has identified in responding to climate change are unclear responsibilities for property, the development of financial models and an acceptable development plan. Work has begun on river embankment protection at Packhuskajen, and plans for handling heavy rainfall have been completed for Opalatorget and Gamlestan. The City is also a member of the Gothenburg Region climate adaptation network, which has now also enlisted a council of experts.

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### Outstanding buildings

Gothenburg crematorium has received the *Architects Sweden Västra Götaland Prize for Architecture* for its sense of peace, use of materials and fine detailing. The crematorium had previously won the *Per and Alma Olsson Award for the Best Building of the Year 2018* and the award of *Architecture of the Year 2019* from *Rum* magazine.

The Viva housing association development in Guldheden, developed by Riksbyggen, was voted the best building of 2019 in Gothenburg. The jury commented that the development demonstrated a natural progression in public housing construction and complemented the built environment of Guldheden.

### Development work in the city

The City is experimenting with new forms of urban development, such as giving open access to the city's geodata, creating a digital clone of the city for analysis, a number of pilot plans that are run with input from developers, and a new cultural impact analysis tool that was tested when preparing plans for Biskopsgården. Other developments include improved access to customer service at the City Planning Authority, which assisted around 33,500 customers during the year.

## Future issues

- » Create housing for groups that are excluded from the housing market.
- » Meet the various needs of the city while maintaining the pace of housing construction.
- » Adapt the city to the effects of climate change.

### Number of planned homes

Homes in	2015	2016	2017	2018	2019
Started local plans	10,750	2,600	1,685	2,360	2,566
Adopted/approved local plans	3,450	3,735	11,337	6,389	1,282
Land allocations	2,950	4,500	4,183	3,610	750

### Number of completed homes

Year	New-build	Renovation	Total
2015	2,298	255	2,553
2016	2,401	279	2,680
2017	2,027	174	2,201
2018	2,747	421	3,168
2019	4,194	163	4,357



# Transport

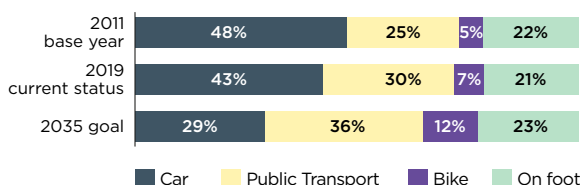
Gothenburg is in the middle of a massive development programme and the infrastructure projects that are currently underway will shape the new city. A transition to sustainable transport is essential to build the sustainable city of the future.

## Key improvements for sustainable travel

In order to make travel more sustainable, more and more people need to walk, cycle or use public transport, while car travel must decrease. Since measurements began in 2011, use of public transport has grown by about 33% and cycling has increased by around 45%. Walking and travelling by car have only changed marginally. To meet the goals of the traffic strategy by 2035, the transition to sustainable travel must be accelerated. The City is therefore taking measures to make it easier to walk, cycle and use public transport.

Commuter bike lanes were created in east Gothenburg in 2019, together with 535 new bike parking spaces. Several measures have also been taken to create a more integrated and finely branched network. To improve the appeal of public transport the City has worked with Västtrafik on providing mobility services that connect different modes of transport. Parkeringsbolaget has developed the p app that allows commuters to buy Västtrafik tickets from their mobiles, while the *Cykelstaden* (Bike City) app helps commuters to plan journeys that combine different modes of transport. To make it easier for motorists to travel by public transport, 300 park-and-ride spaces were created in 13 parking areas in 2019. In collaboration with Region Västra Götaland, the City has developed a plan for the development of public transport over the period 2020–2024.

## Share of each form of transport



## Accessibility in the city

Accessibility in central Gothenburg will be limited for several years due to ongoing construction projects. Many efforts are being made to make life easier for residents, visitors and business during construction. One example is an increase in bus services, which requires changes to areas around bus stops as well as modifications for electric vehicles. In 2019, the 59, 60 and 62 bus routes were electrified and charging stations were built at the Masthugget and Redbergsplatsen terminals. A total of 25 electric buses are now in service. A number of wheelchair accessible bus stops have been added to meet the need for public transport for everyone.

Connecting the city across natural barriers is an important task. A survey of subsidised ferry services was conducted in 2019 and showed that only one in five cyclists and just over half of pedestrians would use the ferry if it was not free.

## Developments for the future

Several development projects are underway in Gothenburg with the aim of promoting sustainable travel. *ElectriCity* is a partnership between industry, research and society to promote electric transport that has led the City and regional stakeholders to introduce new technology for electric buses.

POLIS is an EU network for cities, organisations and business to share their knowledge of innovative technology solutions in local transport. In November, Gothenburg was elected chair of the network, and the chairman of the Road Traffic Committee wrote *The New Paradigm for Safe City Streets* as part of a European call to improve road safety. The aim of this measure is to raise the priority of traffic safety issues and contribute to increased road safety, especially for pedestrians and cyclists.



PHOTO: SUPERSTUDIO

## A safe and secure city

The city must be an attractive and safe place for everyone to visit and move around. Measures to safeguard the city include the installation of cameras in tram tunnels. Following police recommendations, the City has implemented a number of safety measures in the form of 24 heavy barriers and four sets of security bollards on pedestrian streets in the city.

The main measure used to make streets safer is to reduce maximum vehicle speed to 30 kph. This measure is intended to prevent or mitigate the consequences of the most serious accidents – between unprotected road users and vehicles.

The City stepped up its efforts to remove bikes that were abandoned or parked unsuitably during the year. This improves traffic safety and accessibility for those who use their bikes regularly, as well as making the urban environment more appealing.

## Special transport services

Service Travel provides passenger travel such as special transport services for individuals who find it difficult to travel on their own. A total of 655,000 special transport journeys were made in 2019. In April, the Road Traffic Committee took over responsibility from the district committees for travel to and from daily activities.

## Major transport projects

In addition to the construction of the West Link, several major projects were underway in 2019, including the covering of the E45 highway at the northern exit from the Götatunnel and Hisingsbron and Vasabron bridges.

One of Sweden's best preserved Art Nouveau bridges, Vasabron, was reopened this summer following extensive renovation. Great care has been taken to preserve the bronze work, while strengthening the structure and making it safer.

Hisingsbron bridge will replace the current Götaälvbron river crossing, which has a limited

service life. The new Hisingsbron bridge is expected to be open for road traffic in winter/spring 2020–2021, and for rail traffic in summer 2021. Following an initial delay, a large part of the steelwork for the bridge structure is now in place. Assembly has gone better than planned, but there are still many elements that could involve delays.

In October, the results of an examination of alternative designs for a cable car line across the river were presented. The Road Traffic Committee decided unanimously to discontinue the project and the matter has now been passed to the City Council for a decision.

## Freight transport

Gothenburg is a transport hub, and as the largest port in Scandinavia there are considerable demands on the freight system. As growth in trade and industry coincides with the redevelopment and expansion of the city it places massive demands on the accessibility of freight transport to the port of Gothenburg. The same applies to the distribution of goods to businesses in the city centre and those around the city. City Deliveries is a service offered by the City to relieve heavy transport from the inner city.

## Future issues

- » Build an accessible city with sustainable transport solutions.
- » Digitalisation, electrification and automation of the transport system.
- » Maintain the appeal of urban living as e-commerce and home delivery of goods increase.

# Climate and environment

The City of Gothenburg leads the way in sustainability initiatives. For the fourth year in a row, Gothenburg has been ranked as the world's most sustainable destination for meetings and events in the *Global Destination Sustainability Index*. Renova's plug-in electric refuse truck received an award at the annual recycling gala for its major contribution to waste treatment in the future. The City also received an environmental goals prize from the Swedish Environmental Protection Agency for its efforts to reduce the amount of waste generated in housing for the elderly, pre-schools and catering kitchens, etc.

## Environmental management

Extensive work is underway in the city to develop a new environmental and climate programme based on an assignment from the City Council. Work has also continued on drawing up a proposed system of environmental management for the city.

The new climate programme and environmental management system are expected to be completed in 2020. Several targets of the programme centre on environments for children and public health.

## Climate and energy

The City Council has decided that the City's own fleet of vehicles must be fossil-free by 2023. Vehicles that run on fossil fuels are being phased out at an increasing rate. For the purchasing organisation, the first stage in this process is to focus on purchases of cars and vans.

The City invests in solar energy in several different ways and locations. These include installing solar panel arrays and identifying suitable roofs for installations. By the end of 2019, the City Premises Administration had installed 35 solar panel arrays on existing roofs and nine arrays during new-builds. The total installed power rating is now 4.1 MW, giving an annual capacity of approximately 4,100 MWh.

The *EU Fossil-free Energy Districts (FED)* project was completed during the year. The project is an innovative initiative by the City of Gothenburg

to reduce energy use and fossil fuel dependence in properties. A unique local trading site for electricity, district heating and district cooling has been developed on the Chalmers university campus in collaboration with nine partners.

The City's district heating network had almost 100 reported leaks this year, which is higher than normal. The network is getting old now and maintenance needs will increase over coming years. In 2019, the operating conditions for energy generation by Göteborg Energi were changed. The City Council decided that the Rosenlundsverken generating plant should be phased out in 2020–2045. The government decided to change the taxation system for cogeneration plants that use fossil fuels, which has a big effect on the profitability of Rya cogeneration plant. New environmental permits must be approved before the Rya plant can switch to generating heat from biogas, as planned.

## Air quality

Air quality in the city is important for the development of the city. Levels of nitrogen dioxide in central Gothenburg are still too high to meet environmental quality standards. However, the city did meet environmental quality standards for particles (PM<sub>10</sub>) and fine particles (PM<sub>2.5</sub>) for the thirteenth year in a row. Road traffic is the main source of emissions. Clean air is important for public health, and children are especially vulnerable.



## Nature

The City Council approved programmes for biodiversity and ecosystem services for the period 2019–2035. Five of the local environmental goals have a particularly close link to biodiversity.

As part of efforts to improve ecological values and meet environmental goals in Gothenburg, the Parks and Landscape Administration has implemented various measures, including controlled burning in Orremossen in Vättlefjäll, and the restoration and creation of wetlands in areas such as Hisingsparken, Amundön, Ganlet and Delsjöområdet.

## Water and sewage

2019 was a wet year; rainfall in spring and autumn was higher than normal, leading to flooding of many basements and large volume of surplus water to process at Rya sewage treatment plant. Water and sewage treatment services nevertheless met all environmental requirements by a clear margin. Gryaab treated 141 million cubic metres of water (123 million in 2018) at the Ryaverket plant and produced 53,568 tonnes of sludge. 31,100 tonnes of this sludge were approved for agricultural use under Revaq certification. The remaining sludge was composted.

Leakage from drinking water supply pipes has decreased by just over 10% compared with 2018 as a result of more resources for active leak detection, renewal of main supply pipes and measures to improve the isolation and repair of leaks.

In Gothenburg and especially central areas of the city, some water supplies do not meet environmental quality standards. These are legally binding and the City must ensure the quality of water supplies by 2027 at the latest. The City Executive Board has instructed the City to develop an action plan for good water quality.

## Waste

Gothenburg's residual waste decreased by just over two per cent compared with the previous year. Waste volumes have been reduced for several years, but the reduction in 2019 is the largest since 2013. The health of the economy, consumption patterns and recycling are factors that affect quantities most.

In contrast, the volume of bulk waste and number of visits to recycling centres have increased. During the year, the Eco-cycle and Water Administration conducted several trials of new services to make recycling easier for residents, including a recycling centre on a barge, a bulk waste collection service, and neighbourhood recycling of packaging

PHOTO: FRIDA WINTER





and newspapers in dual-compartment bins. All three trials will continue in various forms in 2020.

Renova has been granted a new permit to expand the landfill site at Tagene. The permit applies to landfill of clean and lightly contaminated pulp. Work on constructing the new landfill site continued in 2019 and the first waste is expected to be deposited at the site in 2020.

### Food and waste in schools, medical care and social care

As a result of preventive measures by the Eco-cycle and Water Administration some 520 kitchens have cut food waste by 50% within two years, 55 homes for the elderly have reduced waste by 20% and a pre-school reduced its use of disposable items by 70%. The Gothenburg model to combat food waste has received a lot of publicity and has even reached Brazil, where a group of researchers want to use the model as a template for similar work in Sao Paolo. During Climate-Smart Week, schools and pre-schools took part in a week-long project to reduce the climate impact of meals, and kitchens adapted their menus to reduce carbon dioxide emissions.

### Environmental inspection and food inspection

The Environment Administration carried out a total of 6,011 food inspections in 2019, an increase of 3.6% compared to 2018. Food inspections and environmental inspections gained high ratings in the Insight customer survey.

### Chemicals

More than 75% of the City's administrations and companies have completed or almost completed

phasing out products that contain the most harmful substances. The City's services have also made good progress in listing the chemical products they use. This work is conducted according to the City's chemicals plan, which focuses on children.

### WinWin Gothenburg Sustainability Award

*WinWin Gothenburg Sustainability Award* is a non-profit association funded by the City of Gothenburg, Region Västra Götaland and 11 other member organisations and companies. The winners are chosen by an independent jury. In 2019, Arash Derambarsh from France won the award for his efforts to reduce food waste. He has persuaded the French government to pass a law banning French supermarkets and restaurants from throwing away useful food. The *WinWin Youth Award 2019* was won by three students from Lindholmens Tekniska Gymnasium for their project *Algae – food for a sustainable tomorrow*.

## Future issues

- » Meet the goals of the Paris Agreement at local level.
- » Create and preserve biodiversity, ecosystem services and healthy living environments for people as the city develops and changes.
- » Meet environmental quality standards for water supplies by 2027.

### Production of renewable energy

Supplied capacity, GWh	Outcome 2017	Outcome 2018	Outcome 2019
District heating	3,511	3,562	3,343
Solar and wind power*	124	65	72
Renewable cogenerated electricity	-	36	41

\* Figure includes renewable cogenerated heat. Reported separately since 2018.

### Green construction

Per cent	2015	2016	2017	2018	2019
Number of homes completed on allocated land under the green construction programme	80	73	95	93	95

101 homes north of the Frölunda Kulturhus leisure complex which had land allocated in 2006 without MAB requirements and which were completed in 2019 mean that the total is less than 100%.

# Adult education and labour market initiatives

The City has continued to support individuals who are excluded from the labour market by providing training initiatives and job matching. During the year, the four skills centres in the city worked on coordinating labour market initiatives by giving guidance to users on adult education opportunities.

The target group for adult education is larger and has a different make-up than in previous years. It includes a higher proportion of people whose first language is not Swedish, young people who have often failed in school previously and more individuals who need various forms of special support.

Measures to improve attendance and ensure that users complete their studies and achieve satisfactory grades are continuously being developed.

To improve the Swedish For Immigrants (SFI) programme, training in language support and supplementary training that can be combined with work have been developed. The aim is to combine SFI with work experience and/or vocational training.

In recent years the target group of the Lärvox education system, for adults with learning difficulties, has changed. Almost half of students do not now have Swedish as their first language. In response, the administration included SFI in the Lärvox education system in 2019. The number of students at Lärvox continued to decline in 2019.

## Labour market

The labour market in Gothenburg has remained healthy for several years. Its continued development is partially hindered by a mismatch in skills. Despite the high demand for labour, certain groups of unemployed people in vulnerable situations are excluded from the labour market. They include people without upper secondary education, with

disabilities that limit their ability to work, those born outside Europe and those in the age group 55–64. These groups make up almost 75% of the total number of job seekers, of which about half are born outside Europe. The majority meet at least two of the criteria that typically lead to exclusion from the labour market. Women from outside Europe who receive income support often have a lower level of education, lower proficiency in Swedish and hence less experience in the labour market.

The City takes active steps to offer education and support in finding work. Job seekers receive support to improve skills through the skills centres and the Centre for Labour Market Employment. Important partnerships were established in 2019 through Jobbspår (Job Track), with the municipal housing companies in Framtidskoncernen, and with Renova.

The assignment of the Labour Market and Adult Education Administration requires collaboration with private and public employers and other authorities, through the Gothenburg Coordination Association and other organisations. An agreement also enables collaboration with the Swedish Public Employment Service.

Combinations of vocational training and language support for users of skills centres, together with basic teacher-led IT training, were developed in 2019.

Initiatives have been taken to improve the skills of individuals before they take up labour market employment, and the proportion who move on to work or study has risen by 100% following these measures.

More than 1,800 people were enrolled in the city's skills centres during the year, a rise of 15% over the previous year. Out of those enrolled, 48% were men and 52% were women. 52% of the participants have gone on to work or study. 57% of those who found work are men.

Summer jobs for young people are often their first contact with the labour market and an opportunity for the city to show how meaningful it is to work in the welfare sector, and thus influence future career choices. During the year, 1,850 upper secondary school students and about 1,000 pupils in years 7–9 found summer jobs through the City of Gothenburg. Each year, Liseberg also offers summer jobs in the theme park.

### Key measures to increase employment

Completing studies and succeeding are essential for the integration of groups who are socio-economically disadvantaged or have little or no experience of work or studying. The percentage of drop-outs from basic Swedish studies is 60%. Drop-outs from SFI were 20% in 2019. The skills centres refer 37% of participants back to the districts because they are considered unable to benefit from the service. Drop-outs from SFI and basic Swedish studies need further analysis.

### Adult education – some key figures

	2017	2018	2019
Net cost (MSEK)	467	485	497
Net cost development (%)	25.5	3.9	2.4
Number of full-year places purchased	12,810	13,213	12,949
of which basic adult education	1,463	1,596	1,713
of which upper secondary adult education	4,577	4,479	4,310
of which special education for adults	53	58	54
of which Swedish For Immigrants (SFI)	6,717	7,080	6,872

## Future issues

- » Structured guidance and fewer drop-outs from studies.
- » Tackle complaints that employers plans are hampered by a shortage of suitable skills in the labour market.
- » Increase the number of people who complete SFI and basic training in Swedish.
- » Changes in the Swedish Public Employment Service and effects on the city.



PHOTO: FRIDA WINTER

# Business and tourism

The Gothenburg Region has experienced strong growth, with rising employment and a record year for the visitor industry. The City's companies contribute to this growth: Göteborgs Hamn AB, through its strategic investments to increase capacity in freight handling and rail freight; and Business Region Göteborg AB and Göteborg & Co AB, through their missions to help create the conditions for growth in business and the visitor industry, respectively.

## Business

Despite a clear slowdown in the Swedish economy in 2019, the impact on the Gothenburg Region has been lower than expected. Employment has risen by 2.4%, which is four times more than the rest of the country. One key reason is that we have a diversified business sector with a high proportion of export companies.

Industry, especially the automotive sector, is undergoing wide-reaching changes as a result of the transition to increased electrification and digitalisation. Business Region Gothenburg has had a cohesive role together with the Labour Market and Adult Education Administration, the Gothenburg Region and Region Västra Götaland through an initiative to improve engineering skills.

Within the framework of *Gothenburg Climate Partnership* the City operates several projects together with the construction sector, which accounts for one-third of Sweden's carbon dioxide emissions. One aim of these projects is to develop and test new working methods to increase the reuse of construction materials.

Another project focuses on setting out requirements for emission-free building and construction machinery in future procurement processes. Gothenburg is the first city in Sweden to do this.

In 2019, the City of Gothenburg won the *European Entrepreneurial Region Award 2020* for its development work on the City's business strategy. The jury highlighted the inclusive nature of the process between the thirteen municipalities in the Gothenburg Region, the business community, academia and other organisations.

For the first time in almost ten years there was a rise in the City of Gothenburg's rating in the

assessment of the business climate by the Swedish Confederation of Swedish Enterprise, while the SALAR customer satisfaction index (CSI) also showed an upswing.

## Visitor industry

Gothenburg is a destination that attracts a growing number of visitors, and in 2019 there was a further increase in the number of guest nights to around five million nights in hotels and hostels in the Gothenburg Region. This makes 2019 the most successful year to date. Growth over the previous year is 4%, which is significantly higher than in the last two years. One contributing factor is that more and more organisers are expressing interest in Gothenburg as a place to meet. Gothenburg offers facilities and a level of collaboration between the City, business and academia that meet the highest international standards. The majority of guests come from Scandinavia, of which 70% are from Sweden.

The hotel industry is still experiencing high demand. The occupancy rate for hotels and hostels is generally high – 70% on average until November and 85% in July, which is the highest figure among Swedish metropolitan regions. There is no indication that Gothenburg has lost any of its appeal. In reality we have a shortage of capacity, and there are plans to add a further 4,000 hotel rooms over the period 2022–2026.

A total of 388 events were held in the city's arenas during the year, an increase of 21% over the previous year. The number of visitors rose by 4% to a total of 1.6 million. Got Event collaborates with the Sports and Associations Administration on leasing arenas to schools and sporting activities.



Public events with free admission provide opportunities to attract wider groups of people into sports and association activities. Since 2016, Valhallabad swimming pool has given free admission to children, young people and senior citizens.

2019 was the best cruise season ever. A full 110,000 passengers visited Gothenburg on 60 cruise ships. The appeal of the city remains strong and 83 cruise arrivals are booked for the 2020 season.

Gothenburg was voted *European Capital of Smart Tourism 2020* in October. The European Commission awards this title in recognition of cities that stand out for their smart, innovative and inclusive tourism solutions. For Gothenburg, it means that throughout 2020 the city will continue developing smart, innovative and inclusive solutions for the visitor industry, which it will share with other EU member states.

### Liseberg amusement park

In 2019, Liseberg was visited by a total of three million guests, which represents a slight decline in visitor numbers, although sales and earnings have improved. The number of guests who visited the park during the summer season was negatively affected by the changeable weather early in the season. By the time the gates closed for the summer, the park had welcomed a total of 1,967,000 guests, 5% less than in 2018. The Halloween season, on the other hand, was a success and when *Christmas at Liseberg* closed, the results had improved.

Liseberg's business mission is to offer something for everyone, regardless of background and circumstances. The amusement park works hard to reach new groups of guests in collaboration with the district administrations, Queen Silvia Children's Hospital, and the Rescue Mission. Liseberg aims to invest 2% of its turnover in support efforts and in 2019 the total value of this support was SEK 17 million.

Work on *Liseberg's Anniversary Project*, which entails building a theme hotel and indoor water park south of the park, continued in 2019.

### Increased container volume in Port of Gothenburg

Container volumes increased for the second consecutive year. There is a clear trend for freight to be transported from all over Sweden by rail to the port of Gothenburg. More than half of container freight shipped in or out of the port is carried by rail. A total of 456,000 TEU (one TEU corresponds to a 20-foot container) were transported through the port by rail – the largest volume in the 400-year history of the port and a volume that is unmatched by any other major international port.

The uncertain economic situation in Europe is reflected in the port's intra-European ro-ro volumes, which fell by six per cent compared to 2018. This follows historically high volumes in recent years when the European economy was stronger.

Work has continued on plans to increase the depth of the waterway into the port of Gothenburg during the year, and this is an important strategy in the continuing development of the port.

## Future issues

- » Improve the business climate.
- » Provide conditions for a competitive port.
- » Implement programmes for business strategy, visitor industry and innovation.

### Business and the visitor industry

Thousands	2015	2016	2017	2018	2019
CSI Business climate	68	69	69	67	69
Containers – TEU	820	798	644	753	772
Ro-ro – units	532	538	593	584	551
Guest nights – hotels	4,500	4,700	4,800	4,820	5,000
Visitors Liseberg amusement park	3,100	3,100	3,100	3,100	3,000
Number of events	348	407	351	320	388
Number of event visitors	1,500	1,800	1,700	1,500	1,600

CSI for 2019 is preliminary; final figures will be published in April. TEU: One TEU is equivalent to a 20-foot container.

# Key conditions for earnings and financial position

The financial analysis of important factors affecting earnings and financial position uses key figures to show performance over a 10-year period. This provides a picture of development over time and an opportunity to assess trends. This is part of the analysis, although the main focus is on developments during the past financial year and in recent years. Information is also presented on financial risks, pension obligations and the internal dealings that occur within the Group.

The general trend of population growth by 7,000–8,000 residents per year affects the Municipality and the services delivered by the municipal companies. Demand for municipal services, housing, infrastructure and communication increasingly reflects this economic growth. The Group's investments are rising and totalled SEK 11.9 billion in 2019, an increase of SEK 1.9 billion over 2018. This trend is accompanied by higher capital costs, which make up an increasing share of the financial resources. At the same time, assets are increasing and borrowing has risen in 2019 as investments could not be fully financed from the City's own funds. As a consequence, the debt/equity ratio and degree of provision is rising and is now 70%. The Group shows positive earnings of just over SEK 2 billion per year for the past three years but with a downturn for 2019. The Group's equity/assets ratio (including all pension obligations) has strengthened somewhat and now stands at just over 20%.

For the Municipality and its tax-funded operations, earnings have fallen for the third year in succession and structural earnings amount to just under SEK 0.2 billion. Over the same period, structural net costs increased more than tax revenues. The financial margins thus decreased in comparison with recent years and the Municipality is facing growing financial challenges in the future.

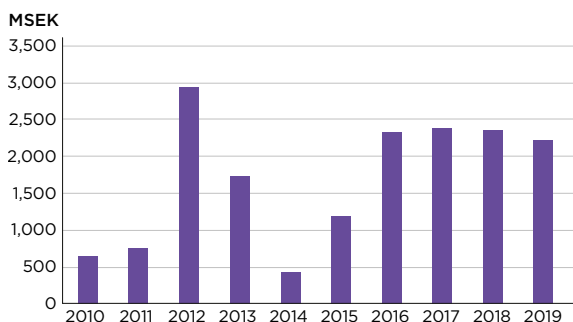
The reported bottom line earnings were SEK 1,504 million, which was achieved through capital gains and dividends from the municipal companies. The level of investments continues to rise in relation to previous years as a consequence of the need for premises and urban development.

In parallel with the growth in population, the economic situation has been positive for some time, but showed signs of tailing off in 2019 as GDP did not rise at the same rate. Sweden and Gothenburg are dependent on the growth of the global economy. The Gothenburg Region has fared somewhat better than the country as a whole and no major slowdown can yet be seen in the economic situation. However the demographic challenge for Gothenburg and the municipal sector as a whole means that financing the municipal welfare mission is becoming increasingly difficult.

# Financial analysis of the Municipal Group

This section presents a financial analysis of the Municipal Group.

## Net earnings



Net earnings for the year totalled SEK 2,200 million for the Municipal Group, of which the Municipality accounted for SEK 1,504 million, the companies SEK 1,255 million and the joint statutory authorities a deficit of SEK 3 million. Adjustments for handling internal transactions relating to the Municipality and the companies amounted to SEK -536 million and mainly comprised dividends (SEK 540 million) from companies to the Municipality and internal gains from property transfers. Net earnings for the year combined with net earnings from prior years helped to strengthen the long-term financial manoeuvrability.

## Revenue for the operation

The Group reported income of SEK 59.2 billion in 2019, of which just over half comprised tax revenue and municipal financial equalisation. Income increased by SEK 1.4 billion compared with 2018, with tax revenue accounting for much of this increase. Within the Municipality, income increased by 3.7%, or SEK 1.6 billion. In the company sector, operating income rose by 3% compared with 2018.

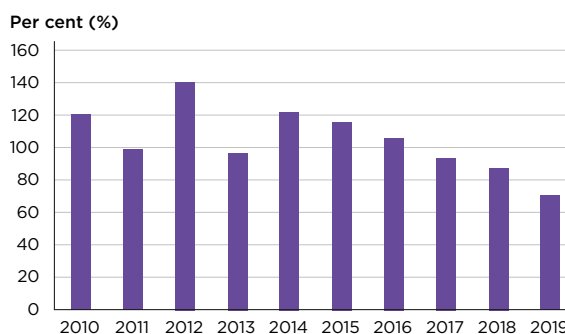
## Investments

From year to year the Group carries out major investments when the population grows; urban development and the expansion of operations will also continue over time. Gross investment increased compared to previous years and amounted to SEK 11.9 billion in 2019, which is SEK 1.9 billion or almost 19% higher than the previous year. The Municipality invested SEK 4.8 billion, with the largest investments in pre-school/school premises and for traffic improvements. The municipal companies' investments totalled SEK 7.2 billion, much of which related to housing. More information about

investments can be found in the section presenting the investment accounts.

The total volume of investment was approximately SEK 3.3 billion under budget, mainly because projects were postponed for various reasons.

## Level of self-financing for the year's investments



At 71%, self-financing of the year's investments is lower than the previous year's 88%. The level is also lower than the ten-year average of 105%. The level of self-financing declines when the volume of investment increases at the same time that the surplus does not do so to the same extent. Meanwhile, the key figure continues to be relatively strong for now.

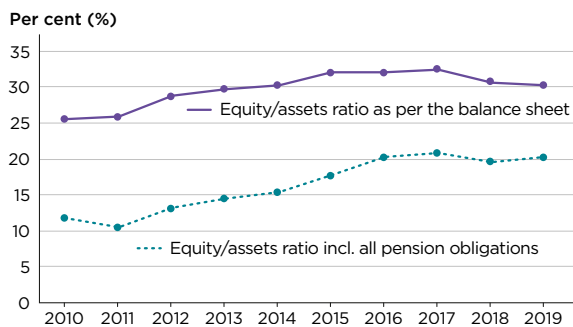
## Total assets

Total assets were SEK 105.9 billion, of which the Municipality accounted for SEK 89.1 billion and the companies for SEK 70.8 billion. Internal transactions within the Group amounted to SEK 54.7 billion. The City of Gothenburg's participations in joint statutory authorities totalled SEK 0.5 billion. Total assets increased by almost 9%, which can largely be attributed to increased investments.

## Return on equity

Return on equity and total assets are examples of profitability measures, which describe the earnings in relation to capital investment. Return on equity declined in 2019, from 7.7% to 6.9%. Return on total assets also declined, from 3.2% to 2.8%. The average over a five-year period is just over 3%. In this context, it is important to note that these parameters should only be considered an indicator over time, as the key figures are not used in the management.

## Equity/assets ratio

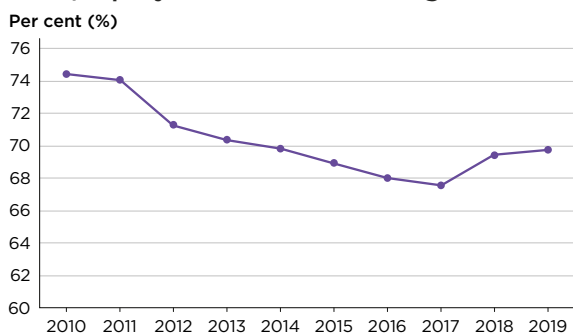


Footnote: In 2018, equity was adjusted to correct for write-ups within the companies. This reduced the equity/assets ratio by about 3 percentage points.

The equity/assets ratio is a measure of long-term financial manoeuvrability and illustrates what proportion of the assets are financed through equity. The equity/assets ratio trend depends on the change in equity and assets. In 2019, the equity/assets ratio was 30.2%, which was a marginal change from 30.6 the previous year. The equity/assets ratio according to the fully funded model, which includes all pension obligations, increased by 0.7 percentage points and was just over 20% in 2019.

There is no general level for how high the equity/assets ratio should be for a city the size of Gothenburg, but the higher the ratio, the greater the manoeuvrability to be able to handle fluctuations in the earnings trend. It is important for the companies included in the Municipal Group to have a good equity/assets ratio, otherwise the Municipality, as the owner, runs the risk of having to make up funds if the companies suffer from financial difficulties. Although they vary, the companies largely show good, stable equity/assets ratios. The *Operational accounts* section presents the equity/assets ratio of the various companies.

## Debt/equity ratio and borrowing



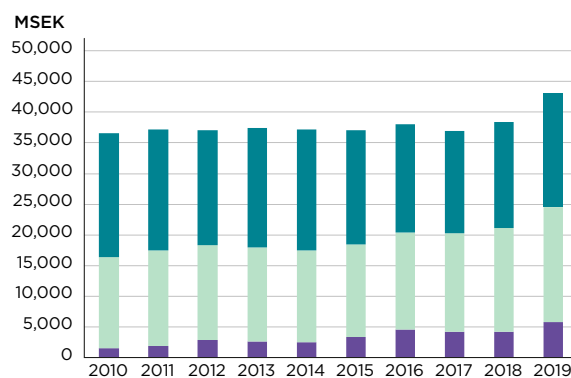
The diagram illustrates the size of the Group's total indebtedness in relation to total assets. The debt/equity ratio amounted to 70%, a further increase compared to the previous year. This had a negative impact on net financial items, and the

increased indebtedness signifies increased financial risk.

The Framtiden Group's borrowing accounts for much of total borrowing, which can be seen separately in the diagram. The Group's debt over the past ten years, 2010–2019, has been around SEK 36–37 billion. The debt trend during these years did not increase as expected in the budget for each year. This was due to two interacting factors: investments did not increase at the pace that was expected, and earnings were higher. Consequently, investments could not be financed with the Group's own funds.

The Group's external net borrowing was SEK 43.0 billion at the end of the year, an increase of SEK 4.6 billion compared with the previous year. The companies' borrowing was SEK 37.2 billion. The part of the debt relating to the tax-funded operation, the Municipality's net borrowing, amounted to SEK 5.8 billion, which accounts for 15% of total borrowing. Of the total increase in 2019, the Municipality accounts for SEK 1.7 billion, the Framtiden Group accounts for SEK 1.7 billion and other companies for SEK 1.2 billion. The increased debt is in line with the budget goals that were set and can be attributed to the City's current urban development needs.

## The Group's external borrowing



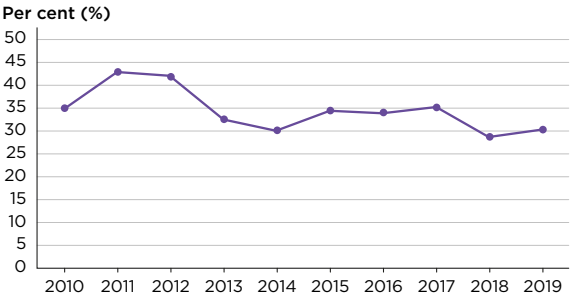
## Liquidity

Short-term manoeuvrability for the year in the form of the acid-test ratio was 30.5% in 2019, an increase of 2.3 percentage points on the previous year. The change is largely attributable to the fact that receivables increased more in relation to current liabilities. Liquid assets at the bank were somewhat lower at the end of the year than the previous year, but the decline was temporary since new borrowing occurred shortly thereafter. The Municipality's Group bank also serves as an internal bank for the Municipality's companies. In recent years, the Group Bank level of the acid-test ratio has been



such that in the short and medium-term financial perspective, the Municipality has not had to take drastic measures to meet financial payments.

**Acid-test ratio**



**Net financial assets**

The net financial assets parameter includes all financial assets and liabilities in the balance sheet that are expected to be converted in the next 10–20 years, namely financial assets and current assets, as well as current and non-current liabilities. The parameter is important since it reflects financial manoeuvrability somewhere between the short-term liquidity parameters and the long-term equity/assets parameter. The parameter, which has weakened over time, continued to decrease further

to a small extent and the change was SEK 4 billion, which equates to 8.5%.

The change in recent years is largely attributable to the application of gross accounting in connection with investment income. Income is taken up as a liability instead of on the asset side, which has a negative impact on the key figure.

**Net financial assets**

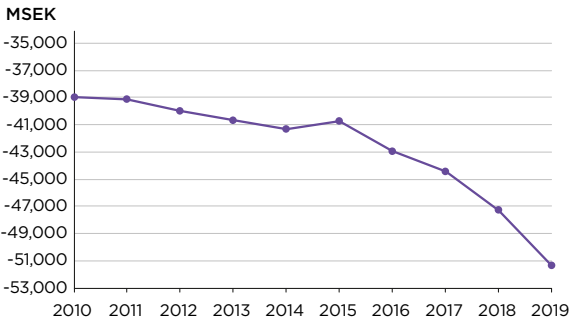


PHOTO: FRIDA WINTER



## Income statement for the committees, joint statutory authorities and companies

Amounts in MSEK	Committees	Joint statutory authorities	Companies	Group eliminations	The Municipal Group
Operating income	11,397	531	19,160	-4,368	26,720
Operating expenses	-41,140	-504	-13,957	3,955	-51,646
Depreciation/amortisation and write-downs	-1,639	-21	-3,356	403	-4,613
<b>Net operating expenses</b>	<b>-31,382</b>	<b>6</b>	<b>1,847</b>	<b>-11</b>	<b>-29,539</b>
Tax revenue	28,833	-	-	-	28,833
Municipal financial equalisation	3,634	-	-	-	3,634
<b>Operating earnings</b>	<b>1,085</b>	<b>6</b>	<b>1,847</b>	<b>-10</b>	<b>2,928</b>
Financial receipts	978	2	15	-930	65
Financial expenses	-559	-11	-608	405	-773
<b>Earnings after financial items</b>	<b>1,504</b>	<b>-3</b>	<b>1,255</b>	<b>-536</b>	<b>2,220</b>
Extraordinary items	-	-	-	-	-
<b>Net earnings</b>	<b>1,504</b>	<b>-3</b>	<b>1,255</b>	<b>-536</b>	<b>2,220</b>

## Balance sheet for the committees, joint statutory authorities and companies

Amounts in MSEK	Committees	Joint statutory authorities	Companies	Group eliminations	The Municipal Group
Non-current assets	76,634	401	63,718	-43,431	97,322
Current assets	12,476	192	7,096	-11,227	8,537
<b>Total assets</b>	<b>89,110</b>	<b>593</b>	<b>70,814</b>	<b>-54,658</b>	<b>105,859</b>
Equity	25,596	73	20,368	-14,043	31,994
Provisions	4,431	394	5,235	-30	10,030
Non-current liabilities	39,360	7	31,149	-29,511	41,005
Current liabilities	19,723	120	14,061	-11,074	22,830
<b>Total liabilities and equity</b>	<b>89,110</b>	<b>593</b>	<b>70,814</b>	<b>-54,658</b>	<b>105,859</b>

## Key financial figures

Per cent (%)	2015	2016	2017	2018	2019
Return on equity	4.5	8.1	7.7	7.7	6.9
Return on total assets	2.7	4.2	3.8	3.2	2.8
Acid-test ratio	35	34	35	29	30
Level of financing for investments	116	106	94	88	71
<b>Equity/assets ratio</b>					
Mixed model	32	32	32	31	30
Full funding	17	20	21	19	20
<b>Debt/equity ratio</b>	<b>69</b>	<b>68</b>	<b>68</b>	<b>69</b>	<b>70</b>
of which degree of provision	10	10	10	9	9
of which short-term debt/equity ratio	22	23	19	23	22
of which long-term debt/equity ratio	36	35	39	37	39
<b>Net financial assets (MSEK)</b>	<b>-40,735</b>	<b>-42,926</b>	<b>-44,427</b>	<b>-47,326</b>	<b>-51,361</b>

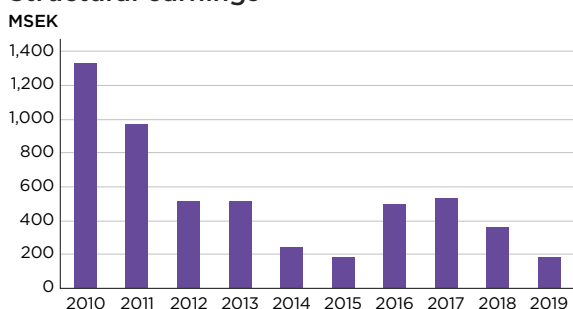
Comparative figures for 2018 have been adjusted as an effect of corrections for consolidation method and write-ups, see note 19 b. Other previous years have not been adjusted.

# Financial analysis of the Municipality

This section presents a financial analysis of Gothenburg Municipality. It pertains to the part of the Municipality's operation that is financed through taxes.

## Net earnings for the year and earnings trend

### Structural earnings

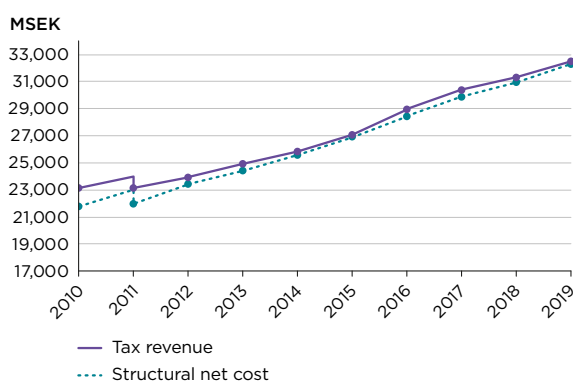


In order to see the underlying ongoing operating earnings and analyse what this figure means in the longer term, earnings are reported excluding various non-recurring items, i.e. structural earnings. The diagram shows structural earnings over a longer period. Net earnings for 2019 were SEK 179 million, which means the financial margins are lower than in the previous two years.

Structural earnings in relation to tax revenue and municipal financial equalisation was 0.6%. This is lower than the average 1.2% for a five-year period.

## Development of tax revenue and net costs

### Development of tax revenue and net costs



The surplus in the income statement means that the combined net operating expenses are lower than tax revenue and general state subsidies. Compared with 2018, net expenses increased by 4.6% and revenue by 3.7%. The average development of tax revenue and state subsidies has been 4.5% over

a 10-year period. Structural net costs during the corresponding period increased by 4.6% a year on average. The diagram above shows the difference between tax revenue including municipal financial equalisation combined with state subsidies and net operating expenses.

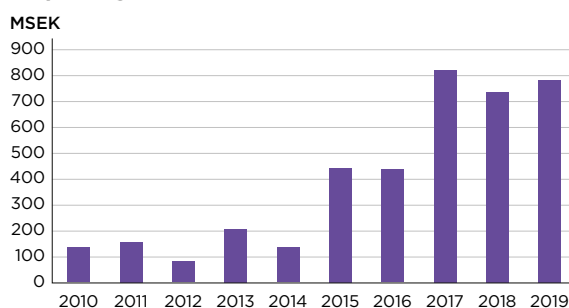
Expenses are increasing at a higher rate than tax revenues, which means that past assessments are starting to manifest. Along with the challenges the Municipality is facing with increased investments and costs as a result of demographic development, the financial manoeuvrability is shrinking as a result.

## Non-recurring items

Non-recurring items comprise extraordinary items and items affecting comparability, such as capital gains from property sales and dividends from companies. Non-recurring items for the year amounted to SEK 1,325 million, compared with SEK 1,427 million the previous year. Capital gains on property sales have increased dramatically in recent years, while dividends from the municipal companies totalled SEK 767 million for 2017, SEK 810 million for 2018 and SEK 540 million for 2019.

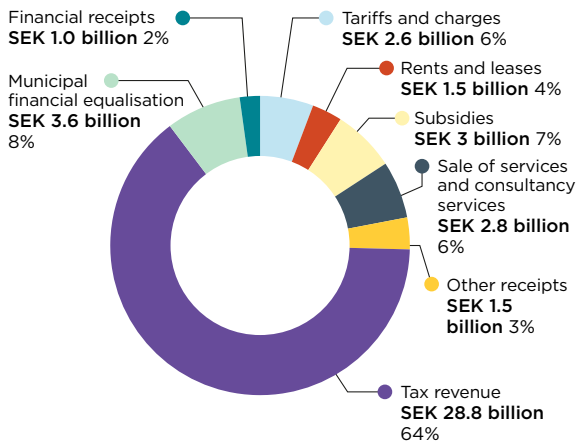
Capital gains for the year for property transactions amounted to SEK 785 million, which is an increase on the previous year's figure of SEK 739 million. From a historical perspective, the capital gains from recent years are high.

## Capital gains



## Revenue and expenses for the year

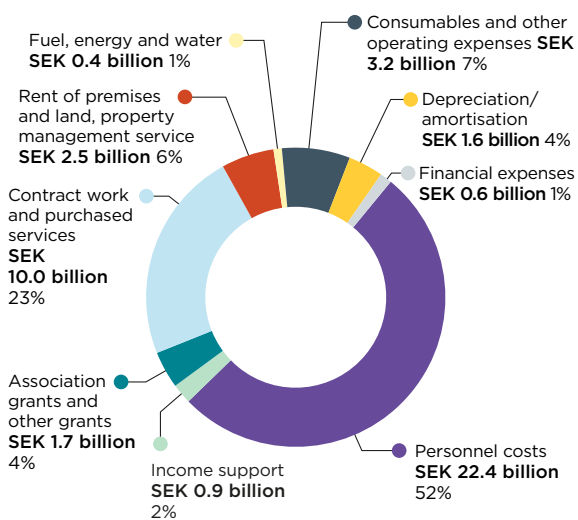
### Revenue (SEK bn and as a percentage)



The Municipality's revenue totalled SEK 44.8 billion in 2019, which is an increase of 3.2% on the previous year. Tax revenue and the municipal financial equalisation jointly form the largest revenue item of SEK 32.5 billion, and this figure increased by SEK 1.2 billion (3.7%). The Municipality's other revenue marginally increased by SEK 0.2 billion.

Municipal tax was unchanged at 21.12%. Tax to Region Västra Götaland was also unchanged at 11.48%. The average municipal tax rate was 21.30% in the region and 20.70% in Sweden.

### Costs (SEK bn and as a percentage)

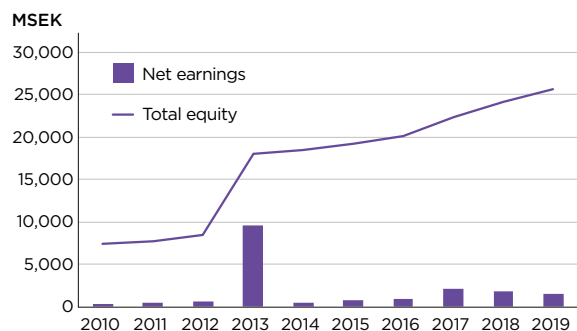


Total costs for the year amounted to SEK 43.3 billion, an increase of 4.0%. Personnel costs, which constitute the single largest item, increased by 3.1% between the two years. This is primarily an effect of both more employees and salary increases for the year. In terms of full-time equivalents, a parameter that states time worked, the increase was almost 400 full-time equivalents or just under 1.0%. In the previous year, the increase was just under 300 full-

time equivalents. Income support has decreased annually over the past six years and is now under SEK 1 billion. Operating expenses, which include costs for premises, purchases of materials and services, consumables and other operating expenses, increased by just over 11%. Costs relating to wasteful expenditure in investing activities account for a large part of this increase.

Just over 23% of total costs are made up of out-sourced services, contract work, and other services. This is a reduction of 3 percentage points compared with 2018.

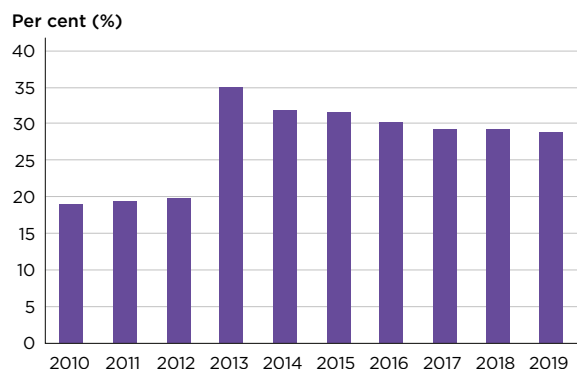
### Development of equity and the equity/assets ratio



Equity doubled in 2013 due to the effect on earnings of restructuring in the company sector (an extraordinary item totalling SEK 8.7 billion). The transfer of companies to Göteborgs Stadshus AB was a wholly intra-group transaction and therefore eliminated from the City of Gothenburg's combined accounts.

Gothenburg Municipality's equity was strengthened by net earnings for the year of SEK 1,504 million and amounted to SEK 25.6 billion as of 31 December 2019.

### Equity/assets ratio as per the balance sheet

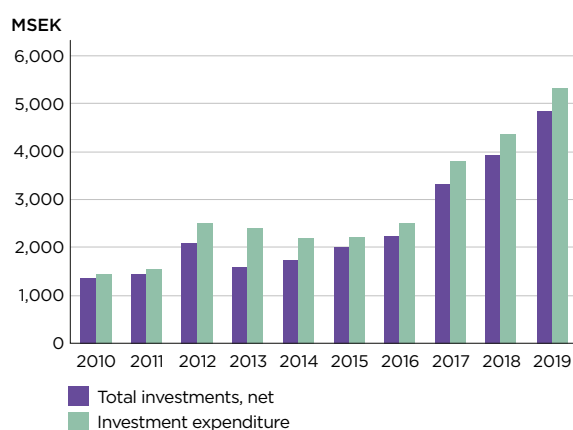


The equity/assets ratio is a measure of the Municipality's long-term financial manoeuvrability. It shows what percentage of the Municipality's assets has been financed through tax revenue. The diagram above shows the development of the equity/assets ratio using the so-called mixed model,



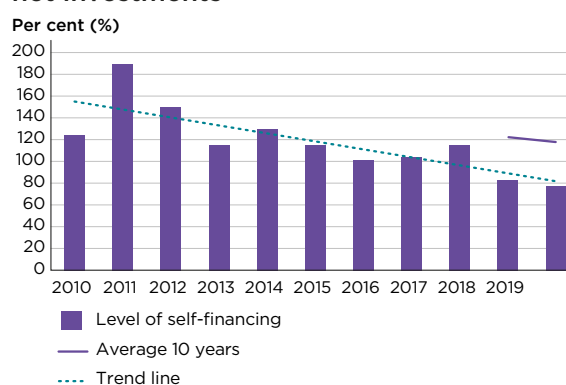
in which certain pension obligations are recognised outside of the balance sheet. For 2019, the equity/assets ratio was 28.7% and was therefore somewhat lower than for 2018. In 2013, the equity/assets ratio was much strengthened due to the restructuring in the company sector. Since then, there has been a reduction despite positive financial performance and an increase in equity. This is because equity decreased somewhat in relation to the increase in total assets. The increase in total assets can in turn largely be attributed to the fact that borrowing for the whole Group is handled centrally in the Group bank. The assets side now also includes certain investments and the Municipality's leases entered as a property, plant and equipment asset. For the Municipal Group, where internal dealings are eliminated, the equity/assets ratio is developing positively and therefore following more of an expected improvement linked to the positive earnings trend.

## Investments



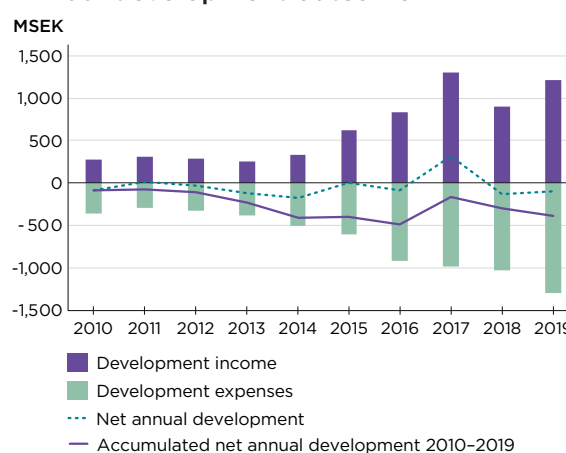
The Municipality's total volume of investment is increasing and amounted to SEK 4.8 billion for 2019, and SEK 5.3 billion when including leased equipment. Some of the volume of investment has been financed through investment income totalling SEK 0.5 billion, which means that SEK 4.3 billion of the volume of investment had to be financed through the Municipality's own funds. The diagram above illustrates how, overall, investments have increased over time. Net investments for the year amounted to almost 12% of the Municipality's gross costs, which is an increase of almost two percentage points compared with the previous year.

## Level of self-financing for the year's net investments



The level of self-financing for investments during the year measures what percentage of the investments can be financed through the tax revenue remaining after operating activities have been financed. Despite increased net investments, the level of self-financing has been high in recent years. This can be explained by strong earnings with high capital gains on property transactions, coupled with dividends from the companies. Over the past two years the level of self-financing has dropped and the average for ten years is declining. An initial effect is the increase in volume of investment, which increases more than the manoeuvrability allows.

## Annual development outcome

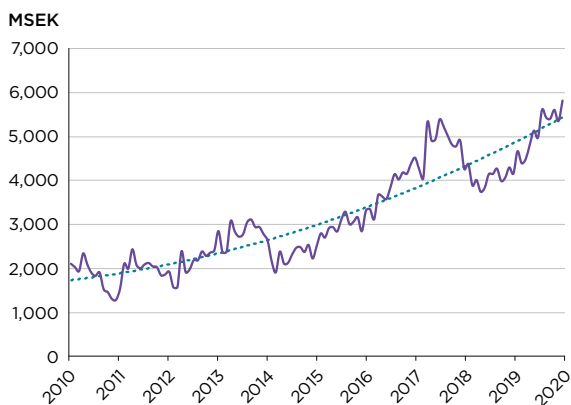


The extensive urban development that the Municipality is carrying out suggests historically high expenditure and that these will continue to trend upwards and amount to about SEK 1.3 billion in 2019. It is worth noting that the income side only reports income from the sale of land and developer contributions. In cases where the Municipality grants the use of land in the form of site leaseholds, its operation receives annual income. Municipal water and sewage connection charges are not recognised as part of land development activities, either. The development finances reported a

negative cash flow of about SEK 90 million for 2019 and seen over a period of time from 2010, the accumulated cash flow is negative on the order of SEK 400 million, see diagram above.

Excluding the WATER/SEWAGE FACILITIES expansion project, in accordance with the key figures for the new guidelines for good financial management, accumulated net annual development for the period 2010–2019 indicates a positive outcome on the order of SEK 300 million.

### Development of net borrowing



The above diagram illustrates how net borrowing has changed over a 10-year period. Net borrowing is defined as the internal bank's borrowing less lending to the companies and liquidity invested in the market. Borrowing reveals the Municipality's flow of liquidity and constantly fluctuates depending on events in the operation. It is strongly affected by operating earnings in the operation, volume of investment and large, individual liquid items. Property sale transactions, the receipt of large state subsidies and payments for defined-contribution pensions are some of the items responsible for the major changes. The curve in the diagram gives a general idea of how net borrowing increased over time. Borrowing increased in 2016 and 2017 due to the temporary increase in the city's receivables from the Swedish Migration Agency.

At year-end borrowing was just over SEK 1.6 billion higher than the previous year. One explanation is the high volume of investment for the year that could not be financed by the Municipality's own funds to the same extent as previously.

### Budget performance

The City Council budgeted for a surplus of SEK 90 million for 2019. One condition for achieving this result was a dividend of SEK 540 million from the companies, along with income for capital gains

of SEK 500 million. The committees, which had budgeted for a deficit of SEK 12 million, ultimately reported a surplus of SEK 84 million, resulting in a positive deviation of SEK 96 million. The committees' earnings were achieved largely because of large write-down costs and wasteful expenditure in certain committees. At the same time, expenses fell for individual and family care, especially in income support.

If this deviation is set against the committees' total costs of SEK 43.3 billion, the deviation was 0.2% and based on this the deviation is deemed to be marginal in relation to the scope of the committees' assignments.

A surplus of SEK 95 million was reported at central municipal level, which equates to a positive deviation of SEK 533 million. The deviation is mainly explained by the fact that central municipal contingency items and items for special purposes were not used. In addition, a deviation arose related to financial items because of lower than budgeted interest expenses. Revenue from taxes, general state subsidies and equalisation also deviated positively from the budget.

The Municipality's positive deviation compared with the budget can also largely be explained by gains from property sales, as they exceeded the budget by SEK 285 million.

The interim accounts in August forecast earnings of SEK 1,208 million. The main reasons for the difference between earnings for the year of SEK 1,504 and the forecast is that the committees improved earnings by about SEK 100 million, the outcome at the central municipal level was almost SEK 250 better than the forecast, and capital gains almost SEK 50 million worse. The main reason for the improvement at the central municipal level is that contingency items were essentially unutilised.

## Budget performance

Amounts in MSEK	Budget 2019	Annual accounts 2019
Earnings, committees	-12	84
Earnings, central municipal items	-438	95
<b>Earnings before non-recurring items</b>	<b>-450</b>	<b>179</b>
Items affecting comparability	0	0
Capital gains	500	785
Dividends from companies	540	540
<b>Earnings</b>	<b>590</b>	<b>1,504</b>

## Key financial figures – Municipality

Per cent (%)	2015	2016	2017	2018	2019
Tax revenue trend	4.8	7.0	5.0	2.9	3.7
Net cost trend excl. items affecting comparability	4.8	6	0.9	4.4	4.9
<b>Proportion of running costs</b>	<b>97</b>	<b>97</b>	<b>93</b>	<b>94</b>	<b>95</b>
of which operating income and expenses (net)	93	92	90	92	92
of which planned depreciation/amortisation	4.3	4.3	4.6	4.8	5.1
of which net financial items	0.4	0.5	-2	-2.3	-1.3
of which non-recurring items affecting comparability	-0.7	0	0	-0.4	0.0
<b>Net earnings for the year/tax revenue and municipal financial equalisation</b>	<b>3.0</b>	<b>3.2</b>	<b>7</b>	<b>5.7</b>	<b>4.6</b>
<b>Structural earnings for the year/tax revenue and municipal financial equalisation</b>	<b>0.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.2</b>	<b>0.6</b>
<b>Gross investments/gross costs</b>	<b>6.5</b>	<b>6.8</b>	<b>9.9</b>	<b>11.0</b>	<b>12.4</b>
<b>Net investments/gross costs</b>	<b>5.8</b>	<b>6.1</b>	<b>8.7</b>	<b>9.9</b>	<b>11.8</b>
<b>Net investments/depreciation and amortisation</b>	<b>173</b>	<b>181</b>	<b>209</b>	<b>264</b>	<b>295</b>
<b>Level of self-financing for the year's net investments</b>	<b>101</b>	<b>104</b>	<b>115</b>	<b>83</b>	<b>77</b>
<b>Equity/assets ratio as per the balance sheet</b>	<b>32</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>29</b>
<b>Equity/assets ratio incl. all pension obligations</b>	<b>12</b>	<b>13</b>	<b>15</b>	<b>16</b>	<b>17</b>
<b>Total debt/equity ratio and degree of provision:</b>	<b>69</b>	<b>70</b>	<b>71</b>	<b>71</b>	<b>71</b>
of which degree of provision	5.6	5.1	4.9	4.9	5.0
of which short-term debt/equity ratio	25	22	19	24	22
of which long-term debt/equity ratio	39	44	47	41	44
<b>Primary municipal tax rate (%)</b>	<b>21.12</b>	<b>21.12</b>	<b>21.12</b>	<b>21.12</b>	<b>21.12</b>
<b>Acid-test ratio</b>	<b>81</b>	<b>111</b>	<b>103</b>	<b>57</b>	<b>59</b>
<b>Net financial assets (MSEK)</b>	<b>-8,021</b>	<b>-10,550</b>	<b>-10,763</b>	<b>-12,638</b>	<b>-14,914</b>
<b>Net borrowing (Municipality's interest-bearing debt) (MSEK)</b>	<b>-3,315</b>	<b>-4,514</b>	<b>-4,260</b>	<b>-4,154</b>	<b>-5,809</b>

# Disclosures on internal transactions, Group and shareholders' contributions

The City of Gothenburg Group encompasses the Municipality, 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 and the tables below provide an outline of these transactions.

Göteborgs Energi AB is responsible for extensive internal sales of district heating and electricity within the City of Gothenburg Group to other units. Eco-cycle and water also engage in extensive internal sales to other units. A decision by the City Council stipulates that the Municipality's investments in movable property must be financed through leases, with the municipal company Göteborgs Stads Leasing 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 City of Gothenburg Group bank at the City Management Office. The Municipality has guarantee commitments with the City companies. The Municipality stands surety both for loans and for certain pension obligations.

## Sales

Amounts in MSEK	Buyer:	Companies	Municipality	Joint Statutory Authorities	Total
<b>Seller:</b>					
Companies			3,387	8	3,395
Municipality		923		17	940
Joint Statutory Authorities			430		430
<b>Total</b>		<b>923</b>	<b>3,817</b>	<b>25</b>	<b>4,765</b>

## Lending

Amounts in MSEK	Borrower:	Companies	Municipality	Joint Statutory Authorities	Total
<b>Lender:</b>					
Companies			2,362		2,362
Municipality		35,764			35,764
Joint Statutory Authorities			559		559
<b>Total</b>		<b>35,764</b>	<b>2,921</b>		<b>38,685</b>

## Interest

Amounts in MSEK	Borrower:	Companies	Municipality	Joint Statutory Authorities	Total
<b>Lender:</b>					
Companies			11		11
Municipality		369			369
Joint Statutory Authorities			3		3
<b>Total</b>		<b>369</b>	<b>14</b>		<b>383</b>





PHOTO: LO BIRGERSSON

## Surety

Amounts in MSEK	Recipient:	Companies	Municipality	Joint Statutory Authorities	Total
<b>Issuer:</b>					
Companies					
Municipality		4,996		101	5,097
Joint Statutory Authorities					
<b>Total</b>		<b>4,996</b>		<b>101</b>	<b>5,097</b>

## Group and shareholders' contributions

Amounts in MSEK	Stadshus AB has:			
	received shareholders' contributions	paid shareholders' contributions to	received Group contributions from	paid Group contributions to
Company:				
Göteborg Energi AB		423	771	
Göteborgs Hamn AB		45	108	
Higab AB			74	
Förvaltnings AB Framtiden		422	536	
Göteborg & Co AB		44	68	290
Göteborgs Stads Kollektivtrafik AB		2	3	
Business Region Göteborg AB		5		40
Göteborgs Stads Leasing AB			106	
City of Gothenburg	5			
Total	5	941	1,666	330

# Financial monitoring and risk management

Total external borrowing for the Group including loans for liquidity planning was SEK 46.3 billion at the end of the year, an increase of SEK 4.2 billion compared to the same period the previous year. The Municipality's net borrowing, the Municipality's own borrowing, was SEK 5.8 billion at the end of the year. Net borrowing increased by just over SEK 1.6 billion compared with the same period the previous year.

## The financial infrastructure

Financial activities are conducted based on the finance policy and financial guidelines, which are decided by the City Council and include risk mandates and limits for financial activities within the Municipality and Municipal Group. The Municipal Group's funds management is coordinated at the City Management Office. The purpose of coordination is both to achieve lower total borrowing costs and to be able to manage financial risks from a holistic perspective. Monthly feedback regarding compliance with the finance policy and financial guidelines is presented to the City Executive Board working committee.

## Borrowing

Through financial coordination, the finance function at the City Management Office acts as a Group bank. The Group Bank borrows for the entire Municipal Group and then lends to the municipal companies. Borrowing takes place through several different financing sources:

**Capital market:** Most of the loan financing, 70%, takes place in the open capital market through bond issues (maturities over one year) and certificates (maturities under one year).

During the year, four issuances (borrowings) totalling SEK 7.1 billion were issued within the City's bond programme.

**Kommuninvest:** Kommuninvest is a Swedish credit market company that offers loans to the Swedish municipalities and regions that own and are members of Kommuninvest.

**Institutional borrowing:** Borrowing can also take place through international financial institutions. The City of Gothenburg currently borrows from the European Investment Bank (EIB), Nordic Investment Bank (NIB) and the Council of Europe Development Bank (CEB).

Total external borrowing for the Group including loans for liquidity planning was SEK 46.3 billion at the end of the year, an increase of SEK 4.2 billion compared to the same period the previous year. The table below shows the breakdown between different sources of financing and the level of agreed loan limits on 31 December 2019.

## Funding sources

Programme	Loan limit	Degree of utilisation
EMTN, bond loans	EUR 6 bn	SEK 26.3 bn + NOK 26.3 bn
of which green bonds		SEK 10.3 bn
KCP, short loans <1 year	SEK 6 bn	SEK 1.6 bn
ECP, short loans <1 year	USD 0.5 bn	USD 0.2 bn
Kommuninvest		SEK 6.7 bn
European Investment Bank	SEK 9.9 bn	SEK 5.3 bn
Council of Europe Development Bank	EUR 0.2 bn	SEK 0.8 bn
Nordic Investment Bank	SEK 1.0 bn	SEK 1.0 bn

## Continued high credit rating

In order to have full access to the capital market, the Municipality has a credit rating. The Municipality's credit rating from Moody's has been the highest possible, AAA, since 2006 and its rating from Standard & Poor's has been the second highest, AA+, since 2007. The ratings have been confirmed in 2019.

In December 2019, the City of Gothenburg decided to go from two down to one credit rating institution for cost reasons, and like other Swedish municipalities with a rating, the City will only be rated by Standard & Poor's moving forward.

## Derivatives portfolio

Borrowing takes place at variable and fixed interest rates. Until 31 December 2019, parts of the companies' debt was hedged through derivatives at the companies themselves, and the existing interest rate derivatives held by the companies are matured. As of 2020, the companies have no interest rate derivatives of their own.

The City uses derivative instruments to hedge interest rate and currencies on underlying loans. The nominal value of the derivative portfolio in the Group amounted to SEK 25.0 billion for interest rate hedging and SEK 2.4 billion for currency and interest rate hedging for bond loans in foreign currency. At the end of the year, interest rate derivatives had a negative market value of SEK 0.7 billion. A negative market value can be described as the interest that would have been paid if the interest rate derivatives had been redeemed prematurely on the balance sheet day.

Hedging is considered to be effective, since adherence between the debt portfolio and the derivatives is good.

## Effectiveness of hedging instruments

The instruments used to hedge liabilities in foreign currencies correspond regarding amounts, terms and day count conventions.

Concerning interest risk, for the interest rate hedging through the Group bank, the liabilities and hedges do not correspond entirely regarding amounts and terms. However, adherence between the hedged debt portfolio and hedging instruments is good, and since maturing loans are very likely to be replaced with new borrowing, the hedging can be considered effective. The deviation in adherence corresponds to only 0.03% of total interest expense.

## City of Gothenburg's risk management

The Municipality and Municipal Group are primarily exposed to the following financial risks: interest risk, financing risk, counterparty risk, currency risk and operational risk. Risk limits have been set in policies and guidelines at levels that will ensure the ability to pay, secure access to capital and create predictability in future interest expenses.

## Interest risk

Interest risk refers to the risk that a rapid change in market rates will negatively impact the Municipal Group's net financial items. The risk is managed through a risk mandate for fixed interest term and interest maturity decided by the City Council:

- » The average fixed interest term on the total external debt should not be less than 2 years and should not exceed 6 years.

**Outcome: 3.7 years**

- » At least 70% of the total external debt volume must be hedged.

**Outcome: 86.9%**

There is no deviation as of 31 December 2019.

## Financing risk

Financing risk refers to the risk at any given time of not having access, or having access only at a higher cost, to funds for payments. The risk is managed through a risk mandate for capital commitment and capital maturity decided by the City Council:

- » Binding loan commitments shall cover loans maturing over the next twelve months (at least 100%).

**Outcome: Contribution margin 166%**

- » Binding loan commitments and liquidity reserve shall cover loans maturing over the next twelve months plus forecasted net outflow for the next twelve months (at least 100%).

**Outcome: Contribution margin 119%**

- » The average maturity of long loans should not be less than two years and should not exceed six years.

**Outcome: 3.9 years**

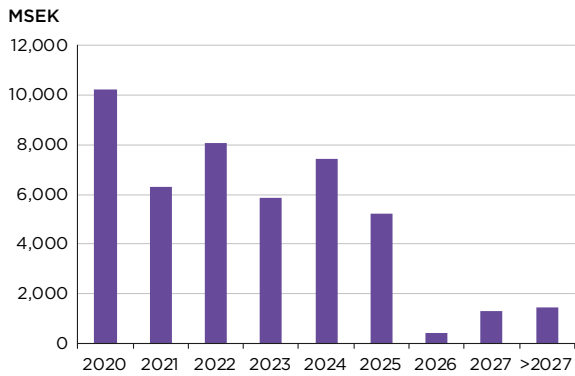
- » A maximum of 25% of external long-term (one year) borrowing may mature during a calendar year.

**Outcome: <19%**

- » A maximum of 35% of total external borrowing may mature within the next twelve months.

**Outcome: 21%**

## Borrowing maturity structure



As part of its risk management strategy, the City of Gothenburg invests SEK 3 billion in liquid housing bonds, and borrows a corresponding amount for the purpose. All debt performance analyses for the City and the Municipal Group exclude these SEK 3 billion.

There is no deviation as of 31 December.

## Counterparty risk

Counterparty risk refers to the risk that the counterparty will not be able to fulfil its contractual obligations. The risk is managed through a risk mandate for counterparties decided by the City Council:

- » For new agreements on overdraft facilities, binding loan commitments and derivative instruments, the counterparty's long credit rating shall be at least A3 at the Moody's credit rating agency, or at least A- at Standard & Poor's.

**Outcome: No deviations**

- » A maximum of 30% of the total counterparty risk per category in derivative agreements may be with an individual counterparty.

**Outcome: Counterparty with the highest share amounts to 20%**

- » A maximum of 3% of the total volume of credit commitments may be with an individual counterparty.

**Outcome: Counterparty with the highest share amounts to 31%**

There is a deviation as of 31 December 2019 since the share of volume of credit commitments is 31% with the counterparty European Investment Bank. The deviation is expected to be temporary and end when the next borrowing is made at the EIB. The deviation can be considered less serious since the EIB is a financial institution with the highest credit rating, owned by the Member States of the European Union.

## Currency risk

Currency risk refers to the risk of incurring increased costs due to fluctuations in exchange rates. Currency risks must be hedged immediately regarding financial assets and liabilities, and with the sale and purchase of goods or services, currency hedging must be made by a significant amount.

There is no deviation as of 31 December 2019.

## Operational risk

Operational risk refers to the risk of losses from inadequate internal procedures, errors caused by the human factor or failed systems. Operational risks must be limited through internal controls and procedures for continuous identification, assessment and management of operational risks in financing activities.

There is no deviation as of 31 December 2019.

## Green bonds

As part of the bond programme, green bonds are issued to finance various projects within the framework of the City's environmental programme. Green financing is rapidly growing as a source of funding, strongly driven by investors who want to invest sustainably. Two of the year's four issues have been green bonds totalling SEK 3.8 billion. The City has a total of SEK 10.3 billion in outstanding green bonds, which is 23% of total borrowing. The breakdown for projects funded by the green bonds can be seen in the table below.



## Project breakdown - Green bonds

Project (MSEK)	Committee/Company	Project category	2013	2014	2015	2016	2017	2018	2019
GoBiGas	Göteborg Energi AB	Renewable energy	300	0	620			-920	-
Ultrafilter	Eco-cycle and Water	Water management	150	420					22
Electric cars	Göteborgs Stads Leasing	Sustainable transport	30	19	11		19	15	27
Denitrification	Gryaab AB	Water management		47	110	164	32	3	0
Tree planting	Parks and Landscape Committee	Sustainable environment		8	6	5	6	8	7
Celsius district heating	Göteborg Energi AB	Energy efficiency		5					-
Pedestrian-friendly city	Traffic & Public Transport Authority	Sustainable transport			50	10	17	32	17
Cycle-friendly city	Traffic & Public Transport Authority	Sustainable transport			60	28	28	65	84
Energy efficiency in traffic	Traffic & Public Transport Authority	Energy efficiency			50	42	37	43	18
Sustainable construction	City Premises Administration	Green buildings		382	314	498	588	707	906
Future	Förvaltnings AB Framtiden	Green buildings			388	427	544	830	1,633
New trams	Göteborgs Stads Leasing AB	Sustainable transport				170	91	41	9
Kodammarna pumping station	Eco-cycle and Water	Water management					35	80	66
Solar cell park	Göteborg Energi AB	Renewable energy						38	6
Selma Stad	Förvaltnings AB Göteborgslokaler	Green buildings						239	214
Water and sewage lines	Eco-cycle and Water	Water management							103
Hotels	Liseberg AB	Green buildings							65
Electric buses	GS Buss AB	Sustainable transport							92
HIGAB	Commercial Premises	Green buildings							144
<b>Total per year</b>			<b>480</b>	<b>881</b>	<b>1,609</b>	<b>1,344</b>	<b>1,397</b>	<b>1,181</b>	<b>3,414</b>
<b>Total accumulated</b>			<b>480</b>	<b>1,361</b>	<b>2,970</b>	<b>4,314</b>	<b>5,711</b>	<b>6,892</b>	<b>10,306</b>

# Disclosure about pension obligations

This section provides disclosures about total pension obligations for the Municipality and the Municipal Group regarding the part reported in the balance sheet and the part reported outside as a contingent liability.

Pensions in balance sheet and contingent liability	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Provision incl. special employer's contribution for the year	3,122	3,529	4,333	4,753
Contingent liability incl. special employer's contribution for the year	10,535	10,341	10,653	10,455
<b>Total pensions and special employer's contribution</b>	<b>13,657</b>	<b>13,870</b>	<b>14,986</b>	<b>15,208</b>

## Pension obligations

The table above presents the total pension obligations of the Municipality and the Municipal Group in the balance sheet and as a contingent liability. The largest portion relates to obligations for pensions and special employer's contribution prior to 1998. These obligations are not recognised as a provision in the balance sheet, but as a contingent liability under applicable law. Pension obligations have increased since the previous year by 1.5% for the Municipal Group and 1.6% for the Municipality.

In addition to the commitments in the table, redemption of pension obligations since previous years was done for a total of SEK 700 million through securing of pension insurance. The obligations secured are entirely attributable to pensions earned before 1998.

There was also an accrued defined contribution pension in the Municipality of SEK 826 million including special employer's contribution as of 31 December 2019.

## Managed pension funds

As a result of the Municipal Act's requirement for guidelines for management of funds set aside for pension obligations, in 1999 the City Council decided that funds set aside for pension obligations managed by the City of Gothenburg should be re-invested as a loan, which means that the funds are used in the City's own operations.

The background is that the City of Gothenburg is a net borrower, which means that its financial liabilities are greater than its financial assets. An investment of pension funds would then require an increase in borrowing. The City of Gothenburg therefore works according to the principle that pension funds should not be invested externally as long as the Municipality is a net borrower and also responsible for the entire financial risk for the performance of the investment.

Consequently, the Municipality has no invested pension funds of its own, but instead the main principle is to re-invest. Pensions earned before 1998 are managed entirely as loans, with the exception of the insurance redemption of SEK 700 million that was made according to separate procurement. Pensions earned from 1998 are paid as occupational pension insurance to procured pension insurance companies, and the employee selects a pension or unit-linked insurance to which the pension contribution is to be paid.



# Significant events

This section describes a number of significant events that occurred in 2019, as well as such events that occurred in 2020 before the Annual Report was prepared.

## Important events arising from decisions by the City Executive Board and/or the City Council

- » *City of Gothenburg's equality plan 2019–2023* was adopted.
- » Local plans and implementation decisions were adopted for the West Link (Västlänken) and work is underway.
- » Attractive employer programmes were developed to support skills provision in the organisation.
- » A decision was taken to prepare for implementation of LOV, *the Act on System of Choice in the Public Sector*, in housing for the elderly and in personal support.
- » Local plans were approved for an amusement park and hotel south of Liseberg, in Krokslätt.
- » Most of the *BoStad2021* local plans were approved.
- » The City of Gothenburg's guidelines for association grants to civil society were approved by the City Council.
- » A number of decisions were taken by the City Council on the City's governance, monitoring and control, including guidelines for good financial management, the organisation of the monitoring system, the committees' ability to use equity, guidelines for governance and the Ownership Directive for Göteborgs Stadshus AB.
- » The City Council approved a change to the City of Gothenburg's committee organisation. The existing district committees will be dissolved and operations will be transferred to another form of committee organisation.
- » The City Council decided to adopt a *General Plan for Gothenburg* addendum on flood risks.
- » All public libraries were transferred from the city districts to the Cultural Affairs Committee.
- » The City Council decided that a roadmap should be drawn up to enable closure of Rosenlundverket cogeneration plant by 2040–2045.
- » The City Council approved the programme for the anniversary year 2021.



## Other important events

- » Almost 4,400 homes were completed in 2019, the largest number since the Million Programme of the 1960s and 70s. Nearly 1,000 of these homes were built by the City's housing companies.
- » During the year, Boplats Göteborg AB became a municipal housing agency for the City's housing companies and for Mölndalsbostäder.
- » EU elections: Record-high voter turnout in Gothenburg.
- » The City of Gothenburg adopted a national transport challenge for its own transport services under the *Fossil-free Sweden* initiative.
- » More Gothenburg citizens feel that they can influence political decisions, and confidence in the City continues to grow. The latest state-of-the-market survey by the University of Gothenburg showed positive ratings.
- » More and more people are moving to Gothenburg. Population growth for the year remained high, at almost 8,000.
- » Initiative for young people in Biskopsgården to prevent mental ill health, drug abuse and crime.
- » The City of Gothenburg now has an ombudsman for the elderly who will gather information about needs, interests and key issues related to living and ageing in Gothenburg.
- » Residents can now choose their own private or municipal provider of daily activities under the *Act on System of Choice in the Public Sector*.
- » Gårdsten was removed from the police force's register of high-risk areas at the start of the year.
- » The Röhsska Museum reopened following renovation and improvements in accessibility.
- » Construction work began on housing, offices and retail premises around Järntorget. Work continued on the construction of approximately 1,200 homes, associated retail facilities, offices and services along Masthuggskajen.
- » Gothenburg received awards from the EU for its business strategy programme and was named European Capital of Smart Tourism 2020. For the fourth year in succession, Gothenburg was ranked as the world's most sustainable destination in the *Global Destination Sustainability Index*.
- » In 2019, the Port of Gothenburg, in partnership with the Swedish Maritime Administration and the Swedish Transport Administration, conducted a feasibility study on dredging the passage to the port.
- » Following the outbreak of the coronavirus there has been a slowdown in the economy that could have a negative impact on the municipality's funding.

# Governance and monitoring of municipal operations

This section describes important factors relating to the governance, monitoring and internal control of the Municipal Group and municipal operations.

The broad scope and diverse assignments of the City organisation mean that management processes require continuous oversight to ensure they remain efficient and effective. During the past year, several changes have been made as a result of the shift to an alliance government. One big change is that decisions on the City's budget are now made in November instead of June. One of the reasons is to give access to more up-to-date information on the financial situation when decisions are made. The City Management Office compiles the budget requirements and each of the parties receive this information in May as part of the City Executive Board's documentation.

This change affects the work of the committees and boards on local planning and the budget. It provides an opportunity to establish the budget decisions reached in December in a business plan that is approved in February. By following their budgets and business plans, the committees and boards must implement the budget decisions of the City Council. In April, the committees must also decide on allocations for the following year's budget. These changes entail revisions to the City of Gothenburg's guidelines for governance, monitoring and control, and the rules for financial planning, budgeting and monitoring were revised during the year. In the area of finances, the guidelines for good financial management, application of earnings equalisation reserve and rules for use of equity have also been revised. A review of investment management has also begun.

## **New system for monitoring progress**

The City Executive Board approved a new system for monitoring during the year. The new system will simplify and clarify monitoring for the City Executive Board and the City Council, with the emphasis on developing the City's operations. The goal of the new system is to ensure that monitoring provides opportunities for early action and that issues/assignments are dealt with at a level in the organisation that has the ability to exert influence. Monitoring must be of benefit to the committee/board and provide relevant and essential information to the municipal management. The system must be sustainable in the long term and be unaffected by political composition and/or changes in the organisation of the City's operations. A long-term perspective and continuity in monitoring are expected to allow better governance.

## **Consistent layout for ownership directives**

During the year, the ownership directives for the companies were organised in the same way as the regulations for committees. This means that the directives for all companies contain two similar chapters, while one chapter is company-specific. It is planned that all ownership directives will be updated to follow the new layout in 2020. The ownership directive for the parent company, Göteborgs Stadshus AB, was the first to be approved with the new layout. According to the parent company's new ownership directive, the City Director is also the CEO of the company.

To clarify the roles of various functions in the governance of the Group, corporate guidelines for governance have also been drawn up.

### **Continued work on governing documents**

Work has continued on ensuring that the City's governing documents comply with the relevant terminology and layout requirements. The applicability of City-wide documents is reviewed annually to safeguard content and validity. Based on the need for common goals, strategies and measures to solve the City's various challenges, political assignments are issued for new programmes and plans. New programmes and plans adopted during the year include the *City of Gothenburg programme for attractive employers* and the *City of Gothenburg Gender Equality Plan*.

In the budget for 2020, the City Executive Board has been assigned to begin a survey of the City's governing documents with the aim of simplifying and reducing the number of programmes and thus improve compliance.

### **Whistleblower service**

During the year, 59 reports were received by the City's whistleblower service. Two external investigations were initiated concerning Göteborgs Spårvägar AB and Göteborgs Stads Parkering AB. The investigations will be completed early in 2020. Göteborgs Spårvägar AB is the organisation that has been reported most often. The remaining reports were varied in nature and concerned aspects such as health and safety at work, appointments of staff, procurement, secondary jobs and conflicts of interest. Most of the reports were made anonymously.

### **Organisational changes**

In recent years, the City organisation has been revised to improve fitness for purpose. Two new committees were set up in 2018 with responsibility for pre-school and compulsory school services, and a review of the district committees was completed. In November, the City Council decided to replace the district committees and the Committee for Allocation of Social Welfare with committees responsible for care of the elderly and healthcare, medical care and support for people with disabilities. A review of committee organisation is in progress for individual and family care and for other social services. The intention is to complete this work by 1 January 2021.

The districts have set up an important arena for dialogue with citizens. There is a range of ongoing activities, relationships and skills in the districts that must be maintained during the transition to central committees. The reorganisation does however provide an opportunity to improve local democracy since more committees will have greater local responsibility and there will be more requirements for collaboration between committees. The change also offers opportunities to develop digital tools for the entire City, to complement democracy efforts.

### **Gothenburg Suggestions**

One of the City's key digital tools for participation and influence is Gothenburg Suggestions. New guidelines were drawn up in 2019 to show how the City should handle suggestions from residents of Gothenburg. The new guidelines make it clear that suggestions from residents should guide the way and that the City should make every effort to give clear and prompt replies. In 2019, committees and companies received over 170 suggestions, a significant increase over 2018. The majority of suggestions are not implemented or only partially implemented, but they nevertheless provide a valuable connection to the City's elected representatives and contribute to the democratic conversation. One example of a suggestion that is being implemented is an open pre-school for LGBTQ parents.

### **Youth Council**

The City's elected Youth Council received a new election app during the year, which was designed in collaboration with representatives from the forum. The app makes it easier for more candidates and voters to take part in elections. User-friendly digital solutions make it easier and more equitable for candidates to participate in the election, and the City can focus its resources on supporting the involvement of young people, rather than on administration.

### **Signing of state declaration for strong democracy**

In October 2019, the City of Gothenburg signed the government's declaration for a strong democracy. By doing so, the City undertakes to actively stand up for democracy, spread information and raise awareness regarding the democratic system, and contribute to the democratic conversation.

# Good financial management and financial position

Under its guidelines the City of Gothenburg is expected to demonstrate good financial management based on six focus areas concerning its finances and achievement of the City Council's goals.

The City Council's guidelines for good financial management and application of the earnings equalisation reserve must take account of six focus areas linked to the City's financial situation in its annual budget decisions. The following is an overview of development in these focus areas, which provides a basis for assessing good financial management.

The development of the six focus areas in the financial perspective for good financial management must be assessed as a whole and over time. Four of the focus areas can be assessed against a desired level, or target, while two of them depend more on responsibility issues and good rules of procedure (focus areas four and five). The assessment for 2019 is that all six focus areas have been met.

The section on the *City Council's goals and assignments* gives a progress report on the goals adopted by the City Council in the 2019 budget. Progress towards the overall goals is difficult to

assess, but for one of the goals, *Gothenburg's living environment is sustainable*, a long-term positive trend can be seen. In the case of the organisational goals and operational goals, the trend is positive for roughly half of them, while it is difficult to assess the rest because the changes in their indicators are marginal or do not show a clear trend.

The overall assessment of the six focus areas in the financial perspective and progress towards the goals shows that good financial management is expected to prevail in the City of Gothenburg.

New guidelines have been approved and will be applied from 2020. These contain financial goals and a link to the operational goals. A new monitoring system was also approved during the year and progress toward goals will be monitored using indicators and target values set out in a new budget.



Focus areas	Earnings
<p>1. In the long term, the City strives to achieve an earnings surplus corresponding to at least 2% of the Municipality's tax revenue and municipal financial equalisation. Earnings should be compatible with the City's risk exposure.</p>	<p>Net earnings for the year equalled 4.6% of the Municipality's tax revenue and municipal financial equalisation. The average over a ten-year period is 3.4%. Generally speaking, earnings of 2–3% are considered good financial management because this level of earnings provides scope to finance the majority of the normal investment volume in a municipality over the long term. The focus area target to achieve surplus earnings of at least 2% is considered to be met for 2019 and in the long term. Earnings excluding items affecting comparability, capital gains and dividends amounted to SEK 179 million, which corresponds to 0.6% of municipal tax revenue and municipal financial equalisation.</p>
<p>2. In the long term, the City must ensure that volumes of investment are compatible with the City's long-term financing capability. The goal is a high level of self-financing.</p>	<p>The Municipality of Gothenburg's net investments totalled SEK 4.3 billion in 2019, which is a significant increase compared to levels in previous years. Over the past 10 years, investment expenditure has averaged SEK 2 billion. Despite the increase in investment level, the level of self-financing is high, at 77%. Levels below 100% will result in a need for increased borrowing to part-finance the investments. Over a 10-year period, the level of self-financing has averaged 117%. It is therefore reasonable that the level of self-financing should fall slightly when the volume of investments has to be increased to meet greater demand on services and urban development in general. This focus area requirement is thus considered to be fulfilled.</p>
<p>3. In the long term, the City aims to carry out urban development and land development within the framework of good financial management.</p>	<p>The goal that the City's development activities should be conducted within the framework of good financial management should be seen as a long term aim. Development activities in 2019, which generated revenue of SEK 1.2 billion, had a negative cash flow of SEK 93 million after deductions against income. The accumulated cash flow from 2010 onwards is negative and in excess of SEK 390 million. When expenses for water and sewage installations are excluded, it instead gives a positive cash flow of SEK 337 million. Because water and sewage installations are funded by charges, it is reasonable to consider that this focus area requirement has been met.</p>
<p>4. In the long term, the City intends to measure and secure the financial commitments associated with owning the City's companies.</p>	<p>Göteborgs Stadshus AB works actively to develop procedures for times when company decisions of a fundamental nature or of great importance must be subordinate to the City Council in accordance with provision 10:3 of the Swedish Local Government Act. This has led to the drawing up of new instructions. Examples of this type of decision include document number 0060/19 regarding a proposal by Göteborgs Energi AB to sell the shares in Ale Fjärrvärme AB.</p>
<p>5. When making important decisions on entering long-term commitments in any form or disposing of property, the City has to assess the financial consequences for the City's ability to maintain good financial management.</p>	<p>A number of decisions have been taken by the City Council on the City's governance, monitoring and control, including guidelines for good financial management, the committees' ability to use equity, guidelines for ownership control, and the Ownership Directive for Göteborgs Stadshus AB. The governing documents and specific assignments, such as an investigation of the long-term sustainable dividend level for the companies and an investigation of possible assets for disposal, provide a basis for making decisions to maintain the focus.</p>
<p>6. Under special regulations, the City may use the earnings equalisation reserve to offset changes in external conditions due primarily to economic fluctuations.</p>	<p>Based on previous years and net earnings for the year, Gothenburg Municipality's balance for the earnings equalisation reserve is SEK 3,003 million. The provision enables the City to quickly meet any income losses resulting from external changes in order to meet the balanced budget requirement. This increases the City Council's ability to handle a rapidly deteriorating economic climate. The intention of this focus area has been met.</p>

# Balanced budget requirement

Gothenburg Municipality achieved the statutory balanced budget requirement with earnings excluding capital gains of SEK 719 million and has thereby met the requirement every year since its introduction in 2000.

## Balanced budget requirement analysis

Amounts in MSEK	2017	2018	2019
<b>Net earnings</b>	<b>2,128</b>	<b>1,792</b>	<b>1,504</b>
Capital gains that are not consistent with good financial management	-824	-739	-785
Capital losses as a result of sales that are consistent with good financial management	-	-	-
Unrealised gains and losses on securities	-	-	-
Reversal of unrealised losses on securities	-	-	-
<b>Net earnings for the year after balanced budget requirement analysis, before allocation to/utilisation of earnings equalisation reserve</b>	<b>1,304</b>	<b>1,053</b>	<b>719</b>
Funds to/from earnings equalisation reserve	-1,000	-740	-394
<b>Balanced budget requirement result for the year after allocation to/utilisation of earnings equalisation reserve</b>	<b>304</b>	<b>313</b>	<b>325</b>

The balanced budget requirement means that municipalities and county councils cannot adopt a budget where costs exceed income. If earnings at the end of the year turn out to be negative, this must be offset by surpluses within three years. A balanced budget requirement analysis is conducted annually to establish whether the requirement has been met. According to the analysis, the Municipality fulfilled the statutory balanced budget requirement in 2019 with earnings excluding capital gains of SEK 719 million. The Municipality's guidelines for the earnings equalisation reserve allow for a provision for the portion that exceeds 1% of tax revenue and municipal equalisation. This corresponds to SEK 394 million for the year.

# Significant personnel-related conditions

The employees of the City of Gothenburg are crucial in ensuring that the people we serve have a good day-to-day life. Staff turnover and sick leave both decreased during the year, while efforts are in full swing to achieve healthy and attractive workplaces in a city undergoing change.

## Employees

In December 2019, the City of Gothenburg, administrations and companies had a total of 56,100 employees, an increase of almost 300 compared with December 2018. The number of employees in the administrations increased by just over 300 to 48,100, while the number of employees in the companies was essentially unchanged at 8,000.

Within the City's administrations, the increase in the number of permanent employees mainly occurred within compulsory schooling, pre-school, Intraservice (providers of internal services in the City), as well as urban development. The professional category that has grown most is case workers, especially in the first three mentioned administrations. Case workers often provide administrative and specialist support to managers and services. Other professional categories that have increased include teachers, childcare workers, managers, support assistants, engineers/architects and social workers.

Within the City of Gothenburg, 72% of employees were women. In the administrations, 77% were women, and in the companies 40%. The percentage of women in the companies fell by 1% and remained unchanged elsewhere.

The City of Gothenburg has over 2,400 permanently employed managers, 68% of whom are women. The administrations have just under 1,900 managers, 75% of whom are women. The companies have 550 managers, 41% of whom are women. Compared with 2018, these percentages are unchanged.

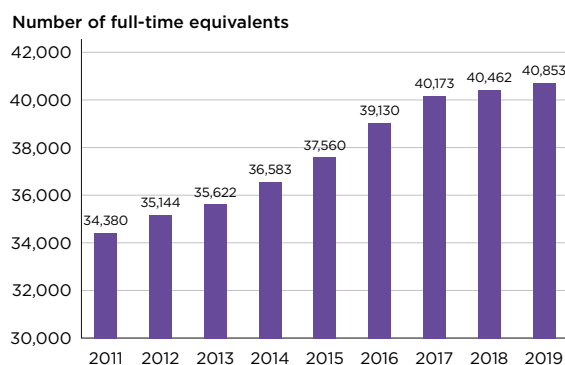
Over a longer time period, the number of employees in the administrations who have permanent positions has increased. This trend is in line with the City's goal to offer permanent employment in order to be an attractive employer. In addition, the proportion of permanent employees who work

full-time is high: just under 95% of women and just over 95% of men. The number of employees with temporary and hourly employment has remained unchanged.

## Staff volume

The City's staff volume is measured on the basis of hours worked and is usually expressed as full-time equivalents (FTEs). The administrations grew by almost 400 FTEs in 2019, to just under 40,900, an increase of almost 1% compared with 2018. The staff volume has been rising for several years, but at a considerably lower pace in recent years. The companies report a staff volume of just over 6,800 full-time equivalents. This is an increase of just under 150 FTEs since 2018. One explanation for the increase is that several companies are intentionally replacing consultants with employed staff.

### Staff volume expressed as accumulated full-time equivalents per calendar year for the City's administrations



Since 2011, the number of FTEs in the administrations increased by just under 6,500. Most of these jobs are in education, care of the elderly, individual and family care and disabilities. The increases in compulsory school, upper secondary school and pre-school services are not just a result of the growing population, but also political initiatives. Examples include smaller pre-school classes, additional staffing linked to assignments, and the attendance and circumstances of children.

## Skills provision

The City's ability to attract staff with the right skills has been a challenge for several years. This is partly due to the strong economy and resulting high demand in the labour market, and partly due to changing demographics, which means there are fewer people of working age and a growing proportion of residents who need municipal services. Most municipalities in Sweden are experiencing a similar situation. A concerted effort to address these issues is underway as part of a development project within the framework of the City of Gothenburg programme for attractive employers.

Staff turnover has declined in the administrations as a whole for the second consecutive year, which can be explained in part by the gradual downturn in the economy.

Internal mobility between administrations has declined. One reason is the reduced mobility of those who work in pre-school and compulsory school services, since they have been working in their own dedicated administrations since mid-2018, instead of ten different administrations. The reduction is also reflected in a continued fall in the number of advertised permanent positions over the last three years, as well as a rise in the number of applicants for each vacancy. Turnover among managers of administrations has fallen in a similar way to turnover among other staff. Staff turnover in the Group as a whole is on a par with the administrations. Although the situation has eased somewhat, it is still a major challenge to find the right staff with the right set of skills in many of the services. Employees who have lower skills and experience than desired are often hired.

As in prior years, staff turnover is still highest among nurses. The situation is aggravated by competition from outside healthcare providers and recruitment agencies. There are fewer applicants for each advertised vacancy, and many recruitment processes are terminated early. To coordinate and streamline work within the City, requirements for an internal recruitment unit were identified in 2019, and this is expected to be set up by autumn 2020.

Efforts to adapt services continued throughout the year, using digitalisation and welfare technology, along with new working methods and the reallocation of duties in the workplace. Progress in these development areas has varied between the City's various services. Based on the reports submitted by the City's administrations and companies during the year, there is generally a strong focus on recruitment. The City's services need to adapt fur-

ther to ensure that the skills of existing employees meet needs as effectively as possible, primarily by improving the efficiency of working methods. The decisions taken to set up new specialist administrations for welfare provision are seen as an important step in aligning skills provision with the mission of municipal services.

One aspect of these changes is to address how the City meets staffing requirements for services, especially where services are provided around the clock. Measures include improving the efficiency of staffing, revising working methods and reorganisation. In 2019, the administrative managers in the city districts were offered training in strategic staff planning to help managers and management make strategic decisions on staffing based on the needs of users, and on using employee skills appropriately.

Decisions were also made to introduce new positions in pre-school and disability services in an effort to clarify roles and assignments and to use the available skills as effectively as possible. A new position was also introduced in care of the elderly for the same purpose in late 2018/early 2019. Other examples include clarifying roles in compulsory schooling that entail supplementary services, for example by enabling principals to organise work so that teachers can focus on teaching and get assistance with other duties. After-school recreation centres have also worked on defining roles and skills requirements.

## Working environment and health

As part of systematic efforts to promote better health, city-wide monitoring of the working environment and health has been introduced. Eight questions that are considered closely linked to the working environment and health were sent out to the managers of all administrations and companies. The final report – A Strategic Analysis of the Working Environment and Health – concluded that there are a number of areas where appropriate procedures and working methods are not used, while others require further improvement.

In many areas there is a systematic approach to improving the working environment, from first-line managers right through to employees. However, the report identified a risk that top management does not always have access to sufficient information to take strategic decisions on the working environment and health, which could affect our ability to provide a good service to residents.

The section referred to in the report as Nordic Council of Ministers/Gender Equality includes



efforts to prevent abusive behaviour, harassment and sexual harassment. The 2019 employee and manager survey has focused in part on assessing experiences of such situations. 18% of employees reported that they had experienced such treatment in some way, mostly from a colleague or by users/students/customers/relatives, while a small proportion reported such treatment by a manager or other person. The corresponding figure for managers is 11%. The proportion of employees and managers who reported such treatment has fallen since the previous year, from 20% and 12% respectively. Despite this fall, efforts need to be extended and intensified to comply with the City's zero tolerance policy for such behaviour. More attention has been devoted to this area in the basic working environment training course aimed at new managers and health and safety officers. During the year the City Council also approved a support package with measures to prevent such behaviour in the City's workplaces. A course was also launched for HR to address abusive behaviour, harassment and sexual harassment.

The 2019 employee and manager surveys also focused on measuring the Sustainable Employee Engagement index (Hållbart Medarbetarenge-mang HME), which includes motivation, leadership and governance. The results from the employee and the manager survey show that the HME has declined compared with the previous year, especially the sub-index for governance.

## Health and ill-health figures

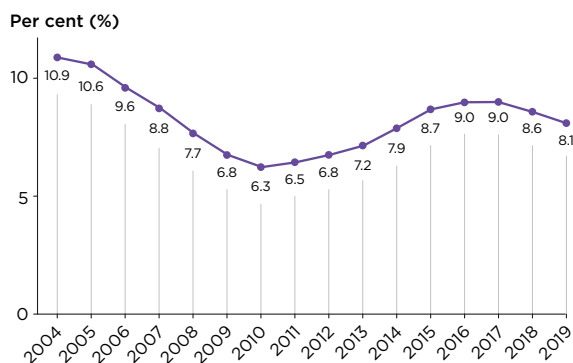
Sick leave continues to fall in both the City of Gothenburg and the rest of Sweden. In 2019, sick leave was 8.1% for the City's administrations, down 0.5 percentage points from 2018. Sick leave for the first 14 days and for longer periods both decreased. The majority of companies report sick leave ranging from 2% to 5%, which is on a par with the previous year.

In the administrations, sick leave fell in all services for both men and women. Sick leave was highest in home-help services, at 11.6%, down 0.9 percentage points from 2018. Sick leave remained higher among women than men, although the difference has narrowed over time. In 2019, sick leave cost the City's administrations SEK 602 million, which is just over SEK 20 million lower than in 2018.

At the same time that sick leave is decreasing, healthy attendance (the proportion of employees with four sick days or less per year) is increasing. Healthy attendance varies between the various

services and their situations, but the change is consistently reflected. One explanation is the severe influenza outbreak in early 2018, which resulted in a high level of sick leave. On average, healthy attendance in the administrations was about 41%.

## Total sick leave, administrations



The City's new rules for rehabilitation and adaptation of job roles took effect in June 2019. These are based on the recommendations of the Swedish Association of Local Authorities and Regions, and on occupational legislation. Consequently, initiatives to prevent recurrent short-term sick leave were addressed earlier than planned, while also focusing more on prolonged sick leave lasting over one year.

## Leadership

The organisational conditions of managers is a topical issue both nationally and in the City of Gothenburg. The term 'organisational conditions' refers to the structures, requirements and resources that influence managers in their work. These conditions must allow managers to run a good operation and provide a working environment in which employees are able and willing to contribute to a good everyday life for the citizens of Gothenburg. Given the major organisational changes occurring in both the administrations and the companies, leadership is even more crucial.

The strategic analysis of the working environment and health described above shows that many managers in the City have a high workload, especially in the welfare services, where assignments often involve many employees and a shortage of support and resources. Earlier research findings and lessons learnt concur, including the Chefios research and development project, which addresses conditions for executive management in the public sector. Many of the City's services are examining the ratio of employees to managers and attempting to clarify the roles and assignments of managers.

Some administrations have reorganised, partly to facilitate a balance between resources and demand. Other measures that have been highlighted include increased support and an overview of the roles and assignments of support functions.

A pilot project for a research-based tool aimed at understanding and developing the organisational conditions of managers, Chefoskopet, was completed during the year. The tool has helped to give a deeper understanding of the organisational conditions of managers and provided a common language at different organisational levels in each administration. This in turn led to improvements in communication between levels and better support for managers. The pilot project will serve as a basis for further work to learn more about and improve conditions in the administrations and companies.

In order to create a common foundation and provide good conditions for managers to do their job in the City of Gothenburg, a more comprehensive introduction for new managers has been developed. The introduction also provides an opportunity for new managers to network with other colleagues in the City.

To improve management and governance of the City and to further develop a common approach and culture, a development programme has been drawn up for all managers of administrations and companies, and the first stage has begun.

## Wages and benefits

Equal and competitive salaries is a focus area for the City, and efforts to eliminate unjustified pay differences need to continue. For the City's administrations, this involves continued measures to raise wages for professional categories in welfare and education in relation to other sectors. Equalising structural wage differentials is part of the challenge that the City's administrations must address to attract staff with the right education and skills into the services, in the short term and long term.

The annual salary review helped to reduce the pay gap between men and women. In the City of Gothenburg's administrations, the average salary for women is now 96.3 per cent of the salary for men. The gap has decreased by 5.2 percentage points over a ten-year period.

The disparities between different sectors of the labour market, in which healthcare, childcare and education traditionally have lower wage levels than technical and administrative sectors, is the main reason for the gender pay gap. In its report on the gender pay gap in 2018 (Löneskillnaden mellan

kvinnor och män 2018), the Swedish National Mediation Office found that the factor that accounts for the largest share of the wage gap is profession.

In addition to the 2019 salary review, remuneration for unsocial working hours was increased. This, together with pay changes resulting from new and replacement recruitment, has contributed to an increase in the total payroll expense for the year.

The City of Gothenburg's companies belong to six different employer organisations that operate in the labour market, as well as the organisation for the administrations, the Swedish Association of Local Authorities and Regions (SALAR), with which each employer organisation signs central collective agreements. Just as in the administrations, the Group is also working on ensuring that unjustified pay differences do not occur. The companies, as individual employers, work to prevent discrimination and to promote equality. Work is also proceeding on job evaluations, salary mapping and analysis of pay differences, and appropriate measures will be taken.

A state-of-the-market analysis of all employee benefits to City staff was started during the year. The analysis shows a need to modify the current benefit structure in order to comply with approved City guidelines and procedures. This work will continue in 2020.

## Future issues

To ensure skills provision in services:

- » Improve organisational conditions for managers to prioritise implementation of the mission and manage change.
- » Create a foundation for healthy workplaces.
- » Exploit new ways of working and technology to use skills appropriately.

## Significant personnel-related conditions in the Municipality and the Group

	2018						2019					
	The Municipality			Municipal Group*			The Municipality			The Municipal Group		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employees	36,931	10,870	47,801	40,224	15,633	55,857	37,086	11,028	48,114	40,337	15,805	56,142
Permanent employees	28,991	7,974	36,965	30,941	11,534	42,475	29,354	8,224	37,578	31,315	11,818	43,133
Fixed-term employees	3,074	1,275	4,349	-	-	-	2,726	1,182	3,908	3,680	1,862	5,542
Hourly employees	4,866	1,621	6,487	-	-	-	5,006	1,622	6,628	5,342	2,125	7,467
Permanent managers	1,371	451	1,822	-	-	-	1,418	461	1,879	1,644	784	2,428
Average age of permanent employees	45.3	44.8	45.2	-	-	-	45.4	44.9	45.3	45.4	45.5	45.5
External recruitment	8,958	3,222	12,180	-	-	-	8,153	2,915	11,068	10,637	4,843	15,480
for permanent employment	3,512	1,136	4,648	-	-	5,474	3,189	977	4,166	3,416	1,395	4,811
for fixed-term employment	5,446	2,086	7,532	-	-	-	4,964	1,938	6,902	7,221	3,448	10,669
External departures, permanent employees	2,826	797	3,623	-	-	4,327	2,687	779	3,466	2,862	1,090	3,952
of whom with a pension	586	149	735	-	-	842	550	147	697	581	221	802
of whom of own volition	1,987	550	2,537	-	-	-	1,910	547	2,457	2,033	745	2,778
External staff turnover, %	10.0	10.4	10.0	-	-	-	9.3	9.8	9.4	9.3	9.4	9.3

\* Information for the companies was not prepared for 2018, for which reason reporting for the entire Group is incomplete.

## Significant personnel-related conditions, only the Municipality

Per cent (%)	2018			2019		
	Women	Men	Total	Women	Men	Total
Mobility between administrations	4.0	2.9	3.8	2.4	2.0	2.4
Sick leave						
Total	9.4	6.0	8.6	8.8	5.7	8.1
60 days or more (percentage)	57.3	48.3	55.9	57.6	48.2	56.1
29 years or younger	8.0	5.9	7.5	7.5	5.9	7.1
30–49 years	8.8	5.5	8.1	8.1	5.4	7.5
50 years or older	10.4	6.6	9.6	9.9	6.2	9.1
Percentage of permanent employees with a minimum of 3 years of higher education	45.3	44.5	45.0	46.5	44.7	46.1
Permanent employees born outside Sweden	28.1	25.3	27.5	28.9	26.2	28.3
Permanent managers born outside Sweden	10.2	10.6	10.3	10.7	11.1	10.8

# Expected development

This section presents known conditions and factors deemed to impact the Municipal Group in the near future, along with the associated risks and uncertainties. The report is based on the following conceptual model, which identifies three areas that are central to the City's mission.



The conceptual model that the Mission, Urban Development and Social Sustainability are interconnected and interdependent points to a number of challenges that must be addressed.

## Funding and staffing of the welfare mission

The demographic distribution in Gothenburg has shifted towards an increased proportion of children, young people and older people. While there is strong growth in the number of citizens of working age, the older population in particular is growing faster, which means that the proportion of citizens of working age is still declining. This situation has an impact on what is known as the dependency ratio, in other words a smaller percentage of the population will be supporting a higher percentage. This trend can be seen across Sweden and means that the current main source of funding for welfare, income tax, is weakening in relation to the mission, and in the long term the dependency ratio will

pose a growing challenge. Moreover, a general rise in prosperity in Sweden is contributing to higher expectations regarding access to and quality of municipal services. The welfare mission needs to be rationalised, partly through digitalisation and the use of artificial intelligence (AI).

### Some factors for success:

- » Development of services and more efficient working methods.
- » Create attractive jobs to provide staff for the municipal welfare mission.



## Collaboration in urban development

Urban development is a complex task which entails taking a holistic approach to create attractive city districts with housing, shops, workplaces, municipal activities, meeting-places, parks, and opportunities for entertainment and leisure activities. Historically large extensions of the infrastructure, with new tunnels and bridges, lay a good foundation for urban development. High demands are placed on sustainability and modern infrastructure. The complexity of the issues places great demands on collaboration between the different stakeholders in the City, and with external organisations. The City can only partially influence the work flow in a way that reduces the time it takes from the planning stage to the completion of homes. Communication and dialogue with citizens play an important part in this process.

After a period of planning, the extensive urban development process is now entering the implementation phase. A downturn in the economy will have some impact on conditions for construction to proceed, but the major infrastructure projects continue to be a strong driver for growth. Since construction is largely in the hands of private construction companies, the market's willingness to invest is a key factor in plans being realised, and the market is sensitive to the economic outlook. Local plans have to a large extent been drawn up and approved, but a downturn in the economy could lead to a lower rate of implementation.

### Some factors for success:

- » Efficient working procedures.
- » Citizen dialogue and strategic decisions at an early stage of planning.

## Social sustainability requires long-term work

Social sustainability is perhaps the most important of the three areas of the conceptual model in the long term. It is fundamentally about creating a society where people feel a strong sense of involvement. This is not the case for everybody in Gothenburg today. People and groups perceive themselves as being on the outside, which is reflected in part in reduced safety and security, and less confidence in the future. There should be greater equality in people's living circumstances.

Important requirements for active participation in society are housing, education and work. More children and young people need to be given a better foundation to be more successful at school. Qualifying for upper secondary school and opportunities for higher education give young people hope and the ability to influence their living situation. Growth in the labour market is ultimately an essential factor in ensuring more people can find work and support themselves. Unemployment has decreased in recent years, but less so among groups that have difficulty accessing the labour market, such as recent immigrants or those with inadequate education. To make it easier for this group to meet the labour market's need for workers, job matching is an essential tool.

It is important that efforts to achieve an *Equal Gothenburg* show long-term commitment in order to build a socially cohesive city.

### Some factors for success:

- » Persistent efforts to create an *Equal Gothenburg*.
- » Focus on housing, schooling and work.

## Future population trend

The City's population forecast continues to show strong population growth. By 2040, the last year of the forecast, the population is expected to grow by 156,000. The population increase is evenly distributed over the years, which means about 7,400, or 1.3% annually. The expected population growth is in line with the trend since 2000.

All age groups will grow and the large group of working age citizens will increase most. Of the ages most important for municipal services, the increase in the number of elderly citizens is of greatest concern. By 2040, the age group 65 years and older is expected to increase by 38,000, a 42% increase. To date, the entire increase in the proportion of older people has been in the younger age group, but from this year the group 80 years and older is also beginning to grow rapidly. For the City, this increase entails greater demand for various types of social services, such as home-help services and housing for the elderly. According to the municipal plan for housing for the elderly, the need for such accommodation will increase from the current 4,000 places to 6,700 in 2040.





PHOTO: LO BIRGERSSON



By 2040, the number of children of pre-school age is expected to have increased by 7,000 and other schoolchildren by over 12,000. While these age groups are growing more slowly than other age groups, the large increases in numbers entail a continued need to build more pre-school and compulsory school facilities. When class sizes are restricted to 15 children in pre-schools and 25 pupils in schools, an additional 500 classes will be needed in pre-school, and a similar number in schools.

In many regards, Gothenburg has a favourable age structure with a large population of working age. Because of the large influx of young adults, the age structure of the city will have less of an impact despite the large increase in the number of older people, than in most other municipalities and Sweden as a whole.

## Finances

The issue of Brexit has largely been resolved recently, and the trade conflict between the US and China has been toned down. While these developments are good news, slower growth is expected both globally and in Sweden in the coming years. For the global economy, GDP growth over the next few years is expected to end up at around 3% and for Sweden, just over 1%. This must be considered to be relatively weak growth. It means that the economy can be considered to be unchanged over the next few years. West Sweden is relatively well positioned in terms of the slowdown compared with Sweden in general. Job growth in the third quarter reached 2.4% for the Gothenburg Region, which can be compared to 0.7% for Sweden.

The long-term challenges that the Municipality faces regarding funding and skills provision are becoming increasingly apparent. The conclusions of the City of Gothenburg's report on long-term economic conditions 2017–2035 (Göteborgs Stads långsiktiga ekonomiska förutsättningar 2017–2035), which were presented to the City Executive Board in autumn 2017, continue to be valid. The report stated that for demographic reasons, cost development in the Municipality would exceed funding development for many years to come. This means that, in addition to challenges in funding its mission, the Municipality would also face significant challenges related to skills provision for the City's services. It is somewhat easier for a large city like Gothenburg to address this type of situation than for municipal Sweden in general. All in all, this means that regardless of opportunities for funding, in the future the municipal sector will

need to prioritise where the available workforce should work.

In November the Riksdag took a decision regarding changes to the cost equalisation system. These changes will take effect in 2020. The changes mean that the system will take into account the additional costs associated with sparsely populated areas to a greater extent. For Gothenburg, the City's subsidy to the other municipalities will increase as a result of the changes. The City paid a cost equalisation fee of just under SEK 700 million in 2019 and will pay just under SEK 1,100 million in 2020, mainly due to changes in the model. To allow for a gradual transition, Gothenburg, like other municipalities that lose out as a result of the changes, will receive an introductory grant to mitigate the effects in 2020. The introductory grant will be sharply reduced in 2021 and will be completely withdrawn in 2022. Since the economic downturn will simultaneously contribute to weaker growth of the tax base, the City faces substantially weaker funding over the next few years.

## Labour market

According to the Swedish Public Employment Service labour market forecast, the demand for labour will weaken, but will remain at a continued high level. The workforce continues to grow, but at a slower pace than previously.

More people are effectively excluded from the labour market, which contributes to rising unemployment. At the same time, the number of jobs is not increasing at the same pace as previously. The Swedish Public Employment Service predicts that unemployment will rise from 6.8% in 2019 to 7.2% in 2020. In 2021, unemployment is expected to reach 7.4%.

Gothenburg has several infrastructure projects that are expected to offset the situation locally. There is also some uncertainty regarding what will happen with the Swedish Public Employment Service. Jobs that are supported by the Labour Market and Adult Education Administration and the Swedish Public Employment Service may be affected, and this could have a major impact on income support.

## Skills provision

As described above, the City's ability to provide the skills needed for services is closely linked with the population structure. The proportion of citizens of working age is declining, while demand for municipal services is growing. Since Gothenburg

is a major city, it is better positioned than most municipalities in Sweden.

The challenges related to skills provision have affected the City's ability to carry out its mission for several years. Both the quality of welfare and the ability to deliver urban development are affected. To meet the challenge in relation to users and customers, skills need to be used more appropriately with more efficient working methods and with a greater focus on the mission. Staffing should also be planned from a more strategic perspective. Skills must also be updated more over the course of an individual's working life. During the period 2019–2023, appropriate skills is a target area in the *Attractive employer programme*.

Digitalisation should be one of the tools for this process of change. In 2020, goals and strategies for digitalisation will be formulated and adopted.

At the same time, the City needs to be attractive to new target groups and the recruitment base needs to be broadened. Adult education in particular is an important recruitment base for several of our major welfare occupations.

## Environment and climate

In its *Global Risk Report* for 2020 the World Economic Forum ranks environmental risks, such as climate change and loss of biological diversity, as the most likely risks to occur and affect the global economy during the coming decade. For the first time, environmental risks alone top the list of risks. Regarding the climate, the EU took the decision to become the first climate-neutral continent by 2050 and also declared a Climate Emergency. The European Investment Bank decided to stop investing in fossil fuels.

Work on a new environment and climate programme for the City is underway and the task is to adapt the climate target to the Paris Agreement. The City Council will address the goals and strategies of the programme over the next few years.

## Climate change adaptation

The City of Gothenburg needs to adapt to climate change in order to create a robust society capable of withstanding such change. In particular, the City needs to implement measures to address extreme weather events such as torrential rain and heavy precipitation that cause flooding; the rising sea level also contributes to flood risks. According to the thematic addendum to the *General flood risk management plan*, the City needs to build a shoreline barrier from Marieholmsbron bridge to

Älvsborgsbron bridge and implement measures to manage heavy precipitation. The structures need to be completed by 2035 and the cost is estimated to be at least SEK 10 billion each for the shoreline barrier and heavy precipitation management. In addition, the City needs to build flood control barriers in both the Nordre Älv river and the Göta Älv river. These structures need to be completed by 2070 with an estimated cost of SEK 10 billion. Extreme weather also leads to heat waves with drought that have climate-related health effects for the residents of the City. There are additional climate-related effects that impact the robustness of the City, which have not yet been investigated.

## One step closer to an organisation that is fit for purpose

In 2020 preparations are underway to transfer the responsibility currently held by the district committees and the Committee for Allocation of Social Welfare to a new committee organisation. Some existing committees will be given greater responsibilities, but the majority of activities will be taken over by a number of newly established committees. The latter applies to care of the elderly and health and medical care, functional support activities, individual and family care, and other social services. The plan is for the committees to assume responsibility on 1 January 2021, which will require extensive work for many people in 2020. In the long term, the change is expected to entail better prospects for equality of services offered to the residents of the City.

## Housing provision

By law, the Municipality has a special responsibility for housing provision for those groups that have difficulty accessing the housing market, such as recent immigrants and homeless people.

In 2019 the City offered transitional housing to 200 households of recent immigrants. Households without children may rent for four years and families with children may rent for five years. In 2020 the first households will move out after having lived in transitional apartments for the maximum period of four years. A total of about 130 adult households will be affected by the termination of these leases. During the period 2020–2024, about 1,300 households will move out, comprising about 3,100 individuals, including almost 1,100 children. In an effort to prevent homelessness, the City extended the lease for families with children to five years and a housing coaching project has intensified.



In recent years, a new group of homeless people has been identified as being subject to structural homelessness; in other words, entering the housing market is their only problem.

### **Local development work with a focus on public health, equality and security**

In June 2018, the Riksdag adopted a new public health policy that emphasised equality in health. Differences in living circumstances and health are a challenge for society as a whole. Sweden has made great progress in its work on sustainable development, but there are still challenges regarding matters such as achieving equal health. Although public health in Sweden follows a favourable trend for the population as a whole, health gaps have increased in recent decades, and Gothenburg is no exception. The Swedish government has a crime prevention programme, *Together Against Crime*, which states that local security efforts are essential for creating a safe and secure city.

Welfare and sustainability are directly related to public health and how it is distributed. The government's Agenda 2030 action plan and the new public health policy, as well as the long-term strategy to reduce and counter segregation, have all identified health equality as an important success factor for sustainability from the standpoint of the three dimensions. One Government initiative involves segregation funds linked to five priority areas: housing, education, the labour market, democracy and civil society, and crime. The funds are available in 2020; after that no new decisions have been taken. In the City of Gothenburg, the City Executive Board took a decision on allocation areas for funds that will total SEK 32.7 million for 2020.

The City of Gothenburg has several programmes and plans with guidance in this area. *The programme for full participation for people with disabilities* is under review in collaboration with stakeholder organisations. *The City of Gothenburg's programme for an equal city 2018–2026* was adopted in 2018 and a decision will soon be made regarding the City of Gothenburg's plan for an equal city: 2019–2022. *The Public Health Programme* expires in 2020 and will be reviewed during the year. The City Management Office has been tasked with developing a new security promotion and crime prevention programme, as well as setting up a security council. This work will begin in 2020.

Initiatives relating to public health, an equal city and security promotion and crime prevention are all interconnected at the local level and are

based on collaboration involving citizens, civil society, academia, the business community and other public stakeholders such as the police and Region Västra Götaland. A supporting strategy is that the work must be carried out now and with a long-term focus, using strategic policy documents at national, regional and local level to help set a common agenda.

### **Civil defence – changes in responsibilities of municipalities**

*The City Executive Board* approved the civil defence project in 2018. This work is being conducted in the form of a project, from January 2019 to December 2020. The project is based on the *Agreement on the municipalities' work on civil defence 2018–2020* (Överenskommelse om kommunernas arbete med civilt försvar 2018–2020), which was signed by the Swedish Association of Local Authorities and Regions (SALAR) at that time and the Swedish Civil Contingencies Agency (MSB).

The project marks the start of long-term efforts to rebuild the civil defence system. In war, civil defence in the Municipality covers all the operations that the Municipality must then provide. This work will affect all administrations, companies and joint statutory authorities within the City. A new agreement is expected in 2021. It is likely to identify new and more detailed duties for Swedish municipalities in building up the civil defence system.

# Sponsorship

Through sponsorship, the City of Gothenburg contributes to activities that are outside 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.

## **Sponsorship policy and guidelines**

To ensure a consistent 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 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 must draft an annual list of all sponsorship commitments approved at committee/board level.

## **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.

## **Companies**

The companies have sponsorship commitments that totalled approximately SEK 10 million for 2019, which is about half the costs for sponsorship compared with 2018. The reason for this is that Liseberg AB did not have any sponsorship commitments in 2019.

## **Committees**

The City of Gothenburg's district committees do not have any sponsorship commitments. Out of the departmental committees, the Parks and Landscape Committee, has sponsorship commitments.

## **Summary**

The City's sponsorship commitments are still mainly for purposes related to young people, sport, culture, major public events and a sustainable city. Awareness of the existing policy is high. The total reported sponsorship commitments for the City amounted to SEK 10 million in 2019, compared to SEK 25 million in 2018. See the annual report of the respective committee or board for further information.

# Foundations

The City of Gothenburg manages affiliated foundations and donations for various purposes. The City only manages grant-making foundations and is responsible for the foundations' capital and for the yield paid out according to the donors' instructions. The ongoing management of the affiliated foundations follows guidelines approved by the City Executive Board.

The foundations' capital is kept in a jointly managed fund, in which each foundation has a share. The capital is managed according to guidelines approved by the City Council and is completely separate from the City of Gothenburg's finances. The total yield, after deductions for a certain degree of capitalisation and management costs, can be used as a dividend in the foundations. This will be supplemented by the non-restricted equity that is already available in the donations and some of the foundations.

Facts in brief	2017	2018	2019
Number of foundations	78	76	74
Number of donations	4	4	3
Net earnings, MSEK	71.8	-7.0	67.6
Approved grants MSEK	22.7	31.1	21.7
Management costs MSEK	4.1	3.8	3.1
Equity and liabilities MSEK	944.7	924.1	968.7
Market value, wealth MSEK	979	924.1	1,081.8

The education foundations have contributed grants and travel subsidies to students and teachers, primarily in municipal compulsory schooling and upper secondary schools. Students also received bonuses for school achievements and other progress, and schools have been awarded financial support for various class activities. In all, these foundations awarded a total of SEK 6.7 million.

Foundations with a social focus have granted funds to people who are in financial need, including families with children, the elderly and adults, as well as children with special needs and their families. In all, these foundations awarded a total of SEK 6.1 million.

Foundations with a cultural focus awarded grants to the Museum of Art, the Röhsska

Museum, the Museum of Gothenburg and the Maritime Museum & Aquarium. The museums used the money to buy works of art in the form of paintings, sculptures and other objects. Money was also used for conservation work, exhibitions, research and other purposes. In all, these foundations awarded a total of SEK 5 million.

During the year foundations awarded funds to associations and other non-profit organisations for various projects and activities. Activities were organised for children in Gothenburg and for public interest, cultural and charitable causes that benefit the Gothenburg community. In all, the foundations awarded a total of SEK 3.9 million.

# 2

## Accounts

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This section presents the accounts which according to the *Municipal Accounting Act* include the income statement, balance sheet, cash flow statement and notes. The combined accounts of the Municipality and the Municipal Group are presented.



## Accounts

### **104 Accounting principles, disclosures and definitions**

The City's accounting principles are described in this section, which also provides disclosures that are not included in the notes section. Finally, the section defines a number of financial concepts that are found in the Annual Report.

### **110 Income statement**

Income statement for the Municipality and the Municipal Group.

### **111 Balance sheet**

Balance sheet for the Municipality and the Municipal Group.

### **112 Cash flow statement**

Cash flow statement for the Municipality and the Municipal Group.

### **113 Notes 1-19**

Disclosures are presented here as notes in accordance with legal requirements and recommendations.

# Accounting principles, disclosures and definitions

One of the most important tasks of accounting is to provide relevant information about the financial performance and position of an entity to facilitate management and follow-up of its activities. To accomplish this, the various accounting principles must be described in an open and informative manner. This section describes the accounting principles used by the City of Gothenburg.

The Municipal financial reporting is regulated by chapter eleven of the *Swedish Local Government Act* (Kommunallagen) and the *Swedish Municipal Accounting Act* (LAG OM KOMMUNAL BOKFÖRING OCH REDOVISNING, LKBR). In addition, the Swedish Council for Municipal Accounting (Rådet för kommunal redovisning, RKR) issues recommendations for accounting in the municipal sector. These recommendations have undergone sweeping revisions during the year because of the new MUNICIPAL ACCOUNTING ACT. The Municipality's accounts follow the new law and the updated recommendations unless stated otherwise.

The municipal companies' accounts are prepared in accordance with the *Swedish Annual Accounts Act* and the *general recommendations of the Accounting Standards Board* (BFNAR 2012:1). The municipal rules take precedence when preparing the Municipal Group's annual accounts. This means that the annual accounts are prepared in accordance with these rules. The combined accounts are prepared in accordance with RI6 *Combined accounts*. Any deviations from the recommendations and the reasons for these deviations are reported under the appropriate header below.

Assets and liabilities are recognised at cost unless stated otherwise. Gifts are measured at fair value to the extent that they are recognised as assets. Revenue is recognised to the extent that it is probable that the financial assets will be credited to the Municipality and the revenue can be calculated reliably.

Two new recommendations from RKR, RI4 *Operations and investment* and RI5 *Administration Re-*

*port*, will be applied beginning in 2020. These apply to both the layout and headings. These sections have focused on complying with the regulations in the SWEDISH MUNICIPAL ACCOUNTING ACT regarding content. The recommendations will subsequently be fully applied for 2020.

The cash flow statement is carried out according to the indirect model and essentially follows the layout recommended by RKR. The layout has changed compared with 2018 in accordance with the recommendation. The principles for classification have also changed, which has affected the values in the tables compared with the previous year. Essentially, these changes mean that the cash flow statement now begins with net earnings and that accrued connection charges and investment grants of minus SEK 57 million for 2018 have been reclassified from financing activities to operating activities. A correction of SEK 810 million was also made for incorrect gross handling of dividends in 2018 from Göteborgs Stadshus AB. All relevant values were restated for 2018. To clarify the cash flow structure and its links to the Municipality's income statement and balance sheet, a note was made for 2019.

## Changes in accounting principles 2019

*Chapter 12, Section 5 of the SWEDISH MUNICIPAL ACCOUNTING ACT* states that the combined accounts must be prepared using proportional consolidation. This means that consolidation must take place in proportion to the Municipality's share of a municipal group company's revenues, costs,

assets and liabilities. Previously, full consolidation was applied for group companies with over 50% ownership and the equity method was applied for group companies with 20% to 50% ownership. The impact on comparative figures in the income statement for 2018 and the closing balance values for 2018 are shown in notes 19 a and b, respectively. As a result of the change in the consolidation method, untaxed reserves no longer exist in relation to external owners' share of equity or untaxed reserves in the balance sheet.

### Corrections/adjustments

Certain companies have upward adjustments of properties in their accounts, which were permitted by the companies' regulations. These were reversed since the municipality is not permitted to make such upward adjustments. The impact on comparative figures for the Group's earnings in 2018 amounts to SEK 55 million. The effect on closing equity for 2018 is a decrease of SEK 3,308 million. See notes 19 a and b.

Current and deferred tax are recognised in accordance with R16 under the item *Operating expenses*. Previously, the tax was recognised as a separate line item in the income statement. The reclassified amount is SEK 129 million for the comparative year 2018 and is explained in note 19 a.

State infrastructure subsidies is now a separate line item in the balance sheet. Previously, they were included under the line item *Non-current financial assets*, with SEK 27 million as the closing balance for 2018. The change is explained in note 19 b.

### Combined accounts

According to the SWEDISH MUNICIPAL ACCOUNTING ACT, the Annual Report must include all operations run by the Municipality, regardless of organisational structure. The Municipality consists of the Municipality's committees along with the municipal group companies. The latter comprise companies and joint statutory authorities in which the Municipality has a lasting significant influence, which is primarily applied as ownership greater than 20%. The Municipality's share of the joint statutory authority Tolkförmedling Väst AB comprises about 17% (through 2018 22%), but according to R16 may be considered to "have special implications for the Municipality's activities".

The City of Gothenburg's total financial position and performance can be seen in the combined accounts, which aim to provide a comprehensive, true and fair picture of the Group.

The composition of the Municipal Group can be seen in the section on *The Municipal Group*. This also describes any changes in composition during the year. Group companies within Göteborgs Stadshus AB are presented as directly owned clusters/sub-groups and their directly owned companies. These, in turn, may have additional underlying levels, but they are not included in the compilation. Regarding regional, internal and other companies, only directly owned companies are shown.

### Consolidation principles

As can be seen above, beginning in 2019 proportional consolidation is applied, which is in line with R16. The annual accounts of each sub-group are used as the basis for consolidation of the combined accounts. Internal transactions within the Municipal Group have been eliminated.

### Items affecting comparability and extraordinary items

Events of a significant scope that are not expected to occur often and have no link with the ongoing operations are viewed and recognised as extraordinary items. Items affecting comparability are the result of events that are not extraordinary but are important to consider when comparing with other periods. The item must amount to a considerable sum and be of such a nature that it is not expected to occur often or regularly.

Extraordinary items are reported separately on their own lines and items affecting comparability as a note to the income statement. See note 3.

## Revenue

### Tax revenue

The Municipality's reported tax revenue consists of preliminary tax payments credited to the Municipality 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 the Swedish Association of Local Authorities and Regions' (SALAR) December forecast, in accordance with recommendation R2 *Revenue*. See note 6.

### Other revenue

Payments for street costs and investment grants are recognised unchanged in accordance with the previous RKR 18.1 *Receipts from fees, subsidies and sales* (September 2009). This is in line with alternative

treatment according to R2 *Revenue* from June 2019, which means that this revenue is taken up as a liability regardless of the source.

Regarding deferred income, street cost allowances and investment grants are accrued in the interval 10 to 70 years, depending on the component. For older revenue (before the introduction of component accounting in 2017), dissolution is applied for essentially 33 years. Connection charges are accrued over 50 years, except for Göteborg Energi's connection charges. Göteborg Energi recognises its connection charges for electricity, gas and district heating in their entirety as revenue in accordance with K3 when delivery of the connection begins. External connection charges amounted to SEK 85.2 million in 2019, compared to SEK 62.7 million the previous year. In the combined accounts, the item has been adjusted to deferred income in accordance with R2. The charge is distributed over five years according to a simplified model in order to meet costs incurred. See notes 1 and 14.

## Costs

### Depreciation/amortisation

Depreciation of intangible assets and property, plant and equipment is normally made for the estimated useful life, with linear depreciation based on the cost excluding any residual value. Depreciation begins from the time the asset is put into use. No depreciation is made of assets in the form of land, art and work in progress. The useful life undergoes a review if there are circumstances that make this necessary, such as operational changes and changes to technology.

Component depreciation has been applied as of 2017 to new acquisitions of property, plant and equipment, in line with R4 *Property, plant and*

*equipment*. The table below shows the intervals for the depreciation periods currently applied, as well as the Municipality's recommended depreciation periods for existing assets acquired up to and including 2016. The table also shows the depreciation periods applied by the companies. See notes 4 and 5.

*Chapter 9, section 9 of the SWEDISH MUNICIPAL ACCOUNTING ACT* states that information must be provided on the estimated average useful life for each item recognised as property, plant and equipment. Recommendation R4 states that the cost (adjusted for how much of the year the accounting unit held the asset) of each item is to be summed up for the assets that are subject to depreciation and then divided by depreciation costs attributable to these assets. Their estimated average useful life is presented in note 5.

*Chapter 9, Section 10 of the SWEDISH MUNICIPAL ACCOUNTING ACT* requires disclosure of reasons for applying a useful life longer than five years for intangible fixed assets. Goodwill investments are considered to be strategic in all cases, for which reason a longer depreciation period is reasonable. Rights based on agreements are amortised over the term of the agreement.

### Write-downs

Recommendation R6 on write-downs is to be applied for write-downs of the value of property, plant and equipment or intangible fixed assets used in such municipal services and regulated by the cost-price principle. If a municipal-owned company that complies with K3's regulations for such assets reports a write-down, it must be reversed in the combined accounts unless it meets the criteria for write-downs under R6. Write-downs exceeding SEK 5 million have been reviewed. See notes 4 and 5.

### Depreciation periods (years)

Facility	The Municipality Up to and incl. 2016	The Municipality As of 2017	Companies
Capitalised expenditure for development and similar	5	5	3-7
Goodwill	5-10	5-10	5-10
Land improvements	20-50	7-75	10-50
Buildings	20-50	15-50	10-100
Kiosks, pavilions, barracks	10	10	10
Plant, machinery and equipment	5-10	5-30*	3-25
Personal computers and IT equipment	3	3	3
Pipe/cable rights	-	-	100
Tenancy rights	-	-	20

\* For eco-cycle and water 5-50.



## Interest expense in connection with investments

Interest expenses in connection with investments can be reported according to the main rule or the alternative rule in accordance with recommendation R4. Gothenburg Municipality has applied the main rule since 2014, which means that the loan expenses are charged directly to earnings. In the company sector, loan expenses are capitalised primarily for property companies that have a yield requirement and therefore follow the alternative rule which means that the loan expenses, under certain conditions, may be charged to the cost of the asset. The combined accounts include the capitalised borrowing costs for the year, with SEK 47 million (SEK 44 million) in the asset items *Properties for activities* and *Construction in-progress*, calculated at an interest rate of 2%. See notes 5 b and 7.

## Non-current assets

### Drawing a boundary between cost and investment

Within the City of Gothenburg, assets for continuous use or holdings with a useful life of at least three years are viewed as non-current assets if the amount is greater than half a price base amount. The boundary is the same for property, plant and equipment as it is for intangible assets, as well as for financial lease agreements. When reinvesting, Municipality guidelines for component accounting specify rules for classifying component replacement as operations or investments. Art deviates from the boundary and two price base amounts are applied, with the exception of cases that fall under artistic decoration/design according to the “one per cent rule”. The boundary for art is a deviation from R4. The reason for this deviation is that the purpose of such purchases is primarily to promote local culture; in addition, the amounts are insignificant in relation to the City’s investment volumes. See notes 5 and 18.

### 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 difference between the cost and the fair value of the Group’s share of net assets acquired. See note 5.

## Property, plant and equipment

Property, plant and equipment are valued at cost with additions for value-raising investments and deductions for planned depreciation and any write-downs.

Component accounting according to R4 has been applied since 2017 to new acquisitions of property, plant and equipment. This means that the components that make up an asset are assigned different depreciation periods based on an assessment of the actual useful life. This model is also used when replacing existing assets or acquiring new components. As a result of the change, items that were previously classified as running costs for ongoing maintenance will from now on, to a larger extent, be treated as reinvestment. The companies have applied component depreciation for all property, plant and equipment since 2014. See note 5.

## Leases

A decision by the City Council stipulates that as of 2007 the Municipality’s investments in movable property must be financed through leases, with the municipal company Göteborgs Stads Leasing AB (GSL). According to R5 *Leases*, lease agreements will be classified as financial if the economic benefits and risks associated with ownership of the object are in all essentials transferred to the lessee. Assets in agreements that are classified as financial leases must be recognised as non-current assets and the obligation to pay lease fees in the future recognised as a liability in the balance sheet. The value of the assets is depreciated using the same model and depreciation period as if they had been purchased. Paid lease fees are recognised as repayment by instalments and interest.

The City of Gothenburg mainly has two major lessors. When assessing the agreements, the agreements with GSL regarding machinery and equipment are classified as financial leases. The agreements entail an economic risk for the lessee which means that the lease can be compared to purchasing the assets. The vehicle lease agreements with GSL are still classified as operational leases because the economic risk in these agreements remains with the lessor. The agreements with Region Västra Götaland about managing assistive devices are classified as operational leases owing to the nature of the agreements.

Future minimum lease fees are calculated based on data from the lessor and are reported as an obligation in memorandum items. See note 18.

## Financial assets and liabilities

Financial assets and liabilities are recognised as non-current or current items depending on their character. Reclassification to a current item occurs when an item changes character or when the financial item is not extended. See notes 8, 10, 14 and 15.

## State infrastructure subsidies

The SWEDISH MUNICIPAL ACCOUNTING ACT, requires disclosure regarding state infrastructure subsidies. The dissolution period is set to 25 years for existing projects. See note 8 b.

## Liabilities and provisions

### Pensions

The Municipality's pension liability is recognised in accordance with the statutory mixed model. This means that all pensions earned before 1998 under earlier pension schemes are entered as a contingent liability as a memorandum item, and not entered as a provision in the balance sheet. Expected future special employer's contributions are also reported as a memorandum item. Payments concerning pension benefits earned before 1998 are recognised as a cost in the income statement. See note 17.

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% of pension provisions made is also reserved under provisions. See note 12.

Defined-contribution pension including employer's contribution is included in the accruals and deferred income item under current liabilities. See note 15.

The City of Gothenburg calculates the current pension liability for employees in the Municipality as in the specified guidelines, RIPS 17. Pension obligations for employees of the municipal companies are reported in accordance with the Swedish Accounting Standards Board's BFN K3.

### Provisions

A provision is a liability that is uncertain with regard to the time of maturity or the amount and, for the Municipality, refers only to formal obligations.

Provisions for landfill sites have been entered at amounts assessed to be necessary to settle the obligation on the balance sheet day. Provisions relate to restoration of the City's closed landfills. No present value has been calculated for a provision for landfill sites and the City of Gothenburg therefore

does not comply in these aspects with R9 *Provisions and contingent liabilities*. The reason is that it is not possible to obtain the information necessary for an acceptable calculation. The provision will be used when the investment for dealing with leachate comes into use.

R9 also states that information shall be provided regarding the expected date for and uncertainty regarding outflows of resources for each provision. This is not done because it would be too complicated to specify this information for each item, since they are grouped.

Agreements entered into regarding subsidies from the state or other legal entities for investments in non-current assets that the City of Gothenburg is not going to own or have use of are recognised as a cost in the income statement and a provision in the balance sheet when the agreement is signed.

According to R9, informal obligations reported as provisions in municipal companies are reclassified as contingent liabilities in the combined accounts. Provisions exceeding SEK 5 million have been reviewed. See note 13.

### 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 consists of possible commitments where there is uncertainty as to the size of the sum and/or degree of realisation. These include the Municipality's guarantee commitments, the portion of pension obligations dating back further than 1998, and leases. See notes 16, 17 and 18. The pension obligation is described in its entirety in the *Administration Report* under the section *Disclosures on pension obligations*.

### Disclosure of separate reporting

Special reports prepared in accordance with the *Swedish Public Water Services Act (2006:412)*, and *special reports for waste management services* are available at the Eco-cycle and Water Committee's website: [goteborg.se/kretsloppochvatten](http://goteborg.se/kretsloppochvatten).

Special reports prepared in accordance with the *Swedish Electricity Act (1997:857)*, *Swedish District Heating Act (2008:263)* and *Swedish Natural Gas Act (2005:403)* relating to the electricity grid, gas network and district heating will be available at the Göteborg Energi AB website: [goteborgenergi.se](http://goteborgenergi.se).

## Disclosure about costs for auditing of accounts

The total cost for the municipal auditors to review the accounting, interim report and annual report is SEK 4.2 million for the 2019 financial year and SEK 3.7 million for 2018.

## Definitions

**Degree of updating** The percentage of personal files for employees that are updated with regard to former pensionable employment.

**Non-current assets** Assets that are intended for continuous use in the operation, such as buildings. They could also be intangible, such as goodwill, or financial, such as shares.

**Return on equity (1) or total assets (2) respectively** 1) Net earnings for the year as a percentage of equity. 2) The operation's net cost plus financial income as a percentage of total assets.

**Depreciation according to plan** A non-current asset's total expenditure is distributed as costs over the number of years that the asset is expected to be used in the operation.

**Balanced budget requirement** The municipal sector's balanced budget requirement means that municipalities and county councils must prepare the budget for the next calendar year so that income exceeds costs.

**Balance sheet** A summary of the assets, equity, provisions and liabilities on the balance sheet date, i.e. the last day of the reporting period.

**Derivative instrument** A financial instrument whose value is derived from the value of an underlying asset. Derivative instruments are used to manage currency and interest risks. Common derivative instruments are options, futures and swaps.

**Proportion of running costs** Ongoing costs as a percentage of tax revenue and municipal financial equalisation.

**Equity** Equity is the difference between assets and liabilities, and shows what proportion of the assets has not been financed through loans.

**Elimination** A process of removing internal items so that information about income, costs, receivables and liabilities only contains items that are external to the organisation.

**Issue** When new bonds/certificates are issued for sale.

**Net financial assets** (Financial assets excluding shares and participations + current assets) – (current + non-current liabilities).

**Level of financing for investments** (Cash flow from activities before change in working capital + Sale of property, plant and equipment)/net investments.

**Net financial items** The difference between the financial income and financial expenses items in the income statement.

**Average useful life** Cost of assets subject to depreciation/depreciation costs for the year.

**Investments/gross costs** Gross investments/operating expenses, and net investments/operating expenses, respectively.

**Cash flow statement** Shows the cash flows into and out of the City's operations. The sum of the inward and outward cash flows is the total cash flow for the year.

**Acid-test ratio** (Current receivables + current investments + cash and bank) / current liabilities.

**Consolidation** The merging of financial reports from a parent company and (at least) one owned company into a combined report for the Group.

**Counterparty risk** The counterparty risk refers to the risk that the counterparty in a transaction is unable to fulfil its payment obligations or obligations to deliver other securities.

**Net investment** Investment expenditure less investment income.

**Net cost trend excluding items affecting comparability** Development of income compared with costs excluding tax revenue and municipal financial equalisation, items affecting comparability and extraordinary items.

**Net debt** Net borrowing is the Municipality's total borrowing less lending to companies owned by the Municipality (including joint statutory authorities) and the liquidity invested in the market.

**Current assets** Assets that are not intended for continuous use or holding, such as liquid funds and current receivables.

**Income statement** A summary of the income and expenditure accounts in bookkeeping, i.e. the operation's income and expenses, the balance of which is the net earnings for the period (gain/loss or surplus/deficit).

**Interest rate swap** An agreement between two parties to exchange or swap interest payments for a set period of time.

**Tax revenue trend** Development of tax revenue and municipal financial equalisation.

**Equity/assets ratio as per the balance sheet** Equity/total assets.

**Structural net cost/earnings** Structural net cost comprises net operating expenses excluding items affecting comparability and extraordinary items, as well as capital gains and dividends. This figure set against tax revenue and municipal financial equalisation produces the structural earnings.

**Total debt/equity ratio and degree of provision** Provisions/total assets, or current liabilities/total assets, or non-current liabilities/total assets.

# Income statement

Amounts in MSEK	Note	The Municipality		The Municipal Group	
		2018	2019	2018	2019
Operating income	1	10,932	11,397	26,287	26,720
Operating expenses	2, 3, 17	-39,658	-41,140	-50,016	-51,646
Depreciation/amortisation	4.5	-1,490	-1,639	-4,488	-4,613
<b>Net operating expenses</b>		<b>-30,216</b>	<b>-31,382</b>	<b>-28,217</b>	<b>-29,539</b>
Tax revenue	6	27,590	28,833	27,590	28,833
General state subsidies and equalisation subsidy	6	3,705	3,634	3,705	3,634
<b>Operating earnings</b>		<b>1,079</b>	<b>1,085</b>	<b>3,078</b>	<b>2,928</b>
Financial receipts	7	1,224	978	67	65
Financial expenses	3, 7	-511	-559	-790	-773
<b>Earnings after financial items</b>		<b>1,792</b>	<b>1,504</b>	<b>2,355</b>	<b>2,220</b>
Extraordinary items		-	-	-	-
<b>Net earnings</b>		<b>1,792</b>	<b>1,504</b>	<b>2,355</b>	<b>2,220</b>

2018 has been adjusted by moving the line *Current and deferred tax* to operating expenses, see also note 19 a.



# Balance sheet

		The Municipality		The Municipal Group	
Amounts in MSEK	Note	2018	2019	2018	2019
ASSETS					
Non-current assets					
Intangible fixed assets	5	5	3	153	149
Property, plant and equipment	5	30,976	35,138	86,098	93,236
Financial assets	8	39,233	41,468	3,589	3,912
Total non-current assets		70,214	76,609	89,840	97,297
Infrastructure subsidies	8	27	25	27	25
Current assets					
Stocks, stores and development properties	9	628	822	1,110	1,579
Current receivables	10	10,666	11,352	5,223	6,200
Investments in securities etc.		-	-	-	-
Cash and bank		748	302	1,082	758
Total current assets		12,042	12,476	7,415	8,537
Total assets		82,283	89,110	97,282	105,859
EQUITY, PROVISIONS AND LIABILITIES					
Equity	11	24,092	25,596	29,728	31,994
of which net earnings for the year		1,792	1,504	2,355	2,220
of which earnings equalisation reserve		2,609	3,003	2,609	3,003
of which other equity		19,691	21,089	24,764	26,771
Provisions					
Provisions for pensions and similar obligations	12	3,122	3,528	4,333	4,753
Deferred tax liability		-	-	3,413	3,510
Other provisions	13	929	903	1,451	1,767
Total provisions		4,051	4,431	9,197	10,030
Liabilities					
Non-current liabilities	14	34,047	39,360	36,456	41,005
Current liabilities	15	20,093	19,723	21,901	22,830
Total liabilities		54,140	59,083	58,357	63,835
Total equity, provisions and liabilities		82,283	89,110	97,282	105,859
Guarantees, pension obligations and contingent liabilities not recognised as liabilities or provisions	16-18	16,147	16,482	12,125	12,172

The comparative figures for 2018 have been adjusted as a result of corrections; see note 19.

# Cash flow statement

		The Municipality		The Municipal Group	
Amounts in MSEK	Note	2018	2019	2018	2019
OPERATING ACTIVITIES					
Net earnings	BR	1,792	1,504	2,355	2,220
Adjustment for items not affecting liquidity					
Reversal of capital gains/losses and municipal development	1,2,9	-249	36	-	-154
Adjustment depreciation/amortisation and write-downs	4	1,490	1,639	4,973	5,313
Adjustment provisions made	12, 13	348	483	290	1,081
Leases	4	-361	-378	-	-
Other		0	22	-257	-1,265
Non-cash dividend	7	-810	-540	-	-
Other items affecting liquidity					
Cash dividend/shareholders' contribution	7	767	810	-8	0
Reduction in provisions due to payments	13	0	-90	-2	-378
Cash flow from activities before change in working capital		2,977	3,486	7,351	6,817
Increase/decrease accrued connection charges and investment grants	14	-57	-70	-	-155
Increase (-)/decrease (+) in current receivables	7, 10	288	-963	-399	-86
Increase (-)/decrease (+) supplies in inventories	9	-3	-3	-93	-286
Increase (+)/decrease (-) in current liabilities	15	746	562	727	-180
Cash flow from operating activities		3,951	3,012	7,586	6,110
INVESTING ACTIVITIES					
Investment in intangible fixed assets		0	0	-18	-23
Sale of intangible fixed assets		-	-	-	-
Investment in property, plant and equipment	5	-4,834	-5,682	-10,860	-12,806
Sale of property, plant and equipment	1	282	255	912	1,203
Investment income	9	610	787	610	787
Investment in financial assets		0	0	-1	0
Sale of financial assets		3	0	27	48
Cash flow from investing activities		-3,939	-4,640	-9,330	-10,791
FINANCING ACTIVITIES					
Newly raised loans	14	3,775	9,187	4,621	10,009
Repayment of non-current liabilities*	14	-2,902	-6,094	-4,276	-6,254
Increase (+)/decrease (-) in interest-bearing current liabilities	15	1,436	312	923	507
Increase (-)/decrease (+) in interest-bearing non-current receivables	8, 10	-2,579	-2,223	105	95
Cash flow from financing activities		-270	1,182	1,373	4,357
DISBURSEMENT OF STATE INFRASTRUCTURE SUBSIDIES					
		0	0	0	0
Cash flow for the year		-257	-446	-371	-324
Liquid funds at beginning of year	BR	1,005	748	1,454	1,082
Liquid funds at the end of the year	BR	748	302	1,082	758

# Notes

## 1. Operating income

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Charges	2,436	2,556	7,736	7,626
Rents and leases	1,409	1,466	7,887	8,211
State subsidies	3,044	2,646	3,045	2,646
EU grants	39	31	40	33
Other subsidies	189	239	363	414
Work set up as an asset	172	157	276	267
Sales activities and contract work	2,385	2,618	3,370	3,626
Development income	600	863	485	825
Capital gains	234	240	533	338
Other revenue	424	581	2,552	2,734
<b>Total operating income</b>	<b>10,932</b>	<b>11,397</b>	<b>26,287</b>	<b>26,720</b>

The values for 2018 were restated because of a correction relating to the consolidation method.

Municipality 2019: 'Reversal of capital gains/losses and development' in cash flow is linked to Capital gains of SEK 239 million and 'Sale of non-current assets' in the cash flow statement is linked to 'Capital gains' of SEK 255 million.

## 2. Operating expenses

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Wages and social security contributions	-19,849	-20,471	-23,681	-24,385
Pension costs	-1,912	-1,961	-2,359	-2,445
Other personnel costs	-	-	-127	-123
Financial assistance	-1,000	-942	-1,001	-942
Cost of premises	-1,319	-1,327	-1,150	-1,192
Contract work and purchased activities	-10,964	-11,115	-10,020	-9,033
Fuel, energy, water, etc.	-362	-391	-3,915	-4,466
Consumables and repairs	-952	-952	-1,656	-1,602
Lease expenses	-333	-309	-232	-243
Development expenses	-98	-347	-98	-347
Capital losses and disposals	-36	-319	-55	-532
Current and deferred tax	-	-	-129	-346
Other operating expenses	-2,833	-3,006	-5,593	-5,990
<b>Total operating expenses</b>	<b>-39,658</b>	<b>-41,140</b>	<b>-50,016</b>	<b>-51,646</b>

The values for 2018 were restated because of a correction relating to the consolidation method and reclassification of current and deferred tax to operating expenses.

Municipality 2019: 'Reversal of capital gains/losses and development' in cash flow is linked to 'Capital losses and disposals' of SEK 319 million and 'Development expenses' of SEK 320 million.

### 3. Items affecting comparability

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Reversal, development fund	27	-	27	-
<b>Total receipts affecting comparability</b>	<b>27</b>	<b>-</b>	<b>27</b>	<b>-</b>
Provision for Backaplan agreement with Swedish Transport Administration (operating expenses)	-149	-	-149	-
Reversal of provision for E45 over-decking (operating expenses)	118	-	118	-
Reversal indexing of the provision for E45 over-decking (financial expense)	24	-	24	-
Agreement between Västtrafik and the Traffic & Public Transport Authority concerning trams (operating expenses)	-115	-	-115	-
Development fund utilised (operating costs)	-27	-	-27	-
<b>Total costs affecting comparability</b>	<b>-149</b>	<b>-</b>	<b>-149</b>	<b>-</b>
<b>Total items affecting comparability</b>	<b>-122</b>	<b>-</b>	<b>-122</b>	<b>-</b>

Additional disclosure for items affecting comparability 2018:

- An agreement between Swedish Transport Administration and the City of Gothenburg is the basis for required measures regarding facilities and public place/ neighbourhood land relating to Backaplan in the amount of SEK 149.4 million (Other operating expenses)
- Agreement between Västtrafik (public transport company) and the Traffic & Public Transport Authority provides an estimated cost for the Ansaldobreda tramway agreement based on an agreement resulting from arbitration; the amount is SEK -115 million (Other operating expense)
- E45 highway provision was restated, resulting in an adjustment of SEK 118.4 million. (The expense will be handled as an investment when the project is completed) (Other operating expenses)
- Indexing of E 45 is estimated to be lower than expected, which will result in a lower cost corresponding to SEK 24.4 million (Financial expense)

Total SEK -121.6 million

### 4. Depreciation/amortisation and write-downs

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Amortisation, intangible assets	-3	-2	-52	-30
Depreciation, buildings and plant	-1,063	-1,133	-2,455	-3,419
Depreciation, machinery and equipment	-424	-480	-1,666	-942
Write-downs	0	-24	-315	-222
<b>Total depreciation/amortisation and write-downs</b>	<b>-1,490</b>	<b>-1,639</b>	<b>-4,488</b>	<b>-4,613</b>

The values for 2018 were restated because of a correction relating to the consolidation method and write-up.

Municipality 2019: Adjustment depreciation/amortisation and write-downs in cash flow is linked to Total depreciation/amortisation and write-downs SEK 1,639 million and Leases in cash flow is linked to Depreciation, machinery and equipment for SEK 378 million.



## 5 a. Properties, plant, machinery and equipment, Municipality

Amounts in MSEK	Intangible assets	Properties for activities	Land reserve	Construction in progress	Plant and machinery	Of which financial leases	Total
Cost	72	32,769	568	9,666	3,786	2,481	46,861
Acc. write-ups	-	-	-	-	-	-	-
Acc. depreciation/amortisation	-38	-13,673	-105	-	-2,007	-1,458	-15,823
Acc. write-downs	-29	-28	-	-	-	-	-57
<b>Opening book value</b>	<b>5</b>	<b>19,069</b>	<b>462</b>	<b>9,666</b>	<b>1,779</b>	<b>1,023</b>	<b>30,981</b>
Investments	0	3,823	24	1,234	952	571	6,033
Sales/disposals	0	-295	0	-39	0	-46	-334
Depreciation/amortisation	-2	-1,127	-6	-	-480	-378	-1,615
Reversed write-downs	-	-	-	-	-	-	-
Write-downs	-	-24	-	-	-	-	-24
Write-ups	-	-	-	-	-	-	-
Reclassifications/transfers	0	-373	-3	0	476	0	100
<b>Closing book value</b>	<b>3</b>	<b>21,073</b>	<b>477</b>	<b>10,861</b>	<b>2,727</b>	<b>1,170</b>	<b>35,141</b>
<b>Estimated average useful life (years)</b>							
2019	-	26.0	-	-	8.8	7.2	-
2018	-	25.8	-	-	7.8	6.6	-

## 5 b. Properties, plant, machinery and equipment, and the municipal group

Amounts in MSEK	Intangible assets	Properties for activities	Land reserve	Construction in progress	Plant and machinery	Of which financial leases	Total
Cost	1,108	93,545	568	14,630	35,213	-	145,064
Acc. write-ups	-	0	-	-	-	-	0
Acc. depreciation/amortisation	-901	-37,337	-106	-	-17,990	-	-56,334
Acc. write-downs	-54	-545	-	-444	-1,436	-	-2,479
<b>Opening book value</b>	<b>153</b>	<b>55,663</b>	<b>462</b>	<b>14,186</b>	<b>15,787</b>	<b>-</b>	<b>86,251</b>
Investments	20	3,921	24	6,085	2,561	-	12,611
Sales/disposals	0	-346	0	-43	-573	-	-962
Depreciation/amortisation	-31	-2,621	-6	-	-1,712	-	-4,370
Reversed write-downs	0	-42	-	39	-	-	-3
Write-downs	0	-115	0	-101	-3	-	-219
Write-ups	-	0	-	-	-	-	0
Reclassifications/transfers	7	4,106	-3	-4,459	426	-	77
<b>Closing book value</b>	<b>149</b>	<b>60,566</b>	<b>477</b>	<b>15,707</b>	<b>16,486</b>	<b>-</b>	<b>93,385</b>
<b>Estimated average useful life (years)</b>							
2019	-	32.1	-	-	15.4	-	-
2018	-	32.6	-	-	15.2	-	-

The values for 2018 were restated because of a correction relating to the consolidation method and write-up.

Municipality 2019: Investment in property, plant and equipment in cash flow is linked to Investments for SEK 5,682 million. The amounts differ because of accruals and handling.

## 6. Tax revenue and general state subsidies and equalisation subsidy

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Preliminary tax revenue, current year	27,705	29,065	27,705	29,065
Preliminary final settlement, current year	-34	-245	-34	-245
Final settlement, previous year	-81	13	-81	13
<b>Total tax revenue</b>	<b>27,590</b>	<b>28,833</b>	<b>27,590</b>	<b>28,833</b>
Income equalisation	2,690	2,698	2,690	2,698
Structural subsidy	-	-	-	-
Cost equalisation	-460	-681	-460	-681
Settlement subsidy/charge	89	401	89	401
LSS equalisation	151	172	151	172
General subsidies	422	207	422	207
Municipal property charge	813	837	813	837
<b>Total general state subsidies and equalisation subsidy</b>	<b>3,705</b>	<b>3,634</b>	<b>3,705</b>	<b>3,634</b>
<b>Total tax revenue, municipal financial equalisation, etc.</b>	<b>31,295</b>	<b>32,467</b>	<b>31,295</b>	<b>32,467</b>

## 7. Financial income and expenses

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Interest income from subsidiaries	346	368	-	-
Interest income*	30	33	55	55
Earnings from shares and participations**	821	549	0	2
Total financial income	27	27	12	8
<b>Total financial income</b>	<b>1,224</b>	<b>977</b>	<b>67</b>	<b>65</b>
Interest expenses***	-413	-424	-739	-697
Interest on pension costs	-70	-94	-24	-26
Other financial expenses	-28	-41	-27	-50
<b>Total financial expenses</b>	<b>-511</b>	<b>-559</b>	<b>-790</b>	<b>-773</b>
<b>Net financial items</b>	<b>713</b>	<b>418</b>	<b>-723</b>	<b>-708</b>
<b>Market value of interest rate swaps</b>				
Nominal amount of interest rate swaps	4,500	4,900	25,231	25,010
Market value of interest rate swaps	24	-236	-643	-731
Secured debt in foreign currency	3,028	2,284	3,028	2,284
Cross currency swaps	-60	94	-60	94

The values for 2018 were restated because of a correction relating to the consolidation method.

\* Interest income, of which SEK 160 (229) is attributable to swaps for interest rate hedging.

\*\* Earnings from shares and participations, SEK 540 million of the SEK 549 million is dividends from municipal companies.

\*\*\* Interest income, of which SEK -228 (-307) is attributable to swaps for interest rate hedging.

Municipality 2019: Non-cash dividend, Cash dividend/shareholders' contribution and Increase (-)/decrease (+) in current receivables in cash flow are linked to Earnings from shares and participations for SEK 540 million, and SEK 810 million, respectively.

## 8 a. Financial assets

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Shares and participations	9,802	9,806	392	393
Deferred tax asset	-	-	0	-
Other non-current receivables	29,431	31,662	3,197	3,519
<b>Total financial assets</b>	<b>39,233</b>	<b>41,468</b>	<b>3,589</b>	<b>3,912</b>
<b>Itemisation: Shares and participations</b>				
Göteborgs Stadshus AB	9,451	9,451	-	-
Kommuninvest	336	337	336	336
Other companies, tenant-owner dwellings and basic fund capital trusts	15	18	56	57
<b>Total shares and participations</b>	<b>9,802</b>	<b>9,806</b>	<b>392</b>	<b>393</b>

The values for 2018 were restated because of a correction relating to the consolidation method and reclassification of subsidies to infrastructure.

Municipality 2019: Increase (-)/decrease (+) non-current receivables in cash flow is linked to Other non-current receivables for SEK 2,230 million.

## 8 b. Infrastructure subsidies

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Total Carrying amount at beginning of year	28	27	28	27
Total dissolution for the year	-1	-2	-1	-2
<b>Total closing balance</b>	<b>27</b>	<b>25</b>	<b>27</b>	<b>25</b>

The original total grant was SEK 30 million. Closing value refers to seven projects for a pedestrian and bicycle path, roundabout and commuter parking. The largest project corresponds to an original amount of SEK 15 million. Time for dissolution is 25 years for all projects. Dissolution for the year is SEK -2 (-1) and accumulated dissolution is SEK 5 million.

## 9. Stocks, stores and development properties

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Supplies and inventories	31	33	483	424
Development properties	597	789	627	1,155
<b>Total inventories and development properties</b>	<b>628</b>	<b>822</b>	<b>1,110</b>	<b>1,579</b>
<b>Itemisation: Development properties</b>				
Value brought forward	563	597	642	627
Expenses for the year	118	540	312	911
Withdrawal of book value	-87	-132	-333	-161
Reclassification/revaluation	3	-216	6	-222
<b>Total development properties</b>	<b>597</b>	<b>789</b>	<b>627</b>	<b>1,155</b>

The values for 2018 were restated because of a correction relating to the consolidation method.

Municipality 2019: 'Reversal of capital gains/losses and development' 'Increase (-)/decrease (+) in supplies and inventories' and 'Investment income' in cash flow are linked to Development properties for SEK 363 million and SEK 787 million, respectively and Supplies and inventories for SEK 3 million.

## 10. Current receivables

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Accounts receivable, Group companies	99	115	-	-
Accounts receivable	531	447	1,671	1,831
VAT receivables	303	632	326	666
Receivables from the government	0	424	194	610
Prepayments and accrued income	1,958	1,881	1,541	1,284
Other current interest-bearing receivables, Group companies	7,126	7,122	-	-
Other current receivables	649	731	1,491	1,809
<b>Total current receivables</b>	<b>10,666</b>	<b>11,352</b>	<b>5,223</b>	<b>6,200</b>

The values for 2018 were restated because of a correction relating to the consolidation method.

Municipality 2019: 'Cash dividend/shareholders' contribution' and 'Increase (-)/decrease (+) in current receivables' in cash flow are linked to 'Current receivables' for SEK 963 million.

## 11. Equity

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Equity brought forward	22,300	24,092	27,365	29,728
Other adjustments	-	-	8	46
Net earnings	1,792	1,504	2,355	2,220
<b>Closing equity</b>	<b>24,092</b>	<b>25,596</b>	<b>29,728</b>	<b>31,994</b>

The values for 2018 were restated because of a correction relating to the consolidation method and write-up.



## 12. Provisions for pensions

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Defined-benefit pension scheme	2,490	2,822	3,626	3,969
Collective agreement occupational pension, fixed-term pension, etc.	22	18	23	17
<b>Total pensions</b>	<b>2,512</b>	<b>2,840</b>	<b>3,649</b>	<b>3,986</b>
Employer's contribution	610	689	684	767
<b>Total pensions and employer's contribution</b>	<b>3,122</b>	<b>3,529</b>	<b>4,333</b>	<b>4,753</b>
<b>Itemisation: Change in provision over the year</b>				
Provision brought forward	2,770	3,122	3,972	4,333
New commitments during the year	371	421	442	497
of which newly earned pension	298	325	326	350
of which interest and base amount indexation	70	95	111	144
of which change in actuarial bases	0	-2	0	-2
of which pension to survivors	6	6	6	6
of which miscellaneous	-3	-3	-1	-1
Payouts for the year	-87	-93	-152	-159
Change in special employer's contribution for the year	68	79	71	82
<b>Total pensions and employer's contribution</b>	<b>3,122</b>	<b>3,529</b>	<b>4,333</b>	<b>4,753</b>

The values for 2018 were restated because of a correction relating to the consolidation method.

Municipality 2019: 'Adjustment provisions made' in cash flow is linked to change in provisions for SEK 483 million.

The Municipality's reporting of pensions is in accordance with the Swedish Municipal Accounting Act's mixed model, which means that pension obligations earned from 1998 onwards are recognised in the balance sheet, while pension obligations earned before 1998 are recognised as a contingent liability as a memorandum item (see note 17). In addition to these pension obligations, defined-contribution pensions are recognised under current liabilities (see note 15).

Pension costs including employer's contribution amounted to SEK 1,961 million in 2019. This is a rise of of SEK 49 million compared with 2018. The costs include pension payments from the pension obligations in contingent liabilities of SEK 467 million, defined-contribution pensions savings of SEK 740 million and a provision for a defined-benefit pension scheme of SEK 329 million. In addition there is an employer's contribution which equals SEK 411 million. Degree of updating 100%.

### 13. Other provisions

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
<b>A. Provision for restoration of landfill</b>				
Carrying amount at beginning of year	21	21	64	60
Provisions for the period	-	-	12	26
Provisions utilised	0	-	-16	-11
Unused amounts reversed	-	-	-	-
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>21</b>	<b>21</b>	<b>60</b>	<b>75</b>
<b>B. Provision for infrastructure measures</b>				
Carrying amount at beginning of year	806	782	806	782
Provisions for the period	173	8	173	8
Provisions utilised	-54	-80	-54	-80
Unused amounts reversed	-143	-1	-143	-1
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>782</b>	<b>709</b>	<b>782</b>	<b>709</b>
<b>C. Provision for measures in the construction sector</b>				
Carrying amount at beginning of year	69	106	454	438
Provisions for the period	46	41	96	430
Provisions utilised	-4	-6	-99	-96
Unused amounts reversed	-5	-4	-13	-33
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>106</b>	<b>137</b>	<b>438</b>	<b>739</b>
<b>D. Provision for environmental measures</b>				
Carrying amount at beginning of year	19	11	72	64
Provisions for the period	1	15	1	15
Provisions utilised	-5	-2	-5	-3
Unused amounts reversed	-4	0	-4	0
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>11</b>	<b>24</b>	<b>64</b>	<b>76</b>
<b>E. Provision for development fund</b>				
Carrying amount at beginning of year	27	0	27	0
Provisions for the period	-	-	-	-
Provisions utilised	-27	0	-27	0
Unused amounts reversed	-	-	-	-
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>F. Other provisions</b>				
Carrying amount at beginning of year	9	9	123	107
Provisions for the period	-	4	9	91
Provisions utilised	0	-1	-25	-29
Unused amounts reversed	0	0	0	-1
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>9</b>	<b>12</b>	<b>107</b>	<b>168</b>

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Total opening balance	951	929	1,546	1,451
Total provisions for the period	220	68	291	570
Total utilised	-90	-89	-226	-219
Total unused amounts reversed	-152	-5	-160	-35
Reclassification	-	-	-	-
Total closing balance	929	903	1,451	1,767

The values for 2018 were restated because of a correction relating to the consolidation method.

Municipality 2019: Decrease in provision because a payment in the cash flow statement is linked to a decrease in a provision for a payment of SEK 90 million and 'Adjustment provisions made' in cash flow is linked to 'Provisions for the period' of SEK 68 million.

## The Municipality

### A. Landfill

This provision refers to the restoration of the City's 17 closed landfill sites. The environmental protection measures relating to this are the responsibility of the Eco-cycle and Water Committee. Brudaremossen is the biggest of the landfill sites and accounts for the largest

proportion of the restoration costs. There is still uncertainty surrounding the size of the provision as the restoration requirement changes over time. This could be a result of either changes in the environment or different technical solutions. The consultancy reports on which the size of the provision is based contain considerable uncertainty and the calculation is designed to include a present value calculation. An analysis of Brudaremossen's leachate in 2015 indicates that permanent measures will be needed to treat the leachate. Ongoing improvement measures are in progress at all landfill sites.

### B. Infrastructure

In 2010, the Municipality signed an agreement on the co-financing of infrastructure measures as part of the West Sweden Package. SEK 400 million concerns land use within the scope of the West Sweden Package. This was entered into the Municipality's income statement and balance sheet in 2011. In 2014, the Municipality entered into a co-financing agreement for the extension of the E20 highway and the work to take a stretch of the E45 highway underground. The agreement for the extension of the E20 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. The amounts have been index adjusted by SEK 7 (31) million.

### C. Measures in the construction sector

This provision refers to the Municipality's future obligations to the developer on the sale date, such as relocating pipes/cables and surveys.

### D. Environmental measures

This provision refers to the Municipality's future obligations to the developer on the sale date, such as land decontamination.

### E. Development fund

On 6 December 2012, the City Council decided to set up a development fund of SEK 400 million that closed in 2018.

### F. Other provisions

Other provisions relate to expected damages, fines and outstanding claims.

## The Municipal Group

A. The provision for restoration of the landfill, aside from the Municipality's unchanged provision of SEK 21 million, primarily refers to the restoration of landfill sites within the Renova Group (OB of SEK 33 million has increased to SEK 43 million, with Tagene accounting for SEK 34 million). SEK 4 million of funds at Göteborgs Hamn AB earmarked for the restoration of Torsviken dredging depot (OB SEK 6 million) have increased net by just over SEK 4 million (CB SEK 11 million), with completion expected in 2021 (CB SEK 11 million).

B. See the Municipality.

C. The provision for measures in the construction sector refers, aside from the Municipality's provision, which in total increased from SEK 106 million to SEK 137 million, to future commitments in construction projects within Älvstranden Utveckling AB. Taken together, their provisions have increased from SEK 237 million to SEK 543 million, which was largely affected by a new provision for Masthuggskajen of SEK 351 million, of which SEK 17 million has been used (CB 334 million). Yet another new provision was made for Celsiusgatan (CB 24 million). Other provisions at Älvstranden primarily concern Kvillebäcken (OB SEK 25 million/CB SEK 19 million), Stora Torp (OB SEK 28 million/CB SEK 17 million), Västra Eriksberg (OB SEK 32 million/CB SEK 23 million), Lindholmshamnen (OB SEK 116 million/CB SEK 105 million), Skeppsbron (unchanged CB SEK 13 million). Älvstranden also reports several smaller, ongoing provisions regarding various construction projects (CB SEK 8 million), as does Higab AB (CB SEK 12 million) and Förvaltnings AB Framtiden (CB SEK 7 million). The item also contains provisions for guarantee commitments relating to one-coat rendered façades within Förvaltnings AB Framtiden, which fell from SEK 69 to SEK 39 million during the year.

D. Funds earmarked for environmental measures refer, aside from the Municipality's provision, which has increased from SEK 11 million to SEK 24 million, to the provision within the Göteborg Energi Group linked to ongoing confirmed future environmental measures, such as the restoration of land (unchanged CB SEK 25 million). Liseberg AB reports an unchanged provision for contaminated land in a subsidiary company (CB SEK 20 million). The remaining amounts are unchanged and encompass both a provision for decontamination of the Färjenäs training area used by Greater Gothenburg Rescue Services and a provision to Gryaab for land decontamination of Färjestaden of SEK 4 million each (the City's share).

E. See the Municipality.

F. Aside from the Municipality's provision (OB SEK 9 million/CB SEK 12 million), other provisions largely comprise costs for outstanding claims within Försäkrings AB Göta Lejon, where an additional provision of SEK 86 million was made during the year and SEK 21 million was utilised during the year (CB SEK 154 million).

## 14. Non-current liabilities

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Liabilities to banks and credit institutions	29,792	34,451	32,463	36,331
Deferred income	3,816	4,463	3,900	4,566
Liabilities to Group companies	434	430	-	-
Other non-current liabilities	5	16	93	108
<b>Total non-current liabilities</b>	<b>34,047</b>	<b>39,360</b>	<b>36,456</b>	<b>41,005</b>
<b>Itemisation: Deferred income, regulated over several years</b>				
Connection charges	347	448	469	590
Investment grants	2,134	2,409	2,135	2,409
Payments for street costs	1,335	1,606	1,296	1,567
<b>Total deferred income</b>	<b>3,816</b>	<b>4,463</b>	<b>3,900</b>	<b>4,566</b>
<b>Non-current liabilities change over the year</b>				
Opening borrowing	35,885	34,047	37,588	36,456
Amortisation for the year	-2,902	-6,094	-4,276	-6,345
Newly raised loans	3,775	9,187	4,613	10,009
Reversal of previous year's reclassification	2,902	6,094	4,276	6,345
Current portion of non-current liabilities	-6,094	-4,857	-6,345	-6,322
Accrual premium and discount reserves	-	181	-	181
Change in deferred income	600	647	595	666
Change in other non-current liabilities	-119	155	5	15
<b>Total non-current liabilities</b>	<b>34,047</b>	<b>39,360</b>	<b>36,456</b>	<b>41,005</b>
<b>Information on loans from banks and credit institutions</b>				
Average interest during the year including derivatives (%)	1.10	1.0	1.63	1.38
Average fixed interest period (years)	2.6	2.4	3.8	3.7
Loans maturing within 0-1 years	6,094	4,857	6,571	6,322
Loans maturing within 1-2 years	4,804	6,038	6,269	6,402
Loans maturing within 2-5 years	16,930	18,666	18,699	21,353
Loans maturing within 5+ years	7,034	8,395	7,034	8,395

The values for 2018 were restated because of a correction relating to the consolidation method.

Municipality 2019: Increase/decrease accrued connection charges and investment grants in the cash flow statement is linked to deferred income for SEK 70 million, Newly raised loans in the cash flow analysis is linked to Newly raised loans for SEK 9,187 million and Repayment of non-current liabilities in the cash flow analysis is linked to Amortisation for the year for SEK 6,094 million.

## 15. Current liabilities

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
Liabilities to Group companies	2,672	2,474	-	-
Liabilities to banks and credit institutions	9,661	8,926	9,961	10,461
Accounts payable	2,431	2,950	3,331	3,947
Employee taxes	312	323	363	376
Accruals and deferred income*	4,426	4,484	6,792	6,502
Other current liabilities	591	566	1,454	1,544
<b>Total current liabilities</b>	<b>20,093</b>	<b>19,723</b>	<b>21,901</b>	<b>22,830</b>

The values for 2018 were restated because of a correction relating to the consolidation method.

\* This item includes the Municipality's defined-contribution pension including employer's contribution of SEK 826 (817) million.

Municipality 2019: Increase (+)/decrease (-) interest-bearing current liabilities and Increase (+)/decrease (-) current liabilities in cash flow is linked to Current liabilities for SEK 562 million and SEK 312 million, respectively.

## 16. Guarantees

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
<b>Guarantees for loans and pension obligations</b>				
Göteborgs Hamn AB	442	425	-	-
Göteborg Energi AB	237	236	-	-
Higab AB	1,196	1,196	-	-
Göteborgs Stadshus AB	2,360	2,960	-	-
Other companies	291	280	-	-
<b>Total guarantees City companies</b>	<b>4,526</b>	<b>5,097</b>	<b>-</b>	<b>-</b>
<b>Other contingent liabilities</b>				
Private houses – government home loans	1	1	1	0
Foundations	502	501	502	501
Associations	178	171	178	171
Other	60	59	60	60
<b>Total external guarantees</b>	<b>741</b>	<b>732</b>	<b>741</b>	<b>732</b>
<b>Total guarantees</b>	<b>5,267</b>	<b>5,829</b>	<b>741</b>	<b>732</b>
<b>Other contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>155</b>	<b>154</b>
<b>Pledged assets</b>	<b>-</b>	<b>-</b>	<b>380</b>	<b>623</b>

The values for 2018 were restated because of a correction relating to the consolidation method.

In some cases the Municipality issues guarantees for loans to the municipality-owned companies, and for other external operations such as associations and foundations.

In November 2012, the City of Gothenburg stood surety jointly and severally, as for a debt of its own, for all of Kommuninvest i Sverige AB's present and future obligations. All 290 municipalities that were members of Kommuninvest Cooperative Society on 31 December 2019 have entered into identical guarantee commitments. Kommuninvest's total obligation amounted to SEK 461 billion and its total assets to SEK 460 billion on 31 December 2019. Gothenburg's share of the guarantee liability is 2.05%, SEK 9.5 billion.

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 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 and partly in relation to the size of each member municipality's invested capital in Kommuninvest Cooperative Society.

The Municipality's guarantee for pension obligations in certain municipal companies, joint statutory authorities and foundations amounted to SEK 755 million at the end of the year. There was no need for Gothenburg Municipality to redeem guarantee commitments in 2019.

## 17. Pension obligations not recognised as liabilities or provisions

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
PA-KL pension obligations, active	3,173	2,916	3,180	2,923
PA-KL pension obligations, retired	4,948	5,073	5,033	5,154
Pension obligations, annuity	345	325	345	325
<b>Total PA-KL pension obligations</b>	<b>8,466</b>	<b>8,314</b>	<b>8,558</b>	<b>8,402</b>
Pension obligations, managers' agreements	-	-	-	-
Other pension obligations	12	8	12	8
Guarantee commitments, FPG/PRI	-	-	6	6
<b>Total pension obligations</b>	<b>8,478</b>	<b>8,322</b>	<b>8,576</b>	<b>8,416</b>
Special employer's contribution	2,057	2,019	2,077	2,039
<b>Total pension obligations and special employer's contribution</b>	<b>10,535</b>	<b>10,341</b>	<b>10,653</b>	<b>10,455</b>

### The Municipality

Pension obligations in contingent liabilities amounting to SEK 420 million were redeemed in 2001, SEK 260 million in 2002 and SEK 20 million in 2016, a total of SEK 700 million. The City of Gothenburg's surplus funds in insurance amounted to SEK 80 (65) million on 31 December 2019.



## 18. Lease expenses

Amounts in MSEK	The Municipality		The Municipal Group	
	2018	2019	2018	2019
<b>Operational lease agreements</b>				
Lease fees paid for the year	333	309	232	243
<b>Contracted future lease fees</b>				
Maturing within 1 year	145	138	51	54
Maturing within 1-5 years	198	173	105	126
Maturing in more than 5 years	2	1	40	28
<b>Financial lease agreements</b>				
Lease fees paid for the year	383	571	-	-
<b>Contracted future lease fees</b>				
Maturing within 1 year	342	374	-	-
Maturing within 1-5 years	559	649	-	-
Maturing in more than 5 years	122	144	-	-

The values for 2018 were restated because of a correction relating to the consolidation method.

The Municipality's fees for financial leases refer to the actual payments made for the agreements classified as financial leases. These fees are then eliminated at central municipal level to satisfy RKR recommendation R5. Read more under the section on accounting principles.

Financial leases are eliminated in the combined accounts because the lessor, Göteborgs Stads Leasing AB, is a wholly-owned subsidiary of Göteborgs Stadshus AB which is owned by City of Gothenburg.

## 19 a. Effects in the income statement for the comparative year 2018 as a result of corrections relating to the consolidation method, write-ups and moving the item Current and deferred tax

Amounts in MSEK	The Municipality			The Municipal Group			
	2018	+/-	2018	2018	Consolidation	Write-ups*	2018
Operating income	10,932		10,932	26,358	-71		26,287
Operating expenses	-39,658		-39,658	-49,878	-9	-129	-50,016
Depreciation/amortisation and write-downs	-1,490		-1,490	-4,606	63	55	-4,488
<b>Net operating expenses</b>	<b>-30,216</b>	<b>-</b>	<b>-30,216</b>	<b>-28,126</b>	<b>-17</b>	<b>-74</b>	<b>-28,217</b>
Tax revenue	27,590		27,590	27,590			27,590
Municipal financial equalisation, etc.	3,705		3,705	3,705			3,705
Operating earnings	1,079	-	1,079	3,169	-17	-74	3,078
Financial receipts	1,224		1,224	56	11		67
Financial expenses	-511		-511	-793	3		-790
<b>Earnings after financial items</b>	<b>1,792</b>	<b>-</b>	<b>1,792</b>	<b>2,432</b>	<b>-3</b>	<b>-74</b>	<b>2,355</b>
Extraordinary items	-		-	-			-
Current and deferred tax	-		-	-131	2	129	0
Minority share	-		-	-1	1		0
<b>Net earnings</b>	<b>1,792</b>	<b>-</b>	<b>1,792</b>	<b>2,300</b>	<b>0</b>	<b>55</b>	<b>2,355</b>

\* Includes moving the item Current and deferred tax to the item Operating expenses.

**19 a. Effects in the balance sheet for the comparative year 2018 as a result of corrections relating to the consolidation method, write-ups and moving the item Infrastructure subsidies**

Amounts in MSEK	The Municipality			The Municipal Group			
	2018	Infra-structure subsidies	2018	2018	Consolidation	Write-ups*	2018
<b>ASSETS</b>							
<b>Non-current assets</b>							
Intangible fixed assets	5		5	155	-2		153
Property, plant and equipment	30,976		30,976	90,140	-734	-3,308	86,098
Financial assets	39,260	-27	39,233	3,495	121	-27	3,589
<b>Total non-current assets</b>	<b>70,241</b>	<b>-27</b>	<b>70,214</b>	<b>93,790</b>	<b>-615</b>	<b>-3,335</b>	<b>89,840</b>
<b>Infrastructure subsidies</b>	<b>-</b>	<b>27</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>27</b>
<b>Current assets</b>							
Stocks, stores and development properties	628		628	1,122	-12		1,110
Current receivables	10,666		10,666	4,854	369		5,223
Investments in securities etc.	-		-	-	-		-
Cash and bank	748		748	1,047	35		1,082
<b>Total current assets</b>	<b>12,042</b>	<b>-</b>	<b>12,042</b>	<b>7,023</b>	<b>392</b>	<b>-</b>	<b>7,415</b>
<b>Total assets</b>	<b>82,283</b>	<b>0</b>	<b>82,283</b>	<b>100,813</b>	<b>-223</b>	<b>-3,308</b>	<b>97,282</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>							
<b>Equity</b>	<b>24,092</b>	<b>-</b>	<b>24,092</b>	<b>33,049</b>	<b>-13</b>	<b>-3,308</b>	<b>29,728</b>
of which net earnings for the year	1,792		1,792	2,300	0	55	2,355
of which earnings equalisation reserve	2,609		2,609	2,609			2,609
of which other equity	19,691		19,691	28,140	-13	-3,363	24,764
<b>Non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>-137</b>	<b>-</b>	<b>0</b>
<b>Provisions</b>							
Provisions for pensions and similar obligations	3,122		3,122	4,504	-171		4,333
Deferred tax liability	-		-	3,433	-20		3,413
Other provisions	929		929	1,461	-10		1,451
<b>Total provisions</b>	<b>4,051</b>	<b>-</b>	<b>4,051</b>	<b>9,398</b>	<b>-201</b>	<b>-</b>	<b>9,197</b>
<b>Liabilities</b>							
Non-current liabilities	34,047		34,047	36,357	99		36,456
Current liabilities	20,093		20,093	21,872	29		21,901
<b>Total liabilities</b>	<b>54,140</b>	<b>-</b>	<b>54,140</b>	<b>58,229</b>	<b>128</b>	<b>-</b>	<b>58,357</b>
<b>Total equity, provisions and liabilities</b>	<b>82,283</b>	<b>-</b>	<b>82,283</b>	<b>100,813</b>	<b>-223</b>	<b>-3,308</b>	<b>97,282</b>

\* Includes moving the item State infrastructure subsidies to a separate line.

# 3

## Operational accounts

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The operational accounts contain an account of how the outcome relates to the budget established for operating activities.

## Operational accounts

### **128 Municipality's operational accounts**

The operational accounts are set out to allow comparison of outcomes with the City Council's budget for the committees.

### **131 Joint statutory authorities' operational accounts**

A comprehensive financial review is carried out for the joint statutory authorities.

### **132 Companies – financial performance**

Financial performance review for the cluster of companies and the companies that are not included in the cluster.

# Municipality's operational accounts

The operational accounts are set out to allow comparison of outcomes with the City Council's budget for the committees. For some of the committees, the City Council took decisions during the year that changed the framework in relation to the original budget decision. In such cases the table shows the updated framework.

The operational accounts will satisfy the City Council's requirement to report on progress and demonstrate the accountability of the boards and committees. The accounts must also satisfy the requirements of external stakeholders for information about how resources are allocated and used by the services. Comments are provided regarding negative deviations, as well as major positive deviations, between the outcome for the year and the budget. The Eco-cycle and Water Committee reported a deficit in relation to the budget of minus SEK 12 million. For other committees, the budgeted result was zero.

Amounts in MSEK	Revenue	Costs	Net costs	Municipal subsidy	Net earnings	Closing equity
<b>CITY DISTRICT COMMITTEES</b>						
Angered	426	-2,023	-1,597	1,597	0	90
Östra Göteborg	402	-1,935	-1,533	1,570	37	127
Örgryte-Härlanda	693	-1,946	-1,252	1,254	2	-16
Centrum	325	-1,374	-1,049	1,057	7	49
Majorna-Linné	560	-1,731	-1,171	1,198	27	63
Askim-Frölunda-Högsbo	516	-2,142	-1,626	1,655	29	99
Västra Göteborg	557	-1,764	-1,207	1,213	6	25
Västra Hisingen	453	-1,744	-1,291	1,282	-9	67
Lundby	360	-1,377	-1,017	1,013	-3	12
Norra Hisingen	409	-1,596	-1,188	1,213	25	45
Allocations to Committee for Allocation of Social Welfare	25	-176	-151	154	4	17



Amounts in MSEK	Revenue	Costs	Net costs	Municipal subsidy	Net earnings	Closing equity
<b>COMMITTEES WITH A SPECIAL FOCUS AREA</b>						
Planning and Building Committee	193	-329	-136	144	8	21
Property Management Committee	653	-702	-49	42	-8	10
Pre-school Committee	384	-4,694	-4,310	4,305	-6	74
Compulsory School Committee	829	-8,642	-7,814	7,819	6	86
Sports and Associations Committee	147	-599	-452	457	6	31
Municipality Management	193	-536	-343	371	27	35
Cultural Affairs Committee	139	-638	-499	502	3	19
Commercial Premises Committee	3,044	-2,918	126	-158	-31	32
Environmental and Climate Committee	62	-137	-76	76	0	9
Labour Market and Adult Education Committee	285	-951	-666	692	26	56
Purchasing and Procurement Committee	68	-68	0	2	2	7
Committee for Intraservice	1,010	-1,029	-19	19	0	11
Committee for Consumer and Citizen Services	68	-127	-59	60	1	10
Parks and Landscape Committee	438	-705	-267	271	3	26
Committee for Allocation of Social Welfare	600	-1,296	-696	705	10	45
Road Traffic Committee	2,425	-3,335	-910	812	-98	-18
Education Committee	995	-3,004	-2,009	2,006	-3	77
Electoral Committee	12	-23	-11	13	2	2
<b>DEPARTMENTAL COMMITTEES WITH ACTIVITIES FINANCED BY TARIFFS</b>						
Eco-cycle and Water Committee	1,635	-1,632	3	0	3	103
Financial framework for special budget items						
Archives Committee	39	-57	-19	21	2	10
Business Region Göteborg AB	0	-29	-29	29	0	0
Property Management Committee: Transfers	0	-62	-62	68	6	6
GBG & Co Träffpunkt AB	0	-114	-114	114	0	0
Committee for Allocation of Social Welfare: Adult education associations	0	-31	-31	31	0	0
Auditors' Office	5	-38	-33	34	1	3
Greater Gothenburg Rescue Services	0	-344	-344	344	0	0
Chief Guardians' Committee: Fees	2	-26	-24	22	-2	-2
<b>Total for committees</b>	<b>17,952</b>	<b>-49,876</b>	<b>-31,924</b>	<b>32,008</b>	<b>84</b>	<b>1,231</b>
Central municipal items	33,813	-1711	32,103	-32,008	95	24,348
<b>Earnings before non-recurring items</b>	<b>51,765</b>	<b>-51,587</b>	<b>179</b>	<b>0</b>	<b>179</b>	<b>25,596</b>
Dividend	540	0	540	0	540	0
Capital gains on property sales	785	0	785	0	785	0
Other items affecting comparability	0	0	0	0	0	0
<b>Total for whole Municipality</b>	<b>53,091</b>	<b>-51,587</b>	<b>1,504</b>	<b>0</b>	<b>1,504</b>	<b>25,596</b>

Of the district committees, two committees, SDN Lundby and SDN Västra Hisingen report a negative result and a negative deviation in relation to the budgeted result.

SDN Lundby's deviation is due to a high net cost development in home-help services and a higher net cost development in individual and family care than was budgeted. For SDN Västra Hisingen, the deviation can largely be explained by an opening imbalance from 2018 with a high cost situation. Despite reduced net costs in 2019, the committee did not fully succeed in adapting operating expenses to the allocated framework.

Four district committees, SDN Östra Göteborg, SDN Majorna-Linné, SDN Askim-Frölunda-Högsbo and SDN Norra Hisingen, report relatively large positive deviations in relation to the budgeted result of between SEK 25 million and SEK 37 million. All of these committees implemented long-term measures to adapt their expenses to the municipal subsidy framework so they each essentially have a balanced economy. When the committees received positive non-recurring items during the fall in the form of lower internal costs within the Municipality and state subsidies, these had a direct impact on earnings in the form of a surplus.

The Property Management Committee's net earnings deviated negatively from what was budgeted for full-year 2019 by minus SEK 8 million. The committee is responsible for providing temporary housing for newly arrived asylum seekers under the *Swedish Settlement Act*. These costs are not included in the Committee's municipal subsidy, but are assessed by the City Executive Board in connection with the annual accounts.

The Pre-school Committee's negative deviation in relation to the budgeted result was caused by excessive staffing in relation to the number of children.

The deviation of minus SEK 31 million for the Commercial Premises Committee is largely the result of write-down costs for Gärdstensskolan, which is no longer used.

The Labour Market and Adult Education Committee reports a relatively large positive deviation in relation to the budgeted result. About half, SEK 13 million arose in direct services, while the rest can be explained by higher revenue and lower costs in general.

The Road Traffic Committee's result for 2019 deviates negatively at SEK 98 million compared with the 2019 budget, which is a direct consequence of costs for wasted projects and because the Committee had allocated provisions for costs related to

an ongoing dispute. At the end of 2019 a decision was taken to discontinue the cable car link project in Gothenburg. The City of Gothenburg's share of costs for the project amount to SEK 64 million, which were expensed in their entirety. A provision was also made in conjunction with the annual accounts for costs related to an ongoing dispute with the former contractor for the Vasabron bridge.

The Education Committee's negative deviation in relation to the budgeted result is primarily due to the negative result for several of the upper secondary school areas since several schools had difficulties adapting their services to a decline in the number of students. However, the deviation was offset by a number of non-recurring items that contributed positively to the Committee's result.

The Eco-cycle and Water Committee, which is financed by tariffs, reports total net earnings of SEK 3 million, which corresponds to a budget deviation of SEK 15 million. Waste management services, which had a budgeted result of SEK 1 million, reports a result of SEK 18 million, largely because of lower costs for waste management and waste containers. For WATER AND SEWERAGE services, which had a budgeted deficit of SEK 13 million, the outcome was minus SEK 15 million. Increased costs due to increased prices for electricity and chemicals, higher personnel costs and a delay in moving to Alelyckan are the main reasons.

The net earnings for the Chief Guardians Committee for 2019 deviated by minus SEK 2 million compared with the budget. Income in the form of state subsidies for unaccompanied minors was lower than expected.

The central municipal items mainly consist of revenue from taxes, general state subsidies and equalisation, as well as costs for the municipal subsidy that is distributed to the City's committees. In addition to tax revenue and the municipal subsidy, pension expenses and revenue linked to the City's handling of financial items such as borrowing and handling of cash and cash equivalents, are also sometimes reported at the central municipal level. Taken together, a surplus of SEK 95 million is reported for items at the central municipal level. This result deviates positively from the budget by about SEK 500 million. The deviation is mainly explained by the fact that central municipal contingency items and items for special purposes were not used. In addition, a deviation arose related to financial items because of lower than budgeted interest expenses. Revenue from taxes, general state subsidies and equalisation also deviated positively from the budget.

# Joint statutory authorities' operational accounts

Only a comprehensive financial review is carried out for the joint statutory authorities.

Amounts in MSEK	Revenue	Costs	Net costs	Municipal subsidy	Net earnings	Closing equity
Greater Gothenburg Rescue Services	686	-689	-3	-	-3	91
Acquisition company for Gothenburg joint statutory authorities	290	-292	-2	-	-2	46
Eliminations	-443	445	2	-	2	-64
<b>Total for joint statutory authorities</b>	<b>533</b>	<b>-536</b>	<b>-3</b>	<b>-</b>	<b>-3</b>	<b>73</b>

Each line presents the total outcome and the share that is not owned by the city is deducted on the Eliminations line.

The City of Gothenburg is the largest owner of Greater Gothenburg Rescue Services (RSG). The result for GREATER GOTHENBURG RESCUE SERVICES for 2019 was minus SEK 3.4 million, of which minus SEK 1.2 million was due to a withdrawal from Stenafonden. During the year, an agreement was signed with other rescue services in the region for rescue services without boundaries to achieve greater robustness in the event of major disasters. Beginning in 2020 and onwards, GREATER GOTHENBURG RESCUE SERVICES faces significant costs for soil remediation and construction of a new exercise and training facility. Depreciation will have a negative impact on earnings, which are expected to be negative. The tenant sos Alarmering gave notice to terminate its agreement for the emergency service centre, which runs to 2025.

# Companies – financial performance

Just as for the committees, a financial performance review is conducted here for the cluster of companies and those companies that are not included in the cluster.

Unlike the committees, the City Council does not decide on the budgets for the companies, for which reason the review here focuses on the companies' own approved budgets. In addition, information on total assets, equity ratio and equity is also provided to give an idea of the financial position of the companies.

Amounts in MSEK	Revenue	Costs	Net costs	Municipal subsidy	Net earnings	Closing equity
Energy	6,083	697	679	12,673	6,429	51
Housing	5,831	717	542	33,407	10,925	33
Commercial Premises	1,958	86	151	12,266	2,338	19
Business	89	-50	-47	92	62	68
Public Transport	1,373	32	16	1,322	736	56
Port	771	189	226	3,308	1,827	55
Tourism, Culture & Events	1,826	-61	-198	2,705	1,360	50
Försäkrings AB Göta Lejon	135	-25	6	367	158	43
Göteborgs Stads Leasing AB	755	28	13	3,008	975	32
Göteborgs Stads Upphandling AB	7	-1	0	16	16	100
Gryaab AB	369	-3	-3	1,442	87	6
Renova AB	1,440	106	68	1,965	626	32
Grefab AB	63	0	0	105	17	16
Parent company (Göteborgs Stadshus AB)	30	-332	-366	20,057	13,482	67
Boplats	25	0	0	36	9	24
Eliminations	-1,221	249	331	-21,231	-18,529	
<b>Total</b>	<b>19,533</b>	<b>1,632</b>	<b>1,418</b>	<b>71,538</b>	<b>20,518</b>	<b>29</b>

The table shows the accounts of the Stadshus Group.

The companies posted net earnings after financial items of SEK 1,632 million, which is SEK 214 million over budget and can be compared with net earnings of SEK 1,578 in 2018. Items affecting comparability for the year amount to minus SEK 146 million, which is SEK 130 million lower than last year. The items affecting comparability relate to a payment from the Swedish Transport Administration to Liseberg (SEK 114 million), capital gains (SEK 90 million), write-downs (minus SEK 137 million) and capital losses (minus SEK 213 million).

The main reason that this year's outcome exceeded the budget is better results in Housing and Tourism, Culture & Events. In Housing, the result was SEK 175 million over budget, mainly because of lower write-downs. In Tourism, Culture & Events, the result was SEK 137 million over the amount budgeted for the year. The explanation is primarily that Liseberg achieved higher earnings because of the payment from the Swedish Transport Administration related to buildings that were taken over in connection with the West Link project, and because "Got Event" achieved higher earnings than expected.

However, Commercial Premises fell short of the budget by minus SEK 65 million. The negative deviation by Commercial Premises is the result of capital losses for property sales of SEK 110 million. The sales mainly relate to Älvstranden's sale of building rights at Masthuggskajen, which resulted in losses. The sales will continue for five years and the calculation model used generates losses at the beginning, and gains towards the end of the five-year period. Net earnings for Försäkrings AB Göta Lejon fell short of the budget, mainly because of higher insurance compensation for damages, where the fire at Slottsskogshallen is the largest item.

The Renova Group reports a positive surplus, SEK 38 million higher than the budget. The reason is mainly capital gains from the sale of land and property at Ringön.

Total assets increased from SEK 67.8 billion in 2018 to SEK 71.5 billion. The equity/assets ratio decreased by just over one percentage point to 29%. The reason is the increased volume of investment, where both higher borrowing and dividends for 2018 and 2019 affect the capital structure and the equity/assets ratio. At the end of 2019 the Group's total loan volume is SEK 40.1 billion, up from the previous year's SEK 37.3 billion. Return on equity is 8%, compared with 6.9% the previous year.



# 4

## Investment accounts

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The investment accounts contain a compiled account of the Municipality's investment operations and the companies' investment expenditure.

## Investment accounts

### **136 Municipality's Investment accounts**

The investment accounts are set out to allow comparison of outcomes with the City Council's budget for the committees.

### **139 The companies' investment accounts**

A comparison of the companies' actual investment expenditure with budgeted investment expenditure.

### **140 Selected investment and development projects**

This section presents a number of selected investment and development projects from the committees' project portfolio.

# Municipality's investment accounts

The investment accounts are set out to allow comparison of outcomes with the City Council's budget for the committees. For some of the committees, the City Council decided during the year to change the framework in relation to the original approved budget. In such cases the table shows the updated framework.

The investment accounts must meet the City Council's requirements to monitor progress and demonstrate the accountability of the boards and committees. The accounts must also satisfy the requirements of external stakeholders for information about how resources are allocated and used by the services. The City Council's investment budget

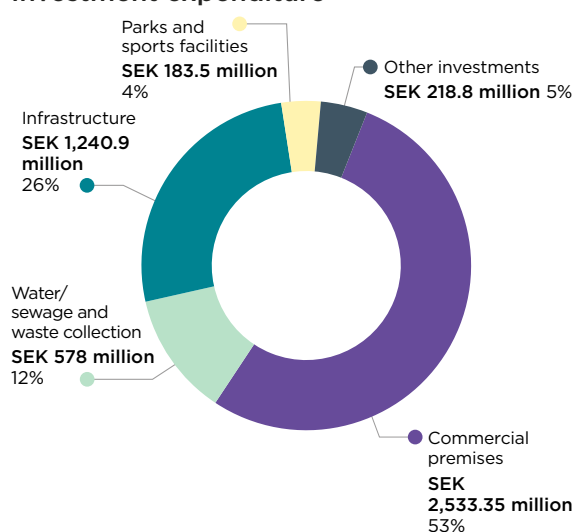
covers a planning period of four years (2016–2019). The City Council decides on the expenditure framework allocated to various investment areas over the planning period. The budgets for 2019 in the table are the budgets approved by the committees themselves.

Amounts in MSEK		Outcome 2019		Budget 2019		Outcome 2016–2019		Budget 2016–2019	
E=Expenses	I=Income	E	I	E	I	E	I	E	I
<b>Property Management Committee</b>		<b>-219</b>	<b>1</b>	<b>-505</b>	<b>8</b>	<b>-810</b>	<b>82</b>	<b>-1,096</b>	<b>89</b>
Acquisitions and demolitions		-51	-	-212	-	-246	-	-407	-
Tenant adaptations		-11	-	-27	-	-47	1	-63	1
Investments within property management		-79	-	-181	-	-193	5	-294	5
West Sweden Package		-77	1	-85	8	-324	76	-332	83
<b>Sports and Associations Committee</b>		<b>-78</b>	<b>7</b>	<b>-284</b>	<b>-1</b>	<b>-380</b>	<b>8</b>	<b>-586</b>	<b>-</b>
Reinvestments		-19	1	-42	-1	-81	2	-104	-
Changing facilities		-	-	-17	-	-2	-	-19	-
Land improvements		-1	-	-9	-	-7	-	-17	-
Sports halls		-3	-	8	-	-95	-	-83	-
Ice sports facilities		-2	-	-19	-	-52	-	-69	-
Swimming and bathing facilities		-3	-	-22	-	-40	-	-59	-
Athletics facility on Hisingen		-	-	-4	-	-	-	-41	-
Football		-32	6	-35	-	-48	6	-51	-
Sports areas		-15	-	-87	-	-43	-	-113	-
Other urban development		-2	-	-60	-	-2	-	-23	-
Adopted association facilities		-	-	3	-	-10	-	-7	-
<b>Eco-cycle and Water Committee</b>		<b>-578</b>	<b>116</b>	<b>-661</b>	<b>-</b>	<b>-1,927</b>	<b>337</b>	<b>-2,010</b>	<b>222</b>
Drinking water production		-109	-	-120	-	-490	-	-501	-
Drinking water distribution		-177	-	-177	-	-525	-	-525	-
Sewage disposal		-160	6	-229	-	-562	6	-631	-
Other investments		-76	110	-73	-	-150	332	-147	222
Water/sewage modernisation areas		-19	-	-18	-	-36	-	-35	-
General planned investments		-4	-	-4	-	-57	-	-56	-
<b>Total for water/sewage</b>		<b>-545</b>	<b>116</b>	<b>-621</b>	<b>-</b>	<b>-1,820</b>	<b>337</b>	<b>-1,895</b>	<b>222</b>
Recycling and containers		-3	-	-6	-	-49	-	-51	-
Closed landfill sites		-28	-	-35	-	-56	-	-63	-
Other investments		-	-	-	-	-	-	-1	-
<b>Total for waste collection</b>		<b>-31</b>	<b>-</b>	<b>-41</b>	<b>-</b>	<b>-105</b>	<b>-</b>	<b>-115</b>	<b>-</b>

Amounts in MSEK		Outcome 2019		Budget 2019		Outcome 2016-2019		Budget 2016-2019	
E=Expenses	I=Income	E	I	E	I	E	I	E	I
<b>Commercial Premises Committee</b>		<b>-2,533</b>	<b>7</b>	<b>-2,577</b>	<b>-21</b>	<b>-7,338</b>	<b>28</b>	<b>-7,363</b>	<b>-</b>
Pre-schools		-540	1	-592	-1	-1,491	5	-2,031	-
Of which reinvestment		-148	1	-116	-	-381	4	-261	-
Of which new builds, extensions, conversions		-392	-	-476	-1	-1,110	1	-1,770	-
<b>Compulsory schooling</b>		<b>-1,234</b>	<b>1</b>	<b>-1,272</b>	<b>-1</b>	<b>-3,848</b>	<b>8</b>	<b>-5,193</b>	<b>-</b>
Of which reinvestment		-136	1	-190	-	-621	7	-611	-
Of which new builds, extensions, conversions		-1,098	-	-1,082	-1	-3,227	1	-4,582	-
<b>Upper secondary schools</b>		<b>-316</b>	<b>-</b>	<b>-214</b>	<b>-</b>	<b>-616</b>	<b>2</b>	<b>-621</b>	<b>-</b>
Of which reinvestment		-63	-	-68	-	-222	2	-196	-
Of which new builds, extensions, conversions		-253	-	-146	-	-394	-	-425	-
<b>Housing for the elderly</b>		<b>-129</b>	<b>1</b>	<b>-278</b>	<b>-</b>	<b>-311</b>	<b>3</b>	<b>-773</b>	<b>-</b>
Of which reinvestment		-88	1	-69	-	-225	3	-397	-
Of which new builds, extensions, conversions		-41	-	-209	-	-86	-	-376	-
<b>Special service housing</b>		<b>-105</b>	<b>-</b>	<b>-122</b>	<b>-1</b>	<b>-390</b>	<b>1</b>	<b>-712</b>	<b>-</b>
Of which reinvestment		-	-	-1	-	-3	-	-114	-
Of which new builds, extensions, conversions		-105	-	-121	-1	-387	1	-598	-
<b>Other</b>		<b>-210</b>	<b>3</b>	<b>-97</b>	<b>-1</b>	<b>-682</b>	<b>8</b>	<b>-903</b>	<b>-</b>
Of which reinvestment		-149	1	-135	-	-444	5	-296	-
Of which new builds, extensions, conversions		-61	2	38	-1	-238	3	-607	-
<b>Standard reduction (new builds, extensions and conversions)</b>								<b>2,870</b>	
<b>Parks and Landscape Committee</b>		<b>-105</b>	<b>3</b>	<b>-187</b>	<b>-7</b>	<b>-275</b>	<b>10</b>	<b>-356</b>	<b>-</b>
Development of play environments		-21	2	-36	-	-66	2	-79	-
Development of parks and natural areas		-76	1	-141	-7	-170	7	-237	-2
Tree planting		-8	-	-10	-	-29	2	-28	2
Safe & beautiful city		-	-	-	-	-10	-	-12	-
<b>Road Traffic Committee</b>		<b>-1,241</b>	<b>359</b>	<b>-2,706</b>	<b>785</b>	<b>-3,912</b>	<b>1,188</b>	<b>-5,377</b>	<b>1,614</b>
Pedestrian-friendly city		-17	-	-42	-	-76	3	-100	3
Bicycle-friendly city		-84	13	-306	23	-179	18	-401	28
Public transport-friendly city		-47	13	-141	25	-100	21	-194	33
Car traffic city		-13	-	-53	2	-20	-	-61	2
Freight transport city		-8	-	-9	-	-8	-	-9	-
KomFram Göteborg		-20	-	-35	-	-61	-	-76	-
<b>Total for city promotion projects</b>		<b>-190</b>	<b>27</b>	<b>-586</b>	<b>50</b>	<b>-445</b>	<b>42</b>	<b>-841</b>	<b>66</b>
Tram line		-155	-	-297	-	-437	-	-580	-
Art buildings		-84	-	-225	-	-230	30	-371	30
Lighting and energy efficiency measures		-37	-	-42	-	-258	-	-264	-
Streets and roads		-179	1	-247	-	-316	1	-384	-
<b>Total reinvestments</b>		<b>-454</b>	<b>1</b>	<b>-811</b>	<b>-</b>	<b>-1,242</b>	<b>32</b>	<b>-1,599</b>	<b>30</b>
Large single projects		-596	331	-2,448	735	-2,225	1,114	-4,076	1,518
Standard reduction		-	-	1,139	-	-	-	1,139	-
<b>Investment committees</b>		<b>-4,755</b>	<b>492</b>	<b>-6,920</b>	<b>764</b>	<b>-14,642</b>	<b>1,653</b>	<b>-16,788</b>	<b>1,925</b>
<b>Central municipal level</b>		<b>-571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-954</b>	<b>-</b>	<b>-350</b>	<b>-</b>
Municipality-wide investment budget -		-	-	-	-	-	-	-350	-
Investment budget, leasing		-571	-	-	-	-954	-	-	-
<b>Investments, Municipality</b>		<b>-5,326</b>	<b>492</b>	<b>-6,920</b>	<b>764</b>	<b>-15,596</b>	<b>1,653</b>	<b>-17,138</b>	<b>1,925</b>
<b>Development</b>									
Property Management Committee		-980	1,178	-2,344	2,779	-3,186	4,125	-4,551	5,726
Road Traffic Committee		-93	32	-312	0	-580	130	-703	0
Parks and Landscape Committee		-52	0	-111	0	-85	1	-143	0
Eco-cycle and Water Committee		-179	0	-96	0	-433	0	-350	0
<b>Development, Municipality</b>		<b>-1,303</b>	<b>1,210</b>	<b>-2,864</b>	<b>2,779</b>	<b>-4,284</b>	<b>4,256</b>	<b>-5,747</b>	<b>5,726</b>
<b>Total including development</b>		<b>-6,629</b>	<b>1,702</b>	<b>-9,784</b>	<b>3,543</b>	<b>-19,880</b>	<b>5,909</b>	<b>-22,885</b>	<b>7,651</b>

The committees' investment expenditure totalled SEK 4.8 billion in 2019, an increase of SEK 0.8 billion on the previous year. The higher level of investment that we saw in 2017 and 2018 has increased further in 2019. This increased investment is a result of demographic changes, with a rapidly growing population that makes demands on municipal premises, etc. The Commercial Premises Committee accounts for the largest share of investment growth in 2019 compared to previous years. Just over half of investments during the year were in service premises. The largest investments were made in compulsory schooling.

### Investment expenditure



The diagram above shows that just over half the investments for the year were in service premises, with pre-schools, compulsory schools, upper secondary schools, care of the elderly and buildings with special service accounting for the largest activities. Investments in water and sewage made up 12%, and investments in infrastructure accounted for 26%.

The committees' investment budget for 2019 was SEK 6.9 billion. Investments were thus not carried out at the pace planned, despite the increase over the previous year. Several major investments were postponed and will instead be charged to future years.

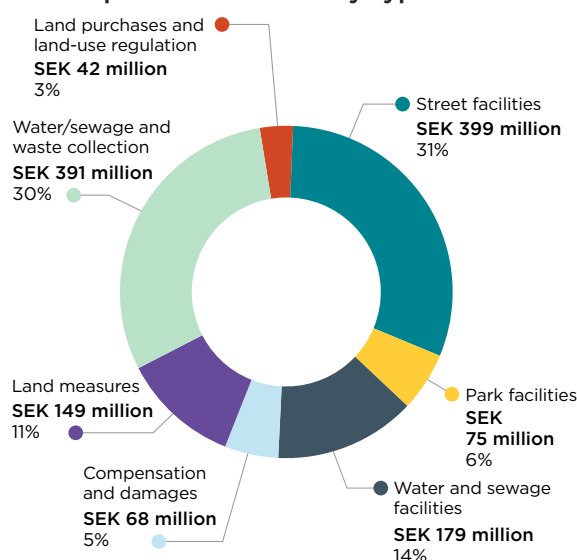
Seen over the entire planning period 2016–2019, the committees' investment expenditure was SEK 14.6 billion, compared with a total budget of SEK 16.7 billion for the planning period. It was primarily the Road Traffic Committee that did not reach its budgeted investment framework. The Road Traffic Committee reports an outcome of SEK 3.9 billion for the planning period, compared to a budget of SEK 5.4 billion. The committee's allocated framework for the planning period covers several large investment projects, such as Hisingsbron bridge and a cable car link across the river, but various changes meant that the level of investment allowed

for in the budget was not reached. The cable car project has been shelved, while the delayed delivery of steel for the Hisingsbron bridge project meant a deviation from the budget and will instead be charged to future years.

### Development

The City's development expenditure for 2019 amounted to SEK 1.3 billion, while revenues amounted to SEK 1.2 billion, which corresponds to about half the budgeted levels. The deviations are mainly due to postponements and delays in large-scale projects, primarily in the planning phase. Despite this, there is still a rising trend in levels compared to previous years due to extensive urban development in order to meet the demand for housing. The pace of development effectively doubled between 2015 and 2019.

### Development measures by type



Measures that fall under development activities include land purchases and the construction of street, park and water/sewage facilities. Expenditure in the form of damages and compensation can arise when, for example, a site leasehold expires and an operation has to be relocated. Land-related measures include archaeological surveys and stability measures. Other measures and facilities cover the relocation of pipes and the expansion of other facilities. Most of this work is related to covering of the Götaleden city tunnel link.

For the entire planning period 2016–2019, total expenditure amounts to SEK 4.3 billion and revenues to SEK 4.3 billion, which corresponds to approximately three-quarters of budgeted levels. Most of the deviations during the planning phase are again due to postponements and delays in implementation rather than planning. This means that a large proportion of work is delayed and that prioritisation will be needed to ensure future implementation.



# The companies' investment accounts

Amounts in MSEK	Actual investments	Budgeted investments
Energy	989	1,030
Housing	3,202	3,756
Commercial Premises	870	1,482
Business	3	1
Public Transport	165	220
Port	275	501
Tourism, Culture & Events	427	198
Försäkrings AB Göta Lejon	0	0
Göteborgs Stads Leasing AB	867	520
Göteborgs Stads Upphandling AB	0	0
Gryaab AB	32	0
Renova AB	325	518
Grefab AB	11	10
Parent company (Göteborgs Stadshus AB)	0	0
Boplats	0	0
Eliminations	34	0
<b>Total</b>	<b>7,200</b>	<b>8,236</b>

Stadshus Group investments in 2019 amounted to SEK 7.2 billion, compared to budgeted investments of SEK 8.2 billion.

Most of the Group's investments are in housing, energy and premises. The deviation from the budget is mainly the result of postponing projects, especially in housing and energy. In the case of premises, several projects have been delayed while awaiting decisions in other parts of the City such as Bergsjön cultural centre, the Maritime Museum & Aquarium and Skeppsbron.

In public transport, a reinvestment in electric buses has been completed, while in the port, work is nearing completion on the new Arendal II terminal in the outer ports and on a transshipment terminal for timber. The deviation compared to budget for the port is due to the fact that investment in widening the Älvsborg harbour basin has been postponed.

During autumn, Liseberg decided to build a new hotel. The company has also upgraded facilities in the park and invested in new attractions.

Investments by Göteborgs Stads Leasing AB mainly consist of corrosion audits on trams and investments in vehicles, machinery and IT equipment. Investments by Renova AB are primarily in the Sävenäs plant and in a new maintenance workshop.

# Selected investment and development projects

A number of selected investment and development projects from the project portfolios of the committees and companies are presented below. The selection mostly includes projects and initiatives that have been approved by the City Council and have entered the implementation phase. A number of other projects have been included, which the committees for various strategic reasons, such as their size, believe it is important to bring to the attention of the City Council.

The project list is added to as individual investments are approved, and in 2019, implementation decisions were taken for *Korsvägen junction*, *Haga station urban development* and the first phase of *Centenary Park (Frihamnen harbour)*.

The accounts for 2019 also include investment projects by the Stadshus Group that have been approved by the City Council and have reached the implementation phase.

The figures in brackets are project costs on which the investment decision is based.

## Selected investment and development projects

Amounts in MSEK Project	Council approval	Acc. outcome		Total project forecast		Project budget		Ending year
		I=Income	E=Expenses	I	E	I	E	
Investments								
Lindholmen Technical High School (ongoing)	X		-315		-318		-354	2020
Hisingsbron bridge (2009)	X	818	-1,464	1,566	-3,500	1,566	-3,500	2022
Skeppsbron Stage 1 (ongoing)		282	-779	282	-779	282	-789	2019
Skeppsbron Stage 2 (2017)		17	-34	150	-1,500	-	-	2027
Kvilleleden and streets in Backaplan (2016)	X	38	-51	318	-768	318	-768	2025
E45, underground section of Götaleden (2013)	X	357	-701	471	-898	471	-947	2022
Korsvägen junction (2017)	X	25	-25	745	-860	745	-860	2028
Haga station urban development (2017)	X		-8	0	-660	0	-660	2025
New barrier (Ultrafilter) Alelyckan water treatment plant (2017)	X		-25		-700		-900	2024
Modernisation of Kodammarna wastewater pumping station (ongoing)			-184		-540		-540	2023
Göteborg Energi AB, district cooling Älvstaden (ongoing)	X		-10		-450		-450	2035
Developments								
Sisjön housing (ongoing)		269	-101	270	-113	273	-103	2021
Gamlestaden Stage 1 (ongoing)		125	-568	210	-665	211	-665	2024
Selma Stad (ongoing)		118	-205	209	-257	209	-256	2024
Opaltorget (ongoing)		29	-143	60	-240	60	-235	2022
Säterigatan housing (ongoing)		122	-8	357	-99	357	-98	2027
Järnvågsgatan/Masthuggskajen (2017)	X	316	-355	1,860	-2,020	1,860	-2,020	2029
Centenary Park phase 1, part of development of Frihamnen harbour (2018)	X	0	-22	175	-347	175	-347	2023

# Auditor's Report

The Auditor's Report is supplemented following the meeting of the City Executive Board on 25 March.

We, the auditors appointed by Gothenburg City Council, have examined the activities of the Executive Board and Committees of Gothenburg Municipality. By means of lay auditors appointed to Gothenburg Municipality's wholly-owned companies and subsidiaries, the activities of the Municipality's companies have also been examined. The examination has been performed by expert advisors who assist the auditors.

The City Executive Board and Committees are responsible for activities being conducted in an appropriate and financially satisfactory manner, for the accounts and the reporting 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 consistent with the financial and operational goals decided by the City Council.

The examination 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 audit of the City of Gothenburg's accounts and annual accounts, including the combined accounts, can

be found in a separate audit report which has been submitted to the City Executive Board. The year's examination is summarised in our annual statement, which has been submitted to the City Council.

A critical remark was addressed to the Pre-school Committee. The audit shows that the committee decided to actively violate the Swedish Education Act when evaluating the right to subsidies for educational care. Four members of the Committee, who expressed dissenting opinions in relation to the Committee's decision, are excluded from the above criticism.

A critical remark was also addressed to the Property Management Committee. The audit shows serious deficiencies in the management and preparation of the land allocation process, as well as deficiencies in financial control and follow-up of land development activities.

It is our opinion that the Board and Committees of the Gothenburg Municipality have otherwise conducted their business in an appropriate and financially satisfactory manner, and that the internal control has been adequate.

We judge that the accounts in all essentials provide a fair and accurate picture.

We note that as in previous years, the City Council budget for 2019 lacks clear financial goals. As a result, it is not possible to assess the results in the Annual Report against set financial goals.

We believe that it is not possible to assess goal fulfilment, since operational goals that can be followed up have not been formulated. We believe the City Executive Board's system for governance and monitoring in relation to good financial management should be developed and clarified.

The auditors shall report their examination of liability of the Board and Committees to the City Council. The assignment of the lay auditors in the companies does not include a standpoint in the matter of liability.

We recommend that the City Council grant the members of the Board and the Committees discharge from liability for the financial year 2019. We recommend that the 2019 Annual Report for the City of Gothenburg be adopted.

Gothenburg 7 April 2020

Bengt Bivall

Sven R. Andersson

Vivi-Ann Nilsson

Godkänt enligt särskilt e-postförfarande\*  
Monica Bandi

Sven Jellbo

Lars-Gunnar Landin

Lars-Ola Dahlgvist

Susanne Zetterberg Jensen

Berndt Karlsson

Gun Cederborg

Godkänt enligt särskilt e-postförfarande\*  
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Birgitta Adler

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Christina Rogestam

Tom Heyman

Johan Abrahamsson

Torbjörn Rigemar

Alf Landervik

Maria Wannerskog

Tore Svensson

Bengt-Åke Gellerstedt

Floris-Göran Gustafsson

\* Because of an obstacle in signing the report, the auditor has approved the audit report by special confirmation via e-mail, in accordance with the Swedish Association of Local Authorities and Regions (SALAR).



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