

CITY OF GOTHENBURG  
**ANNUAL REPORT 2017**



Göteborgs  
Stad





Chairman of the City Executive Board, Ann-Sofie Hermansson, reflects on the past year.

Photo: Lena Dahlström

## The Chairman of the City Executive Board reflects on the past year.

**Another good year. 2017 was a mostly positive year for Gothenburg. The already strong economy grew even stronger. The city's major development boom gathered momentum. Over the next 10–15 years, new construction and transformation will make a clear impression on the urban environment. Important strategic measures were taken in areas such as schools, safety and security, gender equality, and trade and industry.**

### **The good times continue**

The strong socio-economic development continued. The trends from previous years grew stronger rather than weaker. Growth was high. Many industries moved into very strong cyclical phases. More and more people visited Gothenburg. There was a widespread fall in unemployment. In Gothenburg, youth unemployment has more than halved since 2010. Unemployment in the Gothenburg region is well below the national average, and has now been the lowest in Sweden's city regions for more than two years. As a result

of this, but also thanks to proactive measures around the city, income support costs fell for the fourth consecutive year. Many people of Gothenburg, and young people in particular, moved from benefits to self-sufficiency.

### **New job initiatives**

To continue reducing unemployment, a solid structure for the active labour market initiatives has been built up. A new skills provision plan, headed by the Labour Market and Adult Education Committee and Business Region Göteborg, was

adopted in the late summer. It aims to help match jobseekers' skills with employers' needs more effectively. December saw the opening of the last of the four skills centres that have now been established across the city. The idea is for these local, easily accessible meeting-places to focus on mapping, skills enhancements and matching, the aim being to support unemployed local citizens along the entire path to a real, important job.

### **Development boom coming**

Several major construction processes began in 2017. The over-decking of the E45 and construction of the Hising Bridge made particularly deep impressions. Homebuilding was at its highest level in 40 years. In total, more than 4,000 homes were in the process of being built in the autumn. There are ambitious plans for the future. Älvstaden and the West Sweden Package will be completed. Systematic new development is planned for the suburbs.

When everything is finished, in around 2035, Gothenburg will have been lifted to a whole new level. In addition there is the city package of the National Negotiation on Housing and Infrastructure – and what a great benefit that this could all be brought agreed during the summer. One advantage of the package is that the investments will link the city together. It will be easier to get to and from Biskopsgården and Backa and over the river without passing Brunnsparken.

### **Successful safety and security work**

Preventive safety and security work continues to escalate. Collaboration in the Trygg i Göteborg/Safe in Gothenburg model saw positive developments in many city districts. Specific safety and security initiatives involving a wide range of players were taken for Kanaltorget and Nordstan. “Purple Flag”, a City initiative alongside Fastighetsägarna and various other players in the central city, was initiated. The aim is to build up a more dynamic evening economy. Offering a varied range of activities in the evenings brings life and movement to urban environments and increases both the perceived and the actual safety. There is a lot to indicate that the city’s safety situation has improved. One sign is that the number of shootings, which has been declining since 2013, fell even further in 2017.

### **More focused gender equality agenda**

The major “An Equal Gothenburg” project gained an even firmer footing in the city with strategies and commitment alike becoming more established. An ambitious long-term programme for gender equality work was developed – and was adopted at the beginning of 2018. In December, a major gender equality report was presented. It showed that active efforts to promote gender equality are genuinely needed. Even though some aspects are moving in the right

direction, there is a tremendous amount left to do.

### **School reform for greater equivalency**

A far-reaching organisational and reform process was begun in the school and pre-school system. Responsibility will be moved from the districts to a central Schools Committee and a central Pre-Schools Committee on 1 July 2018. The main aim is to improve equivalency. The new system will make it simpler to secure good basic quality across the city, while also giving all children the same or similar opportunities. It will be easier to allocate resources according to requirement, and to implement localised measures where necessary.

### **No to violent extremism**

During the autumn in particular, issues of democracy and rights came to the fore. In September the Neo-Nazi movement NMR unsuccessfully attempted to hold a large demonstration in Gothenburg. Instead, the lasting impressions from the day came from the active, far-reaching protests from the people of Gothenburg. A large number of people demonstrated and sent a clear message in various ways: Nazism is not, nor will it ever be, welcome in Gothenburg. In mid-December the synagogue was firebombed, and there was a powerful response. Gothenburg rallied round the Jewish community. The synagogue was “love-bombed”. Before Christmas, a political consensus was reached on developing a package of measures to strengthen the city’s efforts against anti-Semitism. It was also decided to extend initiatives to combat violent extremism.

### **Trade and industry flourishing**

The Mobility Cluster went from strength to strength during the year. Geely’s decision in June to locate its new European innovation centre in

the Lindholmen district was one of the year’s highlights. The new complex, which will house around 3,500 employees, will be a vital boost for the whole city. It was confirmed in September that the state and a number of leading companies are to establish a new test centre for electromobility. The majority of the operations will take place in Lindholmen. This too will be a considerable, valuable investment. During the autumn, RISE Research Institutes of Sweden opened its new headquarters in Lindholmen. Meanwhile, AB Volvo continued building up resources at nearby Campus Lundby. Overall, Gothenburg is increasingly becoming “the place to be” for technological development in the field of mobility.

A proposed trade and industry strategy programme was drawn up as part of a process that was open and receptive to various opinions. If the programme is adopted in early 2018, this will increase the impact and strategic strength of efforts to develop trade and industry.

2017 was yet another record year for the hospitality sector. Liseberg’s anniversary initiative, which was given the go-ahead during the spring, will bring a crucial boost. The EU Summit in Gothenburg in November not only helped to highlight social issues on the European agenda; it was also a friendly, problem-free event that put Gothenburg even more clearly on the international map. For the hospitality sector too, a proposed new strategic programme was drawn up in an inclusive process. The proposal is both proactive and engaging, and was adopted at the beginning of 2018.

**Ann-Sofie Hermansson**  
(Social Democrat)  
Chairman of the  
City Executive Board

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

By way of introduction in the Annual Report the Chairman of the City Executive Board, Ann-Sofie Hermansson, gives a summary of the past year. This is followed by an outline of the City of Gothenburg's organisation, assignments and future challenges. The City of Gothenburg Annual Report is then divided into five blocks:

# How to read the City of Gothenburg Annual Report

## 1 ADMINISTRATION REPORT pages 11–32

The first block contains the Administration Report, which must be included in the Annual Report in line with the Accounting Act. It is a summary with a focus on essential parts of the City's finances and activities. To begin with it outlines important decisions and events during the year, along with an assessment of the future for the City of Gothenburg based on a strategic analysis. There is also a presentation of how well the City Council's goals are judged to have been accomplished, and a follow-up of the City Council's assignments. There is also a description of the development work to better capture citizens' views in the democratic processes, and of efforts to clarify the City's management processes. This section also includes an outline of issues and developments in personnel-related matters, and finally there is a summary financial analysis of the Municipality and combined accounts.

## 2 ACTIVITIES OF THE CITY OF GOTHENBURG pages 33–62

This block reports some of the activities conducted by the City of Gothenburg's 30 or so committees and its 20 or so groups and companies during the year. The block is divided into different areas of activity, taken from the City Council budget. In each area, important events and trends are described from different perspectives. Each area concludes with a look at key future issues.

## 3 GOTHENBURG MUNICIPALITY FINANCIAL ANALYSIS pages 63–78

The term Gothenburg Municipality refers to the committees and central municipal items. The block begins with a financial analysis of the Municipality's accounts and a report on good financial management and the balanced budget requirement. The block also contains a compilation of key financial figures, and ends with a brief description of the financial results of the district committees and the departmental committees, followed by the Municipality's operational accounts.

## 4 SAMMANSTÄLLD REDOVISNING FINANSIELL ANALYS pages 79–94

In the municipal sector, Group accounts are referred to as combined accounts. In addition to the Municipality, the Group comprises the municipal companies and the joint statutory authorities and coordination associations. This block begins with a financial analysis of the accounts. There is then a summary analysis of Göteborgs Stadshus AB and its clusters, followed by a presentation of earnings and total assets, as well as the companies' investments. There is also a report on the management of foundations and sponsorship in the City of Gothenburg during the year. In the "Financial monitoring and risk management" section, an analysis is then made of the City's financial commitments in the form of borrowing and the like.

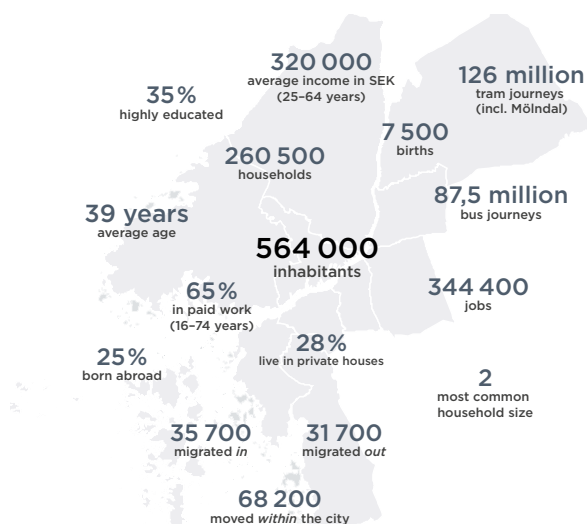
## 5 ACCOUNTS MUNICIPALITY ACCOUNTS AND COMBINED ACCOUNTS pages 95–117

The final block looks at the Municipality's and the combined income statement, balance sheet and cash flow statement along with accompanying notes. It also describes the accounting principles applied by the City of Gothenburg.

Gothenburg is Sweden's second largest city, with a population of just over half a million. 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 a variety of strong industries and Scandinavia's largest port. Gothenburg has always been open to people and influences from around the world.

## Sustainable city – open to the world

This characterises the city's varied trade and industry, for instance, the hallmarks of which are innovation, creativity and advanced knowledge and technology. The Gothenburg region is home to multinational companies, small businesses and clusters in 750 different sectors. Gothenburg is also a student city with hundreds of vocational training programmes, two universities and 50,000 students.



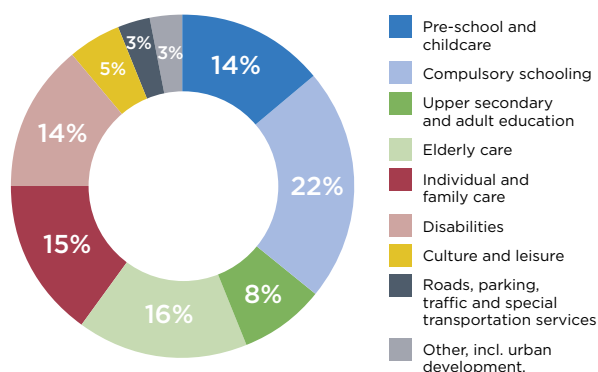
**Our main challenges:** Gothenburg is currently on the cusp of a major development boom. The city is growing strongly to make space for 700,000 residents by the year 2035 – that's 150,000 more than at present. Such a change is noticeable, and it demands that we think sustainably. Over the next 20 years we will build 80,000 new homes and workplaces. Public transport will be developed to make it easier for people to move around in the city, and to commute in a sustainable way.

**Our mission:** Sweden's municipalities are responsible by law for a number of areas that are vital to the public good. These include healthcare, schools and social care, but other mandatory areas are libraries, planning and building issues, health and environmental protection, waste collection, water supply and emergency services. The City also conducts voluntary activities that are also

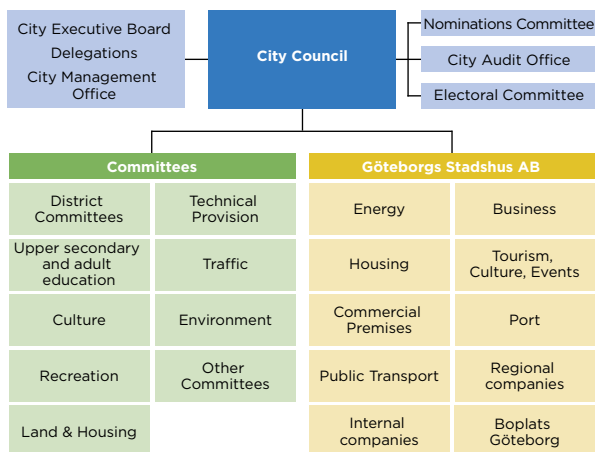
important to society, such as cultural and recreation activities, park and garden maintenance and other technical services.

**On a normal weekday,** we are responsible for activities for 30,000 children in pre-school, 57,000 pupils in compulsory schooling and 17,000 in upper secondary education. 7,500 people with disabilities receive service and support, 8,000 receive home-help services and 4,000 receive care in housing for the elderly. During the year our swimming pools had 1.1 million visits and our libraries 4.4 million visits. Liseberg received 3.1 million guests and 700,000 visits were made to our museums.

**How SEK 100 of tax money is spent:** 90% is spent on health, schools and social care.



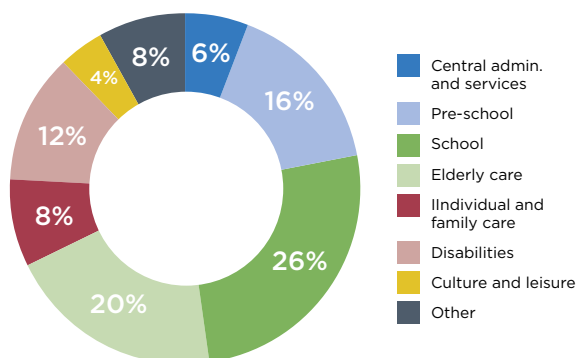
**Our organisation:** In the current mandate period, the City of Gothenburg is led by the governing minority of the Social Democrats, the Green Party and the Left Party. The City Council is the supreme decision-making body and its politicians are elected by the citizens. Under the City Council is the City Executive Board, which leads and coordinates operations. The City of Gothenburg is an organisation comprised of administrations and companies.



The City Audit Office examines and assesses the operations of the City Executive Board, the committees and the company boards to ensure, for example, that the assignments the City Council has decided on are carried out efficiently and purposefully.

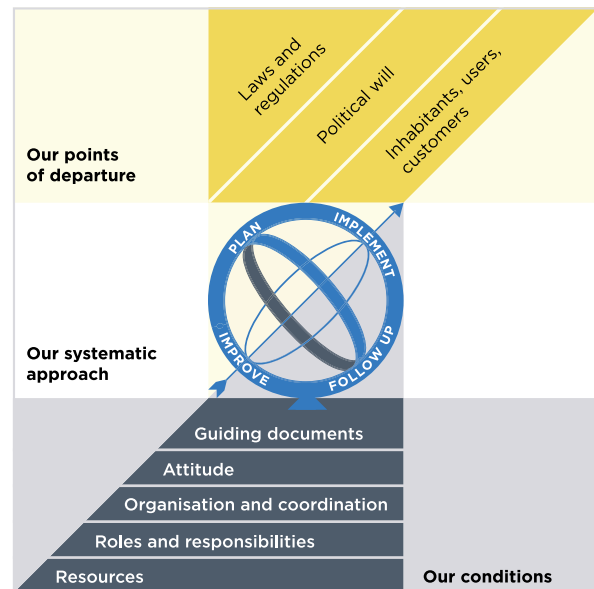
**Our employees:** The City of Gothenburg is the largest employer in Gothenburg, with 55,000 people working in more than 100 different professions in city districts, specialist administrations and municipal companies. Our common mission is to create opportunities for a good life for all the city's residents and to develop Gothenburg for the future. The average age of permanent employees in the administrations is 45 years, and the proportion of employees born outside of Sweden is 25%, which roughly reflects the composition of the city's population as a whole.

**Number of employees in Gothenburg Municipality administrations**



**Our governance:** The City of Gothenburg's system of governance is the framework of systematisation, structure and culture which the organisation uses to accomplish results in accordance with its mission, goals and requirements. The system is based on laws and other regulations which govern our operations in a number of areas. The political will is manifested by decisions on

the long-term direction, goals for the immediate period ahead and the fundamental remit of each operation. Residents, visitors and the business community have an influence on the operations through their daily contacts with the organisation.



The sundial symbolises the constant cyclical work of planning, implementing, following up and improving. The sundial is driven by the starting points and supported by the foundations.

Budget decisions provide the operation with resources to execute assignments and achieve goals. Internal guiding documents embody our governance. We organise ourselves and allocate roles and responsibilities to effectively perform our assignments. We have expressed attitudes that guide us in our assignments.

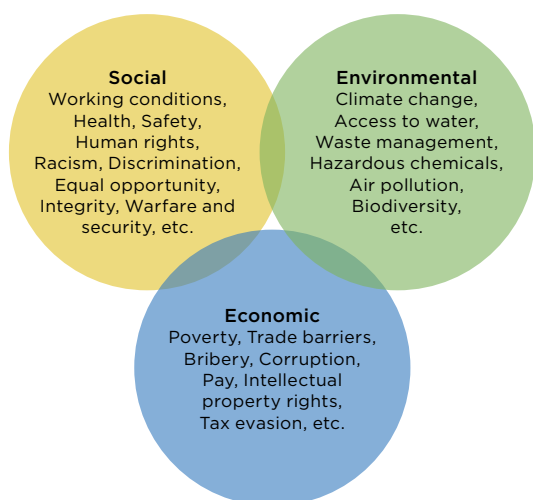
An important part of the governance system is quality assurance and control. Follow-up and analysis ensure results, and allow improvement work and renewal to get under way whenever we see shortcomings, or motivate us towards the desired development. The operations' own follow-up and control are a linchpin in this process. Reviews are also conducted by various parties. The City Executive Board closely supervises the City's various operations, the City Audit Office conducts ongoing reviews, and there are various external regulators that check and inspect operations.

**Sustainable development:** The whole of the City of Gothenburg's budget is focused on creating a sustainable society. It states for instance that, "We want to create an equal, sustainable Gothenburg. We therefore govern the city based on three sustainability dimensions: social, ecological and economic sustainability, all of which are mutually dependent on one another." For

each goal in the budget there are designated committees and boards; these process owners have a managerial, coordinating and monitoring role in collaborating to achieve the goals. Collaboration runs right across the organisation and affects both the municipal and the company sector.

The municipal sector works exclusively for sustainable social development. The foundation is in healthcare, education, social care, culture and recreation, with a public authority remit that gives individuals, groups and society the conditions to generate sustainability in different respects. The company sector, which is run on business grounds, has corresponding directives from the budget to contribute in this work based on its circumstances.

The City of Gothenburg's company sector works according to the EU directive on sustainability reporting, which means that companies must include sustainability factors as part of their annual financial reporting. In brief this involves measuring, following up, describing and communicating an organisation's influence on sustainable development. Sustainability reporting shows what effect a company's value chain – from raw materials, suppliers and production to marketing, distribution, customers and finally waste management – has on the various dimensions. Göteborgs Stadshus AB has formulated a proposal relating to a common structure for sustainability reporting within the Group in order to meet legal requirements, and also to be able to show how different companies/clusters individually and jointly contribute to a gender equal, sustainable Gothenburg.



Sustainable business brings sustainable development, or indeed, sustainable development brings sustainable business.

**Sustainable development at the societal level:** Developments in Gothenburg are affected by various players, such as trade and industry, clubs and the

Municipality, but also by everyone who lives and works in the city, and also by changes in the wider world such as trends, legislation and technological advances.

The City of Gothenburg monitors and analyses social development, which increases understanding of how and to what extent its operations affect social development. Monitoring sustainable development at the societal level relies on a number of established, long-term indicators, and analyses that describe Gothenburg society's development within the three dimensions in a general way. The monitoring is evolving and gradually growing, and can be followed at <http://statistik.goteborg.se/HU>.



**Environmental key figures:** Below are some of the environmental key figures that give an idea of how the City of Gothenburg's operations are developing with regard to environmental impact.

## Waste

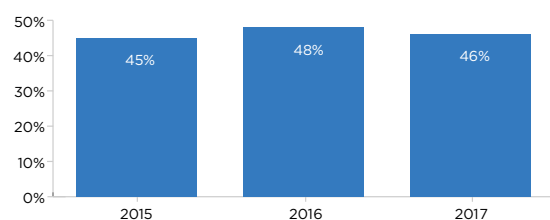
### Waste volumes, companies and administrations



Source: Eco-cycle and Water

The number of operations that are able to sort food waste is steadily increasing. The statistics include only the residual waste and food waste which the Eco-cycle and Water Committee is responsible for collecting and processing for the City's administrations and companies. The number of operations varies slightly over time, which complicates analysis. The waste trend is not clear, but volumes of sorted food waste are deemed to be increasing. With the many various operations run under the City's management, other waste also arises, from packaging and construction waste to slag from combustion. Increased resource management is part of the local environmental goal, A Good Built Environment.

## Organic foods



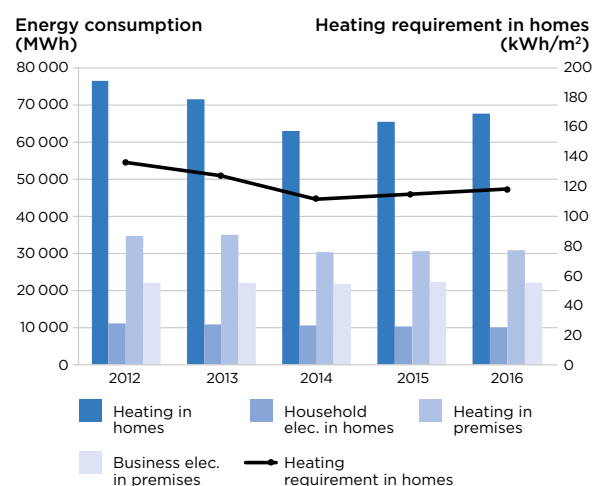
Source: Purchasing and Procurement Administration

The City Council's budget includes a requirement that the percentage of organic food shall be at least 50% before the end of the mandate period. In total, organic food accounted for 46% of the City of Gothenburg's food purchases under framework agreements during

2017, measured in kilograms. From a high of 48% in 2016, the percentage has now fallen. Although the range of organic food has increased with time, there is still a limited amount available and there is uneven access to volumes on the market. Generally speaking, organic food is more expensive than conventional food.

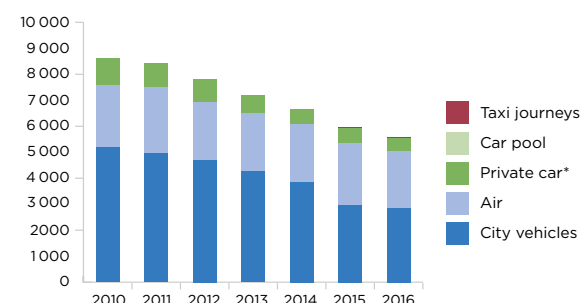
## Energy

### Energy use in homes and premises owned by the City of Gothenburg



The City of Gothenburg owns a large number of homes and commercial premises. Energy efficiency is part of the local environmental goal, Limited Environmental Impact. Gothenburg has a strategy up to and including 2020. In addition to measures in existing buildings, all new-build pre-schools and schools are low-energy buildings, usually of passive house standard. The Commercial Premises Committee has also adopted an ambitious programme for solar energy.

### Greenhouse gases from the City's business travel



Source: Traffic & Public Transport Authority

Emissions of greenhouse gases from the City's vehicles have gradually decreased over the years. More energy-efficient vehicles and a higher proportion of fossil-free fuel are factors in the decrease. Emissions for business flights are relatively constant, while emissions from private cars used for business have fallen slightly. For many years, the City has been promoting the

increased use of green vehicles. During the year, the City Council decided on a revised plan for its work on green vehicles, vehicle pools and support for introducing electric vehicles. The City also has guidelines and a policy for travel, which govern the choice of transport mode, and also works with internal climate compensation.



# City Executive Board members 2017



Ann-Sofie  
Hermansson  
(Soc. Dem.)  
City Councillor,  
Chairman



Ulf Kamne (Green)  
City Councillor,  
1st Vice Chairman



Jonas Ransgård  
(Mod.)  
City Councillor,  
2nd Vice Chairman



Daniel Bernmar  
(Left)  
City Councillor



Helene Odenjung  
(Lib.)  
City Councillor



David Lega  
(Chr. Dem.)  
City Councillor



Mariya Voyvodova  
(Soc. Dem.)  
City Councillor



Kristina Tharing  
(Mod.)  
City Councillor



Marina Johansson  
(Soc. Dem.)  
City Councillor



Johan Nyhus  
(Soc. Dem.)  
City Councillor



Maria Rydén  
(Mod.)  
City Councillor



Martin Wannholt  
City Councillor



Lars Hansson  
(Swe. Dem.)  
City Councillor



Karin Pleijel  
(Green)  
Deputy City Councillor



Jonas Attenius  
(Soc. Dem.)  
Deputy City Councillor



Hampus Magnusson  
(Mod.)  
Deputy City Councillor



Ann Catrine Fogelgren  
(Lib.)  
Deputy City Councillor



Tord J A Karlsson  
(Soc. Dem.)  
Deputy City Councillor



# 1

## ADMINISTRATION REPORT

According to Chapter 4 of the Swedish Municipal Accounting Act, the Municipality has to prepare an administration report as part of its Annual Report. It should comprise a summary of the Annual Report with a focus on essential parts of the City's finances and activities.



# ADMINISTRATION REPORT

13

## **Important decisions and events during the year**

Presented here is a selection of important decisions, along with a number of significant events during the year.

14

## **Projections based on a strategic analysis**

A summary of the City of Gothenburg's primary challenges, which largely comprise dealing with a number of events and developments in the outside world that have an impact on social development.

17

## **City Council's goals and assignments**

Important aspects of the governance in the City of Gothenburg are the goals established by the City Council in the budget for the mandate period. This section gives a general assessment of goal achievement. There is also a follow-up of the assignments from the City Council.

24

## **Democracy Management and governance**

A description of the development work to better capture citizens' views in the democratic processes, and of efforts to clarify the City of Gothenburg's management processes.

26

## **Significant personnel-related conditions**

The Administration Report must include a description of significant personnel-related conditions. This section focuses on the City of Gothenburg's personnel from a number of different aspects.

30

## **Summary financial analysis**

The summary financial analysis highlights the most important financial developments and trends in the Municipality and the combined accounts (Group).

The City of Gothenburg organisation

Presented below is a selection of decisions and events during the year.

# Important decisions and events

## DECISIONS

- Pupils and teachers in years 4 and 5 have free admission to Universeum
- LGBTQ plan adopted to improve life circumstances
- Plan adopted to help people in established abuse of alcohol, drugs or gambling
- New comprehensive plan to be drawn up
- National Negotiation on Housing and Infrastructure results in increased focus on public transport and housing
- Investigation continues into replacing Scandinavium and Lisebergshallen with an Arena
- Another river shuttle will be purchased to increase river services
- West Link takes further steps towards completion
- Liseberg Anniversary Project with hotel and adventure pool to go ahead



## EVENTS

- More Gothenburgers now support themselves and their families independently
- A project organisation begins the work of implementing the new Schools Committee and Pre-Schools Committee
- Jubilee initiative BoStad2021 is launched – a faster approach to creating 7,000 new homes
- Construction begins on the Hising Bridge, to be completed in 2021, Gothenburg's 400th jubilee
- Everything will be ready for freedom of choice in home-help services in 2018
- The Rya works get a new treatment stage for wastewater
- Two family centres to start during the year
- Stenpiren receives Siena Prize for best landscape architecture
- Successful district heating project creates a European network for continued development
- Container volumes in the port decrease dramatically due to a dispute
- EU summit on the theme of promoting fair jobs and growth is held in Gothenburg
- Shootings in the city have halved on the previous year, but safety and security work remain vital
- Gender equality report indicates differences in life circumstances, but also that more pupils left year 9 qualified for upper secondary, and more people found jobs
- Gothenburg Suggestion and Urban Development Web start with the aim of increasing citizen influence
- Nordic resistance movement demonstration during the Gothenburg Book Fair is averted
- FEI European Championships (equestrian) was a sporting if not a financial success
- Geely states its intent to build a large innovation centre in Lindholmen
- AllAgeHub, a platform to promote accessible homes and services in welfare technology, begins

Gothenburg is at the beginning of a major development boom, one that will last for many years to come. The city is growing and being modernised. The population is increasing, and with it the municipal mission to provide services to the people who live and work here. Infrastructure and buildings are going up to an extent reminiscent of the 1960s. One high-priority issue in this growth is creating a socially cohesive city.



The City of Gothenburg's model, which brings together the interdependent Basic Mission, Urban Development and Social Sustainability, highlight a number of challenges to be faced.

## Projections based on a strategic analysis

### The municipal basic mission

The demographic trend in Gothenburg is towards more children, young people and older people, while there are fewer citizens of working age. This impacts on what is known as the dependency ratio, i.e. a smaller percentage of the population will be supporting a higher percentage. This is true across Sweden, and one result is that the current predominant source of funding for welfare, i.e. income tax, is decreasing in relation to the mission.

One of the concrete challenges the City of Gothenburg is already facing is increasing difficulty recruiting people in various professional fields. The recruitment problem is one of numbers, but also of finding people with the right skills. At the moment, the prevailing strong economy with employers competing for personnel is exacerbating the situation, but in the longer term the dependency ratio will become an ever greater 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 of the success factors:

- Developing the operation and streamlining assignments
- Creating attractive jobs to staff the municipal welfare mission

### 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 parties in the City, and with external players. A single organisa-

tion can only partially affect the work flow in such a way as to reduce the time from planning to finished homes. An important part of the process is communication and citizen dialogue.

The far-reaching urban development in Gothenburg is increasingly about practical implementation, following a period of mainly planning work. A strong economy is a requisite for construction, but also has a negative side as it becomes harder and harder to procure building work and recruit expertise for the organisation. Since it is mainly private construction companies that are behind the building, 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 been extensively drawn up and approved, but a downturn in the economy could lead to a lower rate of implementation.

#### Some of the success factors:

- Efficient work processes
- Strategic decision early on in planning, and citizen dialogue

### Social sustainability

Social sustainability is perhaps the most important of the three areas in the model, in the long term. It is fundamentally about creating a society where people feel a great sense of empowerment. This is not the case for everybody in Gothenburg today. People and groups perceive themselves as being on the outside, and this is partly reflected in lower safety and security, and less faith in the future. There should be greater balance in people's life circumstances.

Important basic conditions for active participation in society are home, 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 life situation. Developments on the labour market are ultimately a fundamental factor in ensuring

more people can find work and support themselves. Unemployment has decreased in recent years, only more marginally among groups that are further from the labour market, such as new arrivals in Sweden and people with a lack of 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 work within An Equal Gothenburg is dedicated and takes a long-term approach so as to build a socially cohesive city.

#### **Some of the success factors:**

- Persistence in work on An Equal Gothenburg
- Focus on home, education and work

#### **Continued high population growth**

Gothenburg's population increased by 7,400 in 2017. This is a large figure, even though it is slightly below the record year of 2016. Over the past 10 years, the city's population has grown by 70,000, twice as much as the previous 10-year period. The faster population growth over the past 10 years is primarily attributable to a higher number of births and increased immigration.

This population growth means that, by Swedish standards, Gothenburg has a young population with a falling average age. Immigration and the fact that young people move here mean that the dependency ratio, i.e. the percentage of people of working age in relation to the percentage of children and senior citizens, is rising at a slower rate in Gothenburg than in the rest of Sweden.

Over the next few years, the city's population development may be influenced by altered migration flows. The migration flows are affected by the planned housing construction in Gothenburg and its surrounding municipalities, by domestic relocation of the large group of refugees arriving in recent years, and by a generation shift in the large residential areas in the neighbouring municipalities.

#### **Fewer asylum seekers to Europe and Sweden**

In 2015, there was a dramatic increase in immigration across Europe when a large number of asylum seekers were received in European countries. This pressure gradually led to measures being taken to limit the number of asylum seekers. For instance the EU signed a migration agreement with Turkey and internal border controls were introduced in the Balkans and the Schengen area. Since then, migration pressure has decreased in Sweden and other places. During 2017, around 26,000 people sought asylum in Sweden, compared to 163,000 in 2015. The EU-Turkey Statement, as the agreement is known, is expected to remain in place, and border controls within the EU will be maintained.

Sweden's attractiveness compared to other EU countries has an impact on what the scale of immigration into Sweden will be. Legal conditions, such as changes in law and common practice, send signals that affect

Sweden's attractiveness in relation to other nations. The Swedish Migration Agency's handling times for asylum cases are being shortened, which in the longer term could increase Sweden's attractiveness to asylum seekers.

During the year Gothenburg received around 2,900 new arrivals who now have residence permits, which equated to 4.4% of all new arrivals in the country. Since Gothenburg's population is 5.6% of the Swedish population as a whole, the city received a lower percentage of new arrivals than the national average. Many small municipalities that have long had shrinking populations have bucked the trend in recent years due to incoming refugees and asylum seekers. It is however uncertain whether the new arrivals wish to or can stay in these municipalities long-term. Historically, many have moved to larger towns and cities within a few years, particularly Sweden's three largest city regions.

#### **Sweden is economically strong by international standards**

In summing up the year, it is evident that the economy has developed positively in the eurozone, and indeed generally worldwide. Several analysts feared that the global economy would develop more slowly in 2017. However, the results show that the vast majority of countries saw GNP growth of 2% or more. In the eurozone, GNP growth is just over 2%. The ability to export is vital to Sweden, so this trend is clearly favourable for the Swedish economy. The trend is not particularly strong, and is also expected to weaken in the years to come. It is also important to note that several of the world's central banks currently pursue an expansive monetary policy, which means that the tools for an economic turnaround have largely already been used. Moreover, the long-lasting interest rate situation risks creating asset bubbles in the economy which will have to be dealt with sooner or later. More locally to Sweden, phase two of the Brexit negotiations are just around the corner, and their outcome may of course influence conditions for the European, and therefore the Swedish, economy.

The Swedish economy has developed positively in recent years, and the end of 2017 also brought a slightly improved tax forecast, albeit well below that of the previous year. All forecasters predict a falling GNP trend in the years to come, from just over 3% in 2016 to just under 2% in 2021. Sweden is performing very well by international standards. Employment is at an all-time high, and Sweden is performing well in relation to other EU nations.

From a longer-term perspective changes in demographics, for Gothenburg and the municipal sector in general, show that funding for welfare will become increasingly strained. The City of Gothenburg's report on long-term economic conditions 2017–2035 (Göteborgs Stads långsiktiga ekonomiska förutsättningar 2017–2035), indicates a gap between the development of

income and costs respectively of around 1% a year up to 2035.

### A booming labour market

The healthy economy continues to mean high demand for labour. Unemployment in Sweden is at around 6%. The figure may seem high in an economic upturn, but it is founded on the clear division that exists on the labour market. Unemployment among people born in Sweden was only 4% of all workers, while the corresponding figure for those born abroad was 15%. For the former group, there is virtually full employment. There is, however, scope to increase employment among large parts of the foreign-born section of the population. Powerful measures are needed here to improve people's chances of entering the labour market.

Employers are finding it increasingly hard to find workers with the right skills. The lack of labour is a structural problem and is partly due to the fact that there are too few people with the right education, regardless of economic climate. Since 2010, the Gothenburg region has seen a better unemployment trend than Sweden as a whole. Many of the new jobs have been created in the service sector related to industry, above all IT services.

### Forces for change and social movements

Globalisation links the world in mutual dependency in areas such as trade, investments, capital flows, the labour market, information exchange and technology. A greater bringing together of people also impacts on the exchange of culture, values and world views. But globalisation also increases polarisation in e.g. income, health and opinions. People with different backgrounds and circumstances are living increasingly segregated, especially in the big cities. There is a risk that groups come into conflict with each other.

New communication technology means that ideas, knowledge and trends spread quickly, and reach more people than before. The 'Me Too' movement is one example of how digitalisation can help to make an impact worldwide. Global variations, collectively speaking, are tending to be smaller, while variations in values between individuals from the same generations are likely to increase. Increased access to information can bring greater knowledge, understanding and tolerance, but it can also lead to opinions being polarised when the debate takes place in many different places, sometimes with no thought of source credibility.

Digitalisation in society contributes to simplification and rationalisation. There are high hopes for artificial intelligence (AI), which in simple terms is about getting computers to do what humans do. To date, these computers have been assigned tasks that humans are incapable of, such as advanced calculations. In recent years, however, major advances have meant that com-

puters are now far better at assimilating human abilities, such as understanding images.

There is a trend whereby the general increase in prosperity brings greater expectations of the municipal remit. Using AI could be part of the solution, as demographic changes are making it harder and harder to fund the operation and recruit people with the right skills.

### Greater unease in society

Terrorism came to Sweden when an attack took place on the central Stockholm street of Drottninggatan. As well as the threat of terrorism and extremism, increased global vulnerability as regards climate change and pandemics is bringing about greater social unease and a feeling of being unsafe. The shortcomings in security at the Swedish Transport Agency are one example that has affected individuals' and organisations' view of safety and security.

### Climate impact a challenge to urban development

2017 was yet another very warm year. The UN Intergovernmental Panel on Climate Change is working on a special report, to be published in October 2018, on a global temperature increase of 1.5 degrees Celsius. As knowledge of the risks and consequences increases, so too do the demands on capabilities to handle them. In planning urban development, Gothenburg works with such long time frames that we must already start considering raised sea levels in the future. Some of the new city districts being planned are so low-lying that the City must take certain measures even now.

Closely linked to climate and emissions from fossil fuels is the question of air pollution. In some of the world's cities, this is a burning issue. In Gothenburg, some measuring stations still show nitrogen oxide levels above the environmental quality norm, which means the City cannot build more homes there without measures being taken.

Agenda 2030 and its 17 global Sustainable Development Goals were agreed a couple of years ago, and efforts have gathered momentum during the year both nationally and internationally. The Swedish delegation for Agenda 2030 published its first interim report, and Statistics Sweden has published the first figures on the current situation in Sweden. The local level has been highlighted as the area where work must be done to achieve the goals. Gothenburg has a long history of working with sustainable development in all three dimensions, and the global goals closely correspond to the City's ambition to create a sustainable city. The fact that there is now a common agenda for the whole world, bringing together nations, the business community and civil society, ought to bring further strength and power to the local efforts that are under way in Gothenburg.

# City Council's goals and assignments

## Goal follow-up in summary

The City Council's (CC's) budget goals for the City of Gothenburg are mostly long-term, and can only be achieved in a time frame of more than a year. During the current mandate period, the focus in years one and two was therefore on monitoring how committees and company boards are tackling the goals. This year, the third in the mandate period, the focus has instead been on monitoring what results the committees' and company boards' work on the goals has produced.

At the City level, 17 of the City Council's budget goals are deemed to have been achieved to some extent. For the 18th goal – The housing shortage shall be eliminated and housing needs better met – the assessment is that despite extensive measures, developments have not moved in the right direction.

Below are report tables for each goal showing the committees' and company boards' assessments of goal achievement, as well as an overarching judgement at City-wide level.

### Gothenburg shall be an equal city

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	1	8	0	1	Some
Departmental committees	4	9	0	6	
Company boards	7	8	0	1	

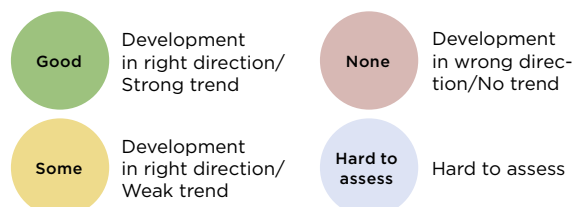
Proactive efforts are under way broadly throughout the City of Gothenburg to realise the goal. Despite this, it is not yet possible to discern any real results in the form of smaller differences in life circumstances. Work on equality is long-term and requires continuity and persistence. Developed strategies and plans are important to the ongoing work.

### Human rights shall permeate all of the City's operations

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	1	9	0	0	Some
Departmental committees	6	11	0	2	
Company boards	10	3	0	3	

The overall assessment based on committee and board reports is that some committees and boards are uncertain of what needs to be accomplished. For higher goal achievement, the goal needs to be broken down and tailored to each operation, supported by the efforts and approaches stipulated in the City's overarching human rights plan. Different methods for follow-up also need to be developed to highlight results and goal achievement on different levels, within the framework of the work on human rights.

## The following assessment grounds were used:



In cases where the committee/company board has not reported on the goal or has stated it has not been a priority, the assessment is entered as "Hard to assess/ Not reported".

There is also a brief explanatory text after each report table.

*The City of Gothenburg is deemed to achieve good financial management based on the fact that the City Council's long-term goals have generally been partially achieved, while the focus of the financial perspective is being achieved.*

### Structural gender discrimination shall be eliminated

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	1	7	0	2	Some
Departmental committees	9	7	0	3	
Company boards	12	1	0	3	

There are gender-specific indicators linked to several of the City Council's goals. Generally speaking, they show that there have been no changes indicating a reduction in structural gender discrimination. One important exception is that differences in pay have continued to lessen between men and women employed by the City. Another positive result is that the culture sector's systematic gender equality work means that the representation of female and male artists, artistes etc. at our cultural institutes and on the city's stages is now gender equal. As before, the majority of companies only report gender equality based on the employer perspective.

### Gothenburgers' opportunities for participation and influence shall increase

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	7	3	0	0	Some
Departmental committees	8	7	0	4	
Company boards	4	5	0	7	

During the mandate period, several forums for participation and influence have been created, through increased focus on citizen dialogues and new channels, such as the Urban Development Web and Gothenburg Suggestion. It is however too early to discern whether these strategies have produced results in the shape of a greater feeling of empowerment among inhabitants. Follow-ups show that Gothenburg still has difficulty building trust in the democratic processes in the city.

### Sports, clubs and societies shall reach more target groups

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	4	4	0	2	Some
Departmental committees	0	2	0	17	
Company boards	3	3	0	10	

### Gothenburgers shall have greater opportunities to be tourists in their own city

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	3	3	0	4	Some
Departmental committees	3	4	0	12	
Company boards	4	5	0	7	

### Access to culture shall increase

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	6	3	0	1	Some
Departmental committees	2	4	0	13	
Company boards	6	1	0	9	

These three goals have similar content, shared strategies and closely related conclusions, and are therefore reported together.

The goals aim to give more children, young people and adults a meaningful leisure time and contribute to achieving an equal Gothenburg. In several cases the strategies reported by committees and companies when describing how they have tackled the goals span all three goals, and the reported results go equally well with one of the other goals.

The city has a wide range of culture and recreation activities to which committees, boards and associations contribute. How Gothenburgers access and enjoy this offering varies in different parts of the city, as outlined in several reports. Committees and boards have tried several strategies that have had an effect in the short or long term. The goals have been achieved in part, but there is a wide variation in different areas, and the preconditions for long-term results are missing to some extent.

### Life circumstances for people with physical, mental or intellectual disabilities shall be improved

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	5	5	0	0	Some
Departmental committees	3	10	0	6	
Company boards	3	7	0	6	

The goal aims to improve life circumstances for people with disabilities, over and above legal requirements on quality. A norm-critical approach and a high degree of awareness of human rights have been deemed to be fundamental to achieving the goal. Measures to raise expertise are under way in most of the City's committees and companies.

### Individual and family care shall create more equal life chances for the city's inhabitants

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	2	8	0	0	Some
Departmental committees	0	2	0	17	
Company boards	1	1	0	14	

This is a new goal being reported for the first time. The committees describe several strategies for goal achievement, but the results are hard to deduce in parts. The results and effects are likely only to be revealed with time. The areas of income support, early and preventive efforts for children and young people, greater collaboration, work on domestic violence, homelessness and eviction prevention have been assessed as having the greatest effect on goal achievement.

### All pupils irrespective of background shall achieve the goals in school and be able to develop to their full potential

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	2	7	1	0	Some
Departmental committees	1	1	0	17	
Company boards	1	1	0	14	

This goal means that all pupils shall be given the same foundation for achieving better knowledge results, that the schools with the lowest knowledge results shall improve the most. Moreover, all pupils shall be able to find and develop their individuality. An overall assessment is that the committees have to some extent succeeded in the task of compensating for pupils' different needs, and that chosen strategies have been successful.

### Elderly people shall have better life circumstances

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	7	3	0	0	Some
Departmental committees	4	5	0	10	
Company boards	1	3	0	12	

An overall assessment is that the goal has been partially achieved, in that many initiatives are under way which aim to improve the life circumstances of elderly people. At the same time, however, it is clear that so far it is hard to see a link between activities and desired results. Persistence and a long-term approach are necessary to achieve the goal.

### Gothenburg shall reduce its environmental and climate impact to become a sustainable city with globally and locally fair emissions

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	1	6	0	3	Some
Departmental committees	7	7	1	4	
Company boards	10	3	0	3	

Assessing overall goal achievement is complex as the goal encompasses all 12 local environmental targets, across which the level of achievement varies. Five out of 12 environmental targets will not be met. One main reason is that achieving them is dependent on national or international actions. The selected climate indicators showed a positive trend at the beginning of the mandate period, but worsened during 2016.

### The housing shortage shall be eliminated and housing needs better met

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	0	5	1	4	None
Departmental committees	3	5	0	11	
Company boards	3	4	0	9	

Many Gothenburgers have had their housing needs met in the growing housing stock or through the City's far-reaching social work on housing. Even so, the housing shortage has not lessened and Gothenburgers' housing needs on the whole are not being better served today than in the previous assessment. The reason is that housing construction is not keeping pace with the rising need.

### Sustainable travel shall increase

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	2	4	0	4	Some
Departmental committees	6	5	0	8	
Company boards	8	4	0	4	

Since 2011 there has been some change in travel towards more sustainable options, but it is not enough: cycling needs to increase faster and we need to reverse the trend in car travel so that it decreases. Public transport is so far the only mode of transport that is developing in line with the Transport Strategy.

### Employment for groups far from the labour market shall increase

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	3	5	1	1	Some
Departmental committees	2	8	0	9	
Company boards	5	5	0	6	

The goal in the City Council budget encompasses young people, people born outside of Sweden and people with disabilities. Unemployment in the 18-24 age group fell more quickly than in the population as a whole between 2013 and 2016, and the decrease continued in 2017. In the foreign-born group too unemployment has decreased in recent years, but at a slower rate than in the population generally.

### Gothenburg shall be a sustainable city of innovation with higher job growth

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	0	4	0	6	Some
Departmental committees	2	7	0	10	
Company boards	7	6	0	3	

Reporting from committees and company boards reflects the fact that the goal does not engage all of the City's operations, and that the process owner's (Business Region Göteborg AB's) own activities focusing on the goal often do not involve the City's other operations and companies. Several of the reported activities are also such that they can normally be assumed to be included in ongoing operations.

### Unjustified differences in pay between men and women shall be eliminated

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	7	3	0	0	Some
Departmental committees	15	3	0	1	
Company boards	16	0	0	0	

Initiatives completed to date have led to a certain degree of goal achievement. During the years 2015-2017, the average pay of women has increased by 2.6 percentage points in relation to men's average pay in the City. The City Management Office notes that progress regarding the goal of lower unwanted pay differences between professional groups in relation to other sectors on the labour market is slow.

### Gothenburg shall increase the proportion of sustainable procurement

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/Not reported	
District committees	0	1	0	9	Some
Departmental committees	4	8	0	7	
Company boards	10	3	1	2	

The reported information shows that the City's procuring units impose demands based on the sustainability criteria made possible in legislation. It shows that the emphasis is still on environmental and ethical requirement specification. There are also examples of demands relating to social consideration and labour law conditions in the reported information, albeit as yet to a lesser degree.

### The budget assignment in summary

The City Council allocated 83 assignments to committees and boards in the run-up to 2017. Of these 79 were brand new and had not previously been in the City of Gothenburg's budget, and four had the same or similar wording.

For five of the assignments the responsibility lay with all committees and boards, and for a further 15 the responsibility lay with more than one committee or board. Collaboration was required for the latter 15 in particular. For other assignments the responsibility lay with a single committee or board.

Of the 83 assignments, 54 were reported as completed and 29 as not completed. The majority of the ones reported as not completed have been begun or partial-

ly completed. Many of the assignments are such that one year has not been enough time to complete them during 2017.

In the assignment summary, 'No' is shown when the assignment has not been completed in all the responsible committees and boards. This means that in certain assignments, where more than one or even all the committees and boards are responsible, a unanimous 'Yes' was required for the assignment to be deemed fully completed. Since committees and boards vary in size and types of operation, certain assignments are hard to complete.

Ahead of 2018, 17 assignments have been carried over from the City Council's 2017 budget, and 82 new ones have been added.

Assignment	Has the assignment been completed? Yes/No	Comments
A long-term programme for An Equal Gothenburg is to be developed and all the City's committees and boards will be involved in the work.	Yes	The programme was decided on in the City Council on 18 January 2018.
Long-term socio-economic calculations shall be carried out and will serve to support financial control in work on An Equal Gothenburg.	Yes	Efforts on socio-economic calculations and analyses began in collaboration with the Swedish Association of Local Authorities and Regions (SALAR).
Development support for specific initiatives within the framework of An Equal Gothenburg shall be introduced.	Yes	The support was used in the focus areas in An Equal Gothenburg to develop ongoing initiatives such as school attendance and "the gradual job and education boost".
The initiative within the mobilisation issue "The city where we read to our children" shall be expanded to its full scale. All relevant committees and boards will draft initiatives on the issue.	No	Örgryte-Härlanda is leading the focus area which includes the mobilisation issue. The administration is monitoring initiatives and working to them.
Equal treatment plans shall be drafted based on all bases for discrimination. The work shall apply from both a resident and a personnel perspective.	No	The assignment has largely been completed. Of 43 reporting on the assignment, 37 say they have completed it. Most do not, however, state whether the plan includes both the resident and the personnel perspective.
Training initiatives shall be taken to raise norm-critical expertise in the City's operations.	Yes	Training in norm criticism has been provided for various professional groups in the City during the year. The training was held by Intracservice and external consultants.
Meeting-places shall be created for LGBTQ people, with a special focus on young transgender people, as part of working preventively for the group's health.	No	Has not been prioritised.
More living spaces for vulnerable EU citizens shall be introduced through an ideas-borne public partnership, where it is possible to stay for more than three days.	No	The number of living spaces has not increased. There are however fewer vulnerable EU citizens in the city and the number of placements has fallen. The living time is longer and the focus of the support is more individualised.
An inventory shall be made of which operations do not yet have a system for coordination numbers. Those who have the possibility shall introduce one.	No	The assignment for intraservice also encompasses 2018 and is planned for completion during 2018.
An ideas-borne public partnership for working with paperless people shall be initiated.	Yes	
Initiatives for social sustainability shall be taken in Gothenburg as a city for tourism, meetings and events, with a particular focus on combating trafficking.	Yes	Göteborg & Co has conducted activities as part of a collaboration, with a focus on disseminating knowledge in the hospitality industry and on how to work preventively. A plan for the long-term work has been drafted.
Initiatives shall be introduced to make it simpler to start up women's shelters.	No	Not carried out due to cost cuts.
Speaker statistics shall be kept during committee and board meetings at least three times to highlight gender differences. The statistics shall be sent out with the minutes.	No	The assignment has largely been completed. Of a total of 44 reporting, 39 have completed the assignment; 2 have kept statistics once; 2 state no reason; and 1 had an operator error with the app.
Methods shall be developed and activities conducted alongside clubs and societies to increase voting in the three city districts with the lowest turnout.	Yes	The administration has allocated money to projects in the three districts to increase trust between the City and the citizens. Collaboration with civil society and clubs/societies is common to all the projects.
Proposals shall be drafted for how work on the City's principles for citizen dialogue can be made visible in all the City's committees and boards.	Yes	An inventory of how the City's committees and boards work with the principles resulted in related communication activities.
Competence and quality in the city districts' work with citizen dialogues shall be developed.	Yes	The assignment is being carried over, and also during 2018 the administration will provide support for the committees in their efforts in empowerment and trust.

Free swimming lessons for all children shall be available from autumn 2017.	Yes	The "Simlyftet/Swimming boost" has started. There have been challenges with the booking process and marketing, so the initiative has not yet achieved the desired effect.
Systems for monitoring the gender equality and equal treatment work shall be developed in the clubs and societies that receive support.	No	Work has begun and is estimated to be complete during spring 2018. The administration has also integrated some of the activities formulated in the LGBTQ plan into this assignment.
An investigation shall be conducted into how the City and clubs/societies can create better opportunities for meaningful recreation for young people in areas that have low participation in clubs and societies.	No	The assignment began in 2017 and is expected to be finished by early autumn 2018. Planning work is complete as is research regarding the target group.
The possibility of starting up sports equipment libraries shall be investigated.	No	Work has begun and will be reported during spring 2018.
Methods for measuring and reducing the environmental impact of artificial turf shall be developed.	Yes	Work is ongoing. A report is planned for early 2018.
A gym and exercise centre shall be built in an area with great socio-economic challenges.	No	The assignment shall be completed during the mandate period. A guide decision has been taken on the centre's location.
A model for socio-economically differentiated activity grants shall be introduced, with the aim of strengthening resources for clubs and societies in or with a connection to areas with great socio-economic challenges.	Yes	The model is being tested and is under development.
All simply remedied obstacles in the Municipality's public premises and public spaces shall be removed.	No	The assignment has been partially completed and work is in progress in the responsible committees.
The goal of building enough special-support housing to meet needs shall be assured.	No	Land was allocated for approximately 60 apartments in buildings with special service (BSS) in 2017. The assignment has been extended until 2018 in line with the City's budget. The need will be fully met in 2021 according to the established production plan for BSS.
A plan for working with sexuality and SRHR (Sexual and Reproductive Health and Rights) shall be drafted.	No	The plan has been drafted but not decided on; it is out on referral.
The family-centred working method shall be developed and implemented, partly by opening family centres in all city districts and by enhancing open and outreach activities.	Yes	Two new family centres opened during the year. Three districts do not yet have a family centre, but planning is in progress. Implementation and development of the family-centred working method is a long-term, ongoing process.
Education initiatives shall be taken for mainly the primary social worker and managers in individual and family care, so as to raise the knowledge level about people who are paperless or socially and economically vulnerable EU citizens.	Yes	The training assignment has been conducted in association with the Göteborg Region Association of Local Authorities and SALAR.
Concepts for developing how bicycle cooperatives should be spread to more city districts shall be studied.	Yes	The Committee for Allocation of Social Welfare has produced a report outlining how the concept can be developed and spread to more districts.
Income support shall be increased during the summer months for families with children.	Yes	The assignment was completed when the districts jointly raised the income support norm for families with children during the summer months.
The city districts shall strive to ensure that as many children as possible utilise the opportunity for pre-school or educational care.	Yes	Generally speaking, the percentage of children utilising the opportunity for pre-school or educational care is high.
A plan shall be drafted to improve staff cover in pre-schools.	Yes	A web-based introductory training course for supply staff has been produced so that they are better prepared for work in pre-schools.
Generation meetings between young and older people shall be trialled in all city districts.	Yes	Collaboration between areas of activity has been implemented. One example is that conditions for community gardens have been created, where several generations meet, as part of "Green and pleasant city".
The "inter-professional teamwork based on person-centred care" model shall be introduced in all city districts in elderly care.	No	A City-wide action plan has been drafted. Most of the districts have implemented the working method, and it is under way in some district committees.
More living solutions categorised by a) languages and b) LGBTQ shall be looked into.	Yes	The study showed that there was only a need among Finnish-speaking senior citizens. With regard to LGBTQ, the interest organisations did not want special housing for the group, but community or collective housing where young and older LGBTQ people live. This makes the issue one of property rather than operations.
More specialised short-term care units focusing on e.g. rehabilitation or dementia shall be looked into.	Yes	Operations at respite care units have been clarified, and implementation of the work process is under way. Respite care units are specialised for individuals who need short-term residency to provide respite for the ordinary care-giver.
To meet the rising need for elderly care, a long-term plan for elderly care places shall be drafted.	Yes	The matter will be dealt with in a special case with the City Executive Board.
All pensioners in Gothenburg shall be offered free admission to the city's museums.	Yes	The assignment was carried out in 2017.
Solar panels shall be installed on the roofs of municipal buildings.	Yes	Framtiden AB has installed solar panels on roofs. The Commercial Premises Committee has adopted a solar energy programme. Göteborg Energi AB is looking into the possibility of solar parks.
"Skrota skräpet" (Scrap the Scrap) including "TaGe" (TakeGive) as internal services for the City's operations shall be made permanent.	Yes	The two schemes are now permanent.

## CITY COUNCIL'S GOALS AND ASSIGNMENTS

Mapping and more in-depth studies shall be made regarding toxin levels in the municipality's water-courses.	No	The assignment is not complete, but will be completed in 2018. The Environment Administration found more measurement data to manage than expected.
An investigation shall be conducted into how the transportation of prepared food can be reduced and what measures are needed for receiving kitchens to become preparation kitchens, and for the preparation kitchens that already exist in the city to be used for preparation.	No	The Commercial Premises Committee says that due to the high number of far-reaching assignments during the year, this has had to be postponed until next year.
A sustainability subsidy shall be introduced enabling individuals, clubs and societies to apply for funds for environmental work. The subsidy shall be included in the review of the club/society subsidies.	No	Assignment moved from City Executive Board to Property Management Committee and included in the 2018 budget.
A study shall be conducted into what local measures are needed for Gothenburg to become fossil-free within the framework of the 1.5°C goal from the UN's COP 21 conference. The study shall clarify what potential measures come under the municipality's remit, and shall encompass e.g. a mapping of which products bring the most climate benefit by changing to fossil-free, and how the City's vehicle fleet can become fossil-free.	No	To be reported in the first half of 2018.
A pre-school shall be built completely fossil-free as a pilot project.	Yes	No pre-school has yet been built but investigations have begun.
A plan for converting the Rya combined heating and power plant to fossil-free shall be drafted.	No	No plan has yet been drafted but investigations have begun.
A plan for more greenhouses in the city to create gardening and planting opportunities in connection with municipal operations shall be drafted.	Yes	The Commercial Premises Committee and Property Management Committee have decided on a greenhouse strategy and an action plan.
The Environmental and Climate Committee shall be tasked with allocating the City's environmental stimulus funds.	Yes	The Environmental and Climate Committee made a decision on the allocation of environmental stimulus funds in November 2017.
More projects for newly built low-rent apartments shall be initiated.	Yes	Apartments have been earmarked in land allocations and land reserves.
A local action plan shall be drafted so that, if required, a large amount of new temporary and/or permanent homes and municipal operating premises can quickly be produced.	Yes	Assignment completed with the matter "Action plan against costs for empty places for lone children arriving in Sweden, and a proposed plan for investigation into the reception of new arrivals".
The number of staffed playgrounds shall be increased by also staffing the Byggleken facility in Biskopsgården.	Yes	The assignment was carried out in 2017.
At least 10% of all land-allocated rental properties shall be earmarked for a rent ceiling of max. SEK 1,000 per square metre per year.	No	Apartments with a rent ceiling have been allocated land during the year but the goal of 10% has not been achieved.
Measures to upgrade local squares shall be taken.	No	The assignment is being implemented and will be finished in summer 2018.
Through negotiation, the City of Gothenburg shall enable the extension of the tram system to Hisingen island.	Yes	The City of Gothenburg and Region Västra Götaland have made a decision on an agreement for city measures within the framework of the National Negotiation on Housing and Infrastructure, of which this is part.
A study of potential measures for Dag Hammarskölds Boulevard, related both to a traffic solution and urban development, shall be carried out.	No	A target image is being created in a joint organisation for a study of potential measures, a more in-depth comprehensive plan and an implementation plan. This will move into the study's first step after the end of the year.
Plans for Gamlestaden Phase II shall be discussed, the focus being to see whether a solution other than the tunnel can be found while still retaining the number of homes.	Yes	The assignment has been completed and reported in the Road Traffic Committee. An investigation showed that there are alternative traffic solutions (without a road tunnel), but that the design and consequences of a new traffic proposal need to be studied and analysed further.
As part of a continued investigation, a model and timetable shall be developed for how resident parking can be adapted to the market, so as to stimulate more parking in developed areas.	Yes	A proposed model and timetable have been drawn up. Following adjustment and discussion in the Road Traffic Committee and City Executive Board, the assignment has also been discussed on the City Council.
Cycle networks shall be initiated to increase cycling.	Yes	According to Road Traffic Committee reports, the assignment is complete.
A plan shall be drafted regarding how social consideration in public procurement should be used as a tool to create employment for people far from the labour market.	Yes	The Labour Market and Adult Education Committee (NAV) reports that it has completed the assignment to the extent it can have an influence. The Purchasing and Procurement Administration says that the assignment has involved working with NAV. This has partly entailed gathering opinions on the plan proposal.
A sub-programme for the focus area "Establish a foundation for work" within the programme for An Equal Gothenburg shall be developed.	Yes	Within the framework of An Equal Gothenburg focus area 3, NAV has produced an interim report describing the committee's efforts to establish a foundation for work.
Thanks to a kitty of special stimulus funds, committees can receive support in implementing "the gradual job and education boost" model for quicker access and skills development on the labour market.	Yes	Nine operations were awarded funds during the year.

A skills provision strategy to better match job-seekers with labour needs in companies shall be drafted.	Yes	A skills provision plan has been produced in collaboration with BRG and Labour Market/Adult Education. Work on the plan has been approached broadly through different dialogue forums.
Asylum seekers and the paperless shall, through an ideas-borne public partnership with relevant players, be given the opportunity to study Swedish for Immigrants (SFI) and receive adult education.	Yes	During 2017, the Labour Market and Adult Education Committee has entered into an ideas-borne public partnership with three different organisations.
The health and social care programme shall be extended with an extra term of language support.	Yes	A pilot operation ran during the year in a collaboration between Labour Market/Adult Education and the Education administration. The education has been extended from three to four terms.
An investigation shall be conducted, in dialogue with other owners, as to whether the four coordination associations in Gothenburg should be merged into a single unit, with the aim of providing the individual with better support and rehabilitation.	Yes	The assignment was reported as a separate matter to the City Executive Board in autumn 2017.
A collaboration forum with the business community for an equal Gothenburg shall be initiated.	Yes	Business Region Göteborg has begun a collaboration with An Equal Gothenburg and CSR (Corporate Social Responsibility) West Sweden.
The "Angered Challenge" concept shall be spread to more schools.	No	Work is under way to spread collaboration models regarding working life at schools within all upper secondary school areas, at the Education administration.
A climate protocol shall be initiated in association with the business community.	No	Business Region Göteborg has employed a project manager and work to gain buy-in with potential partners has begun.
Initiatives shall be taken within An Equal Gothenburg, with a particular focus on children and young people, to create open schemes that increase mobility and exchange between different parts of the city.	Yes	An evaluation of summer holiday activities showed that of the just over 80,000 children and young people who took part, 45% said they had moved around an area they had never visited before.
A plan shall be drafted to increase employment in the hospitality industry, through closer collaboration between the City's various companies, the business community and other relevant players.	Yes	A proposed programme for developing the hospitality industry is complete and can be adopted in early 2018.
There will be a mapping of ways in which the choice of sustainable transport options for Gothenburg can be promoted.	Yes	Göteborg & Co notes a dependency on other aspects in the transport system such as access to fossil-free travel options, Västtrafik, players in cycle infrastructure and so on.
All compulsory school pupils shall be offered at least one performing arts visit a year.	Yes	This year again, all compulsory schools and classes were offered the chance of a performing arts visit. Of the 100,000 or so children in the target group, 49,386 saw a performance through an equalisation grant.
The Culture and Music School shall be expanded so as to eliminate waiting lists.	No	Capacity has increased but not fast enough to meet the higher demand. This is due to an increase in size of the target group, and to culture schools working to increase awareness of the operation.
An in-depth pilot study shall be initiated, looking at the "Shipbuilding and industrial history centre" project, with new viewable warehouses.	No	Case on general direction to the City Executive Board during Q1 2018.
The international Side by Side El Sistema Sweden camp shall be expanded.	Yes	Side by Side continues to develop as planned.
The percentage of managers born outside of the Nordics shall increase dramatically and be actively monitored.	Yes	In the administrations, the number of non-Nordic managers has increased by 0.6 percentage points to 7.3%.
The proportion of female managers in male-dominated operations shall exceed the proportion of women in the same operation.	Yes	There are few male-dominated operations in the administrations, and in several of these female managers are already over-represented. For change to take place in other administrations, existing managers have to resign and women with the necessary competence have to apply for the posts. Almost all companies answer Yes to the assignment.
The wellness contribution shall be raised by SEK 200 per person.	Yes	
A norm-critical recruitment process shall be developed.	No	Projects to fulfil the assignment are under way, to be completed in 2018.
Everyone who works in recruitment and procurement of services shall receive training in norm criticism.	No	The assignment has been partially completed. HR specialists and procurement staff have attended training courses, but not all managers. Training for these people will continue during 2018.
A kitty of stimulus funds shall be set up which can be used by the committees for innovative projects that aim to create a more sustainable working life. The funds shall be allocated over four areas (see budget).	Yes	Allocation of funds to various projects has been agreed, execution and follow-up remain.
At least 50% of the City's service procurements shall be carried out with the social consideration model.	Yes	In the City's service procurements, the Purchasing and Procurement Committee has imposed demands on social consideration in line with the assignment. The committee's/administration's service procurements constitute a portion of all service procurements carried out in the City.
The percentage of organic food shall be at least 50%.	No	In the City as a whole the percentage is 46%, measured in kg. Decrease compared with the previous year (48%).
Further procurements in line with the "Vita jobb" (White Jobs) model shall be conducted and assessed.	Yes	Demands have been set in the procurement of skilled trades, for example.

# Democracy

The City of Gothenburg strives to capture citizens' views in the democratic processes. During the year a programme was developed for An Equal Gothenburg with goals related to greater opportunities for empowerment, influence and trust. An associated plan for the work will be drawn up in 2018.

Citizens' perspectives are captured through several channels, both digital and physical, that are aimed at various target groups. Around 60 or so Gothenburg proposals have progressed and been dealt with by the responsible committee, views received via the "Min stad" ("My City") app are being dealt with ahead of the local planning work and citizen panels in the districts are consulted on an ongoing basis. Citizen dialogues have been carried out before producing plans and programmes that are guiding for the whole city or provide a foundation for local development plans in the city districts. These dialogues are also used for questions of prioritisation and to improve operations. In addition to these opportunities to have an influence, the City has

many permanent advisory bodies, both central and local, which are involved in the decision processes in various ways. During the year the youth council met with the City Council to provide information about their most important issues and working methods.

Two different surveys are being conducted to monitor what Gothenburgers think about their municipality and their opportunities to have an influence. The survey carried out by the SOM Institute shows that confidence in democracy is still high, but that opportunities to have an influence vary across different parts of the city. Statistics Sweden's citizen survey shows that the vast majority are happy to live in Gothenburg and would recommend moving here to friends. Gothenburgers are very pleased with the culture and leisure opportunities, but less satisfied with access to housing and safety and security in the city. The survey also reveals that the environmental work is very important to residents, the information provided by the Municipality is very credible but that residents lack opportunities to have an influence.

# Management and governance

The City's large organisation and diverse assignments mean that the management processes require a constant overview to ensure that they are effective without creating an administrative burden for all of the City's managers.

In recent years, efforts have been made to clarify and describe the City's overall governance. New rules have been developed for the City Executive Board and other committees with a shared, clear structure. The owner's directives for company boards have also been updated and work is in progress on a common structure for these.

New guidelines on governance, monitoring and control began to apply in 2017 and rules on financial planning, budgeting and follow-up have been reviewed. The aim of the change is to integrate risk management, internal control as well as user and customer-oriented quality work into the ongoing planning and follow-up work. Committees and boards also have to evaluate and improve the efficiency of their systems for governance, follow-up and control every year.

Governance, follow-up and control are now a clear part of the City Executive Board's supervisory duty. Follow-up and supervisory work is supplemented with dialogues which the City Executive Board holds with committees and Göteborgs Stadshus AB. On the service personnel side, there are equivalent dialogues between the City Management Office, and administrations' management teams and Göteborgs Stadshus AB respectively. The board of Göteborgs Stadshus AB also engages in dialogue with the parent companies of the various clusters within the company group, as part of its efforts to implement the governance decided on by councillors.

In order to create good conditions for the City's managers to exercise governance, the City Council decided on guidelines for guiding documents at the beginning of the year. The guidelines establish a clear, uniform nomenclature and demands on structure.



Employees are an important asset. Opportunities to recruit and retain personnel are crucial for the operations in the City's administrations and companies to be able to carry out their assignments. Labour shortages are noticeable in many operations and industries. An attractive workplace with a good working environment and organisational culture is an important foundation, both for recruitment and for the City's employees to thrive and continue working for the City.

## Significant personnel-related conditions

### 55,000 employees

In December 2017, the City had 54,900 employees. This is an increase of 700 on the previous year and can be attributed both to an increasing population in need of welfare services and new assignments in the field of urban development. The number of employees in the administrations increased by 600 to 47,100. The increase has mainly been in schools and pre-schools, individual and family care and in urban development. The number of administrators and case workers has increased, primarily in the form of strengthened managerial support in several operations, but also administrative support and specialist support in operations with recruitment difficulties in other professional groups. One sign of the difficulties recruiting is that the number of pre-school teachers and assistant nurses has decreased, while the number of child minders and care assistants has increased. In 2017, the number of employees in the companies increased by around 50 or so to 7,800.

### Number of employees and managers

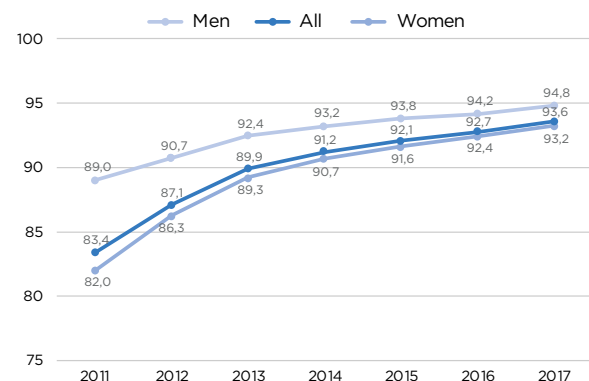
	Employees	Women %	Men %	Born outside of Sweden %
City district administrations	37,700	82	18	29.1
Specialist administrations	9,400	60	40	16.5
Companies	7,800	40	60	-
<b>Total</b>	<b>54,900</b>	<b>72</b>	<b>28</b>	<b>25.5</b>

	Employees	Women %	Men %	Born outside of Sweden %
City district administrations	1,230	81	19	10.2
Specialist administrations	600	61	39	9.0
Companies	530	38	62	-
<b>Total</b>	<b>2,360</b>	<b>66</b>	<b>34</b>	<b>9.7</b>

The gender distribution among the City's managers closely reflects the gender distribution among employees, primarily within city districts, specialist administrations and companies. Of permanent employees, 93% of the women and 95% of the men have full-time employment. This gives an overall high and equal proportion of full-time employees compared with many other public sector employers.

### Percentage (%) of full-time permanent employees



### Staff volume

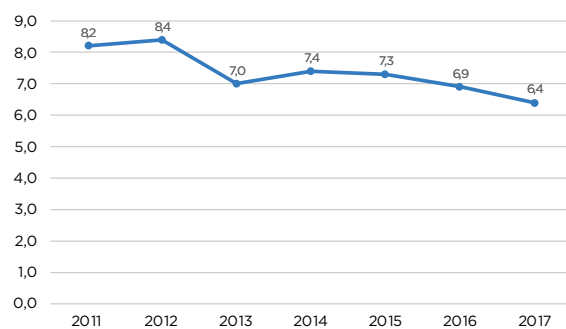
Even though we have almost 55,000 employees, the staff volume (based on hours worked) at the City of Gothenburg was 46,800 full-time equivalents for 2017. The number of full-time equivalents in the administrations increased by 1,050 to 40,200. Of the increase, 960 full-time equivalents are in the city districts and Education administration. The administrative administrations and in particular the administrations involved in urban development saw an increase of 270 full-time equivalents, 60 of whom due to the new Purchasing and Procurement Administration, which used to be one of the City's companies. The Administration for Allocation of Social Welfare, which had a high staff volume

when the migration situation had its biggest impact, has reported a clear decrease in 2017 of 180 full-time equivalents.

Overall, the companies' staff volume decreased slightly to 6,600 full-time equivalents because Upphandlingsbolaget AB became a committee. For example, Göteborg Energi AB, Göteborgs Spårvägar AB and Renova AB saw decreases in staff volume, while Liseberg AB and Förvaltnings AB Framtiden saw increases.

It has been a goal for several years that the percentage of time worked by hourly employees should not exceed 5%. In 2017 the proportion in the administrations was 6.4%, a decrease of half a percentage point. The percentage is highest in elderly care, 9.5%, although the figure varies widely between different city districts.

#### Percentage (%) of time worked by hourly employees



#### An attractive employer

In 2017, work began on an attractive employer programme. The programme will run from 2019 to 2023 and aims to enable the City to attract and retain skilled employees. The starting point is that the employers that run the best operations are the most attractive. Questions about governance and management as well as managers' and employees' ability to create quality in meetings with our users and customers are important.

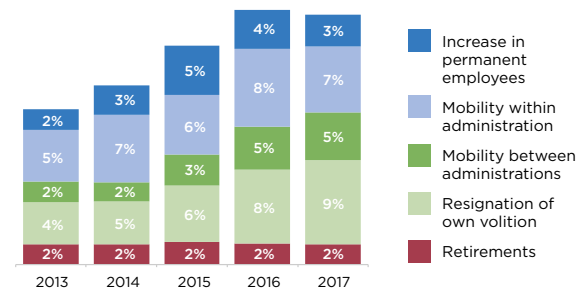
We have been working for several years within the City on marketing the City of Gothenburg as a workplace. One of the biggest challenges is getting the younger generation to discover us as an employer with the developmental professions and job opportunities that exist in a local authority. We reach the target groups via labour market days and trade shows as well as through advertising and commercials in cinemas, public transport and social media. The aim is to get more people to apply for jobs in the City and to attract the right expertise.

#### Recruitment and staff turnover

As in previous years there has been a strong need to recruit; the administrations have recruited over 5,000 new full-time equivalents. The bar chart describes how

replacement and new recruitment in the administrations has developed over the past five years. The reason for the high numbers is partly that the operation has grown, but it is mainly explained by high mobility, which in turn is a result of labour being in high demand.

#### Replacement and new recruitment of full-time equivalents in the administrations 2013–2017



Like many other employers the City has a high staff turnover and the percentage of full-time equivalents who left the city increased during the year from 10% to 11%.

Nurses make up the professional group with the highest staff turnover, 22%, and this figure has increased the most compared with the previous year. Similarly, the number of advertised jobs has increased significantly. The highest mobility between the administrations is among assistance administrators. Other groups with a high turnover include engineers, project managers, pre-school teachers and recreation instructors. The situation has improved for social workers, although staff turnover and mobility between the administrations remains high. The reason for the improvement is probably the altered migration situation.

The number of advertised jobs is still at a high level despite a decrease compared with 2016. The number of advertisements that were cancelled or re-advertised is 38%. Out of the recruitments, 44% relate to existing employees who got new jobs internally as the City is a large internal job market. The number of applicants per job has halved since 2013.

The Norm-critical Recruitment project has been started so as to expand the recruitment base and ensure a systematic inspection of the recruitment process and expertise requirements. Several city districts are involved in the work which began in early summer 2017. The recruitment process has been updated so as to be more instructive and to encourage a norm-critical approach. The project aims, among other things, to provide support in implementing the assignment in the County Council budget to increase the percentage of managers born outside of the Nordics, but the results of the project will only be measurable in the longer term. The percentage of managers born outside of the Nordics is 7.3% and the percentage born outside of Sweden is



9.7%, an increase of 0.4 percentage points compared with 2016.

### Skills provision

With more and more professional groups it is problematic to recruit and retain personnel, and the shortage may affect the implementation of planned assignments. As a result, recruitment takes longer and has to be resolved with less experienced employees, and consultants often need to be hired. However, there is also a shortage in the consultancy operation.

Skills requirements in relation to available skills have led the operations to test models for new roles and professional groups. In order to meet future recruitment needs, it is important that the operation works actively and is prepared for digitalisation and for switching to new ways of organising the work tasks, something that is currently only in its infancy.

During the autumn, planning for the new Pre-school Committee and School Committee and the consequences on the remaining city districts' continued organisation resulted in a prioritisation of work tasks. Mobility within the support functions has increased somewhat, which led to a loss of skills and an increased work load.

### Management planning

Around 400 permanent managers were recruited in the administrations during the year (303 women and 95

men), the same number as in 2016, several of whom have moved between managerial jobs in the administrations. There are 20 more permanent managers than in 2016, but fixed-term employees increased by the same number, which could be a sign of waiting until the new committees have been formed before filling jobs. In 2017 turnover among managers in the City was virtually the same as in 2016, in pre-schools it increased markedly while in elderly care it decreased.

The City is continuing to organise internal management planning programmes for prospective managers at all levels, which are designed to secure access to new managers and prepare opportunities for employees to develop and make a career with the City. Employees and managers are showing great interest in taking part in the various programmes.

In 2017, turnover among administration and company directors was unusually high. The majority left due to retirement or of their own volition to take up a position with a different employer. This has created increased internal mobility in these positions.

### Working environment and health

A good organisational culture and working environment are central to attracting and retaining employees, and committees and boards have continued to focus on the working environment and efforts to promote good health. Administrations and companies are carrying

out several tangible measures, such as new procedures for new cases of sick leave in partnership with occupational healthcare, training and strong support from HR in working environment and rehabilitation cases, and measures for bearing the working environment in mind when staffing and scheduling.

In December 2017 the City Council adopted a plan to improve the working environment and reduce sick-leave numbers. The aim is to be better at linking up the City's health and working environment efforts with other operational planning and the budget processes.

### Sick leave

Sick leave is high for the administrations as a whole, 9%, but unchanged compared with the previous year. It is also virtually unchanged for the city districts overall, but there are variations between the districts. Sick leave has increased slightly in the specialist administrations, but from a lower level. The City's companies continued to report relatively low figures and positive trends. The conditions and operations for several of the companies and specialist administrations often differ from those in the city districts.

Sick leave is highest within elderly care and disabilities, 11%, followed by pre-school. Sick leave continues to be far higher for women than men. In 2017, sick leave costs the City's administrations SEK 606 million (SEK 531 million in 2016) in terms of sick pay and accrued holiday pay including social security contributions.

### Wage setting

The City focuses on equal, competitive pay. One of the goals in the City Council's budget is that unjustified differences in pay between men and women should be eliminated. This made it necessary for the City's administrations to continue measures during the year to increase pay for professional groups in welfare and education in relation to other sectors. The challenge for the City's administrations is to make it possible in the short and long term to recruit and retain employees with the right education and skills, and the elimination of structural pay differences is part of this challenge.

The differences in pay between different labour market sectors, where healthcare, social care and teaching traditionally have lower pay levels than the technical and administrative sector, are the most important explanation behind the pay differences between men and women.

The outcome for this year's pay review for the administrations averaged 2.9%. When calculating women's average pay in relation to men's average pay, the 2017 pay review contributed to a 0.6 percentage point equalisation of pay, and women's average pay (irrespective of occupation) is now 95.1% of men's in the City's administrations.

Remuneration for unsocial working hours was also raised during the year. This, together with pay changes resulting from new and replacement recruitment, has

contributed to the increase in the total payroll expense for the year.

### Staff in the administrations in 2017

	Women	Men	Total
<b>Total number of employees</b>	<b>36,586</b>	<b>10,567</b>	<b>47,153</b>
<b>Permanent employees</b>	28,548	7,700	36,248
<b>Fixed-term employees</b>	3,150	1,298	4,448
<b>Hourly employees</b>	4,888	1,569	6,457
<b>Permanent employees born outside of Sweden, %</b>	26.6	22.3	25.5
<b>Permanent managers</b>	1,388	488	1,876
<b>Permanent managers born outside of Sweden, %</b>	9.7	10.0	9.8
<b>Average age of permanent employees</b>	45.4	45.1	45.3
<b>External recruits</b>	<b>9,785</b>	<b>3,463</b>	<b>13,248</b>
for permanent employment	3,803	1,241	5,044
for fixed-term employment	5,982	2,222	8,204
<b>External departures, permanent employees</b>	3,030	850	3,880
of whom with a pension	600	168	768
of whom of own volition	2,172	607	2,779
<b>External staff turnover, %</b>	10.9	11.6	11.0
<b>Mobility between administrations, %</b>	4.6	3.6	4.4
<b>Sick leave, %</b>	9.8	6.0	9.0
60 days or more	6.0	3.1	5.3
29 years or younger	8.0	6.0	7.5
30–49 years	9.5	5.3	8.5
50 years or older	10.9	6.7	10.0
<b>Percentage of permanent employees with min. 3 years' higher education</b>	44.3	44.0	44.3

### FUTURE ISSUES

- Preparedness for digitalisation and new ways of organising the work tasks
- Create conditions for a stable staff situation
- Create a foundation for healthy workplaces

**Gothenburg Municipality reported earnings of SEK 2,128 million in 2017. Structural earnings were SEK 533 million, which means the financial margins increased slightly on the previous year. The City of Gothenburg Group reported earnings of SEK 2,369 million. During the year there were investments of SEK 8.8 billion, of which SEK 3.4 billion in the Municipality and SEK 5.4 billion in the company sector.**

## Summary financial analysis

The financial analysis should be seen as a summary of the financial development and position of Gothenburg Municipality and the City of Gothenburg Group described in blocks 3 and 4. Those two blocks should also be read alongside the accounts presented in block 5.

### GOTHENBURG MUNICIPALITY

#### Net earnings for the year

Gothenburg Municipality reported bottom-line earnings of SEK 2,128 million in 2017. Structural earnings, which indicate the ongoing operating earnings in the organisation, were SEK 533 million. This figure does not include non-recurring items such as capital gains from property transactions and dividends from the municipal companies. The ongoing operating earnings equate to 1.8% of the combined tax revenue and municipal financial equalisation. This figure has strengthened somewhat over a five-year period, in which earnings have on average equated to 1.4% of tax revenue and municipal financial equalisation. Net earnings for the year of SEK 2,128 million represented a surplus compared to the budgeted positive earnings of SEK 200 million. The main reasons for this were a surplus reported by the committees, non-budgeted capital gains, a higher than expected increase in tax revenue and an improved outcome for the cost equalisation.

#### Balanced budget requirement

Gothenburg Municipality achieved the statutory balanced budget requirement in 2017, with earnings excluding capital gains of SEK 1,304 million. The Municipality has therefore met the balanced budget requirement every year since its introduction in 2000. This result, set against 1% of tax revenue and municipal financial equalisation, resulted in a surplus of SEK 1,000 million, which thereby increased the earnings equalisation reserve to SEK 1,869 million at the end of the year.

#### Good financial management from an earnings perspective

The financial analysis in block 3 outlines a number of key figures which indicate a stable economic situation over a number of years with increased positive earnings. However, since capital gains have been a significant element of net earnings in recent years, structural earnings have not shown the same positive trend. Despite the positive earnings, the margins appear low bearing in mind the challenges the City of Gothenburg is facing in terms of urban development, with large investment requirements and increased costs due to demographic developments.

Good financial management is deemed to prevail in the Municipality, based on considerations of the interaction between the City Council's focus areas and its results over time.

#### Investments for the year

Gothenburg Municipality's total volume of investment during the year amounted to SEK 3.4 billion. This was a lower volume than planned for in the committees' budget, mainly due to project postponements. Parts of the investment volume are financed through investment income. The volume of investment to be financed through the City's own funds amounted to SEK 2.9 billion. A high percentage of the investments, 44%, related to operating premises and investments in infrastructure accounted for 28%, an increase of 7 percentage points. Other investments were divided between water/sewage-related activities, 15%, park and sports facilities, 6%, and other, 7%. Development activities, which had a turnover of almost SEK 1.3 billion, report a positive cash flow of SEK 324 million.

### Equity and the equity-assets ratio

The Municipality's equity has grown stronger over time due to positive financial results. The equity-assets ratio is a measure of the Municipality's long-term financial manoeuvrability, and it shows what percentage of the Municipality's assets have been financed through tax revenue. The equity-assets ratio fell slightly due to higher total assets, and was around 29% at the end of the year.

#### The Municipality in figures

MSEK	2015	2016	2017
Gross costs	35,332	38,207	39,738
Total assets	61,969	68,170	87,837
Net earnings for the year excl. extraordinary items	824	939	2,128
Net earnings for the year excl. items affecting comparability and extraordinary items	625	939	2,128
Net earnings for the year	824	939	2,128
Volume of investment	2,214	2,514	3,408
Volume of investment including investment income	1,996	2,247	2,926

#### The Municipality – financial key figures

Per cent	2015	2016	2017
Net earnings for the year excl. items affecting comparability and extraordinary items/tax revenue	2.3	3.2	7.0
Degree of self-financing of investments incl. investment income	99	96	121
Equity-assets ratio	31	30	29
Acid-test ratio	81	111	103
Net financial assets (MSEK)	-8,021	-10,550	-10,763
Municipal tax rate	21:12	21:12	21:12

### COMBINED ACCOUNTS – GROUP

#### Net earnings and investments for the year

The City of Gothenburg Group reported net earnings of SEK 2,369 million in 2017. Net earnings were largely unchanged compared with 2016. The Group's investments totalled SEK 8.8 billion in 2017, an increase of SEK 1.1 billion on 2016. The company sector's share of the volume of investment was SEK 5.4 billion, while the Municipality accounted for SEK 3.4 billion. Compared to the budget for the year, investments were approximately SEK 2 billion lower, which is mainly due to projects in the Municipality being postponed.

#### Financial key figures

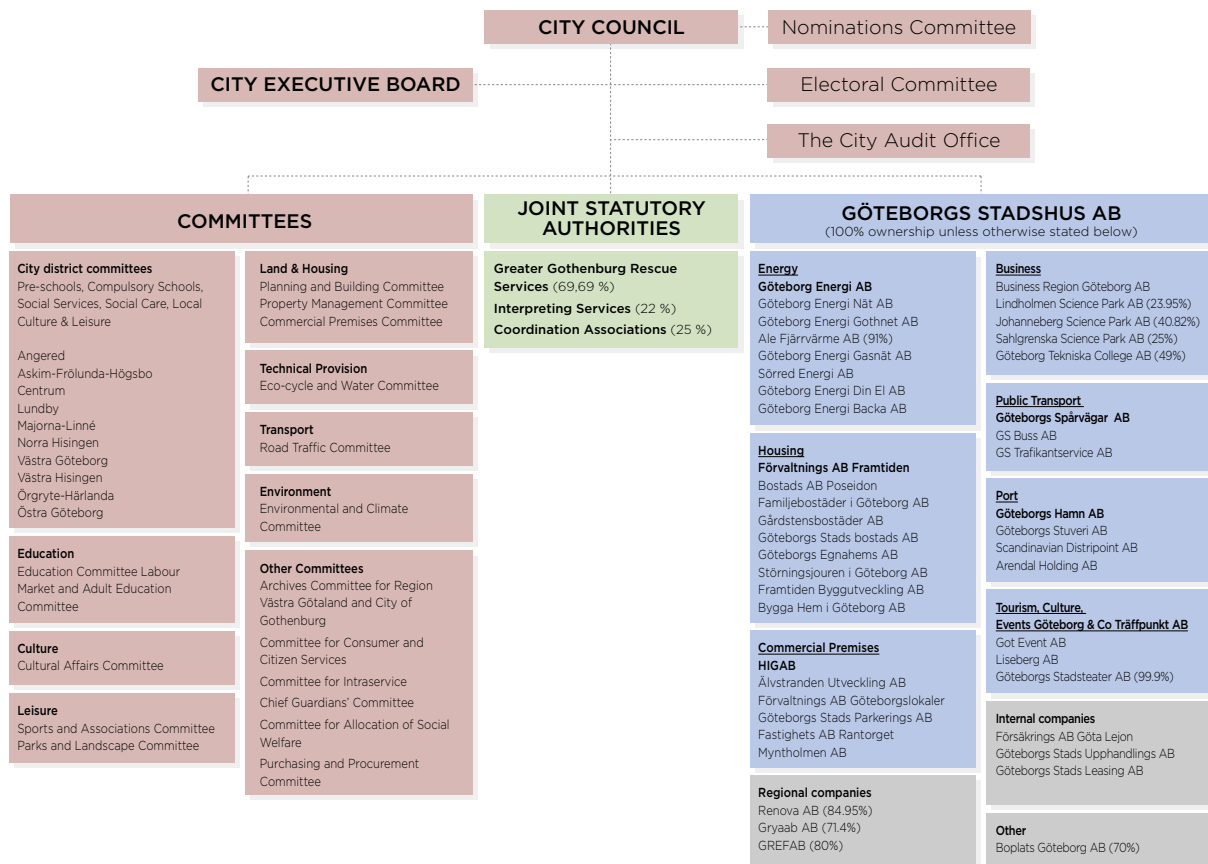
The combined accounts for the City indicate positive developments for a number of financial key figures during the year. The degree of self-financing for the year's investments remained high at 87%, but it is now lower than the average for the past five years, 95%. The equity-assets ratio, which has been growing stronger for several years, strengthened further. Correspondingly, the City's debt-equity ratio has been gradually decreasing for a long time. The figure for medium-term financial manoeuvrability, which has gradually weakened over time, did however weaken further.

#### Combined accounts in figures

MSEK	2015	2016	2017
Receipts*	50,948	55,208	56,309
Total assets*	83,572	89,097	95,343
Earnings after financial items	1,206	2,675	2,674
Net earnings for the year	1,181	2,323	2,369
Volume of investment	5,955	7,648	8,772
Equity-assets ratio	31	32	32

\* Comparison figures for 2016 have been adjusted, see note 19.

# The City of Gothenburg's organisation

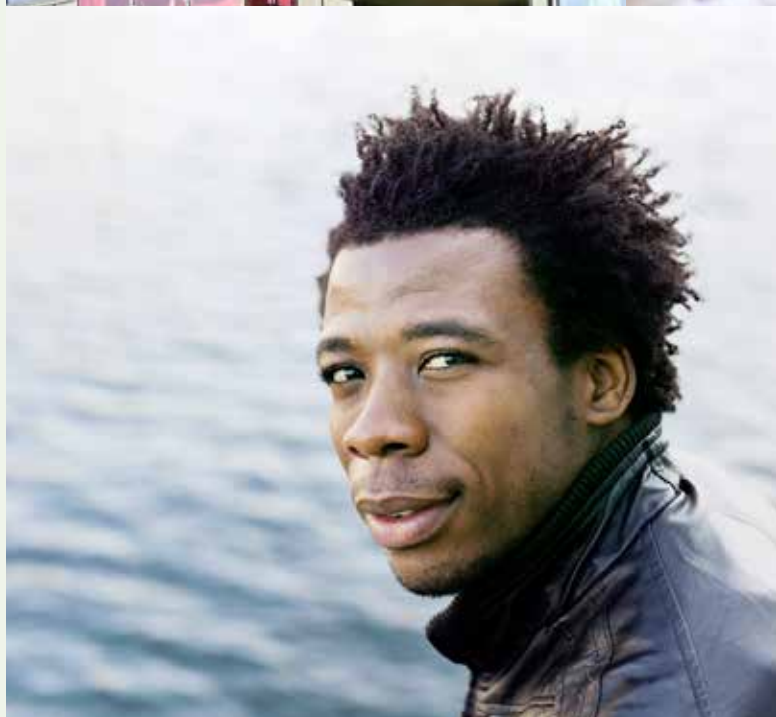


The City of Gothenburg's overall operation comprises an organisation of committees in the municipal sector (which constitutes a legal entity), joint statutory authorities and coordination associations, the interpreting service, and a company sector under the parent Göteborgs Stadshus AB.

On 1 January 2017, the operation within Göteborgs Stads Upphandlings AB was transferred from the company to a new committee, the Purchasing and Procurement Committee.

## The following changes have taken place in the company structure and regarding the ownership situation during the financial year:

- Skövde Biogas AB, 556878-1560, has been sold (ownership was 51%)
- Sävsjö Biogas AB, 556695-9705, has been sold (ownership was 90.5%)
- Ale Energi AB, 556041-0978, has been merged with Ale Fjärrvärme AB
- Partille Energi AB, 556478-1440, has been sold (ownership was 50%)
- Partille Energi Nät AB, 556528-5698, has been sold
- Bygga Hem i Göteborg AB, 556643-7934, is now part of a company directly under the parent company Förvaltnings AB Framtiden (previously under Göteborgs Egnahems AB)
- Göteborg & Co Kommunintressent AB, 556427-8751, has been merged with Göteborg & Co Träffpunkt AB
- Göteborg & Co Träffpunkt AB is now wholly owned (ownership was 99.16%). The company has changed name to Göteborg & Co AB.
- AB Gothenburg European Office, 556131-3114, has been merged with Göteborgs Stadshus AB



## 2 ACTIVITIES OF THE CITY OF GOTHENBURG

This block reports parts of the activities conducted by the City of Gothenburg's 30 or so committees and in the company sector under the parent company Göteborgs Stadshus AB during the year. The block is divided into different areas of activity, in line with the City Council budget. In each area, developments, important events and trends are described from different perspectives.



# ACTIVITIES OF THE CITY OF GOTHENBURG

35

## **Education**

The education sector covers all school activities such as pre-school, compulsory school, after-school recreation centres, compulsory special needs school, upper secondary school and upper secondary special needs school, both under municipal and independent control.

40

## **Individual and family care**

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

42

## **People with disabilities**

This area covers initiatives for people with disabilities, such as buildings with special service, personal assistance, home support, occupational/daily activities and companion services.

44

## **Elderly and medical care in the home**

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

46

## **Culture and leisure**

Gothenburg has a profile as an events city with cultural initiatives. Another objective is substantial club activities and efforts to promote equal opportunity, integration and public health.

48

## **Building and housing**

This area comprises physical planning, land use, residential construction and the development of good housing environments. Infrastructure and industry issues are central related areas. Planning and implementation aim to help the city develop in a sustainable manner, environmentally, socially and financially.

50

## **Traffic**

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

52

## **Climate and the environment**

The activities in the fields of energy, waste and sewage collaborate locally, regionally and internationally in order to form important social functions for long-term sustainable development.

54

## **Adult education and labour market initiatives**

Adult education and labour market initiatives comprise education and employment measures which the City carries out itself or in collaboration with the Swedish Public Employment Service or other players.

56

## **Industry and tourism**

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

58

## **Equal opportunities and human rights**

The City of Gothenburg shall be a role model for equal opportunities and equality in the development of activities. Gothenburg shall be a city for everyone. Human rights are the starting point for the work on diversity and integration. All activities have a mission to contribute to greater diversity and integration.

60

## **Public health**

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

62

## **Children**

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

Gothenburg is a forward-looking city of knowledge. The education area affects over 100,000 Gothenburgers from children in pre-school to students in upper secondary school. Giving children and young people knowledge, faith in the future and opportunities to realise their dreams is an important task that requires continuous improvement. Work on developing a new organisational model for the area began in 2017.

## Education

### Important improvement work for children and young people

The improvement work has been extensive and carried out on several levels within the City organisation. The year has partly been characterised by preparations ahead of the new school organisation which will be established in 2018, whereby pre-schools and schools will form two new separate committees and administrations. One central aspect of this work is laying the foundation for higher quality teaching so as to increase pupils' learning.

Overall, the percentage of pupils who met the targets in all subjects decreased in the municipal compulsory schools. In the municipal upper secondary schools, the percentage of students who graduated from higher education preparatory programmes and vocational programmes increased.

Access to authorised, skilled personnel is a crucial issue for quality in the education area and during the year it was noted that pre-schools and after-school recreation centres, for example, found it very hard to recruit personnel.

### New website for educationalists in Gothenburg

The website Pedagog Göteborg ("Pedagogue Gothenburg") was launched on 31 March 2017 to give the city's educationalists and school leaders a shared arena for inspiration in teaching and pedagogics. The website aims to inspire school development by illustrating teaching examples from the operations, from pre-school to upper secondary. By portraying, highlighting and distributing knowledge and experience, the website bolsters efforts to develop schools and the City's work for greater goal achievement.

The website has articles, films, blog entries and a calendar of activities aimed at the target group. In addition to the main editorial team, which produces articles and makes films, around 20 or so educationalists and school leaders who blog contribute to the website. The editorial team also has a board with representatives from all of the city districts and the Education admin-

istration, all of whom contribute with suggestions and ideas and help to spread the content.

Themes presented by the website during the year included working methods to develop language, teaching for new arrivals, peer learning, inclusion and digitalisation.

The response from educationalist and leaders in the City has been very positive. During its first year, 2017, the website had 56,000 hits and 35,000 users. Feedback on social media and directly from employees shows that the material is being used for inspiration and skills development, as well as in the recruitment of new staff for schools and pre-schools.

Pedagog Göteborg has also helped to put Gothenburg's education area on the national map. Operations that featured in reports have been contacted by other municipalities and players in the field who have wanted to find out about their working methods.

### New organisation under development

In 2017 an implementation organisation has been tasked with creating a foundation for establishing a central Pre-school Committee and administration as well as a central School Committee and administration. The aim of the assignment has been to create higher quality teaching, clearer responsibility, governance and management, as well as improved equivalency based on the intentions of the school and pre-school inquiries.

The assignment has been carried out in close collaboration with the city district administrations and the Education administration. Directors for the new administrations were recruited in the autumn. Within the framework of this process, agreements were also signed to rent offices at Nya Gamlestadstorget for the new administrations.

### New online training for pre-school supply staff

In 2016, the City Management Office was tasked by the City Executive Board with conducting a status analysis of the working environment in pre-schools and producing an action plan to reduce sick leave. One of the measures in the action plan was to develop a web-



based introductory training course especially for supply staff. The aim of the training course was to enable supply staff to familiarise themselves with the job quickly, irrespective of which pre-school they work at. Supply staff who have had a good introduction can improve the working environment for regular staff. The training, which has four chapters on the pre-school and one on An Equal Gothenburg, is available to all supply staff who start working at a pre-school within the City of Gothenburg from January 2018.

Another measure in the action plan was to examine the opportunities for developing a web-based exit survey to be completed by staff when they end their employment. After several interviews with pre-school staff, a survey was developed in partnership with the Department of Education and Special Education at the University of Gothenburg.

### Access to pre-school places

According to Sweden's Education Act, the provider must ensure that all children are offered a pre-school place within four months of the child's guardian requesting a place. For almost six years the City of Gothenburg has been able to meet this need in full and give all children an offer within four months.

In late autumn 2017 the central parts of the city found it difficult to offer all children a pre-school place within the statutory time. The city districts have implemented a string of measures so as to avoid a repeat of this situation, such as:

- Contacting independent pre-schools to inquire if any are able to offer places.
- Contacting neighbouring municipalities to see if they are able to offer pre-school places in their municipality to children who can be transferred.
- Placing advertisements to establish additional educational care, such as family day care.

As of 1 July 2018, the City of Gothenburg will re-organise its pre-school operation to create a single administration and committee. This will improve conditions for meeting the Education Act's requirement on access to places within four months through, for example, coordinated planning and greater flexibility.

### Pre-school – some key figures

	2015	2016	2017
Net cost (MSEK)	3,632	3,789	3,953
Net cost development (%)	3.9	4.3	4.3
Number of children in pre-school	29,774	29,680	29,742
Percentage in municipal pre-school	83.1	82.9	83.0
Percentage in independent pre-school	16.9	17.1	17.0
Demand as a percentage of the population aged 1–5	86.2	85.7	84.5

Net cost increased by 4.3% compared with 2016, which can largely be explained by higher personnel costs, general index increases and expansion. The population

aged 1–5 years increased by 1.1% compared with the previous year, while demand for pre-school or educational care decreased slightly in that age group.

## Academic results

### Compulsory school

In City of Gothenburg municipal schools, pupils' academic results worsened in 2017 compared with previous years. The proportion of pupils who met the targets in all subjects decreased by 1 percentage point to 67.3%. The proportion of pupils who qualified for a vocational programme at upper secondary decreased by 2.4 percentage points to 77.2%, and the average merit rating decreased by 1.9 points to 215.2 (the maximum is 340). All these figures exclude pupils of unknown background (pupils with temporary social security numbers or protected identity). There were large differences between girls' and boys' academic results in 2016. This difference evened out again in 2017, although girls generally still achieve better grades than boys.

### Compulsory special needs school

In 2017, the City of Gothenburg developed a new method for creating data for assessing academic results in compulsory special needs schools. The follow-up showed that goal achievement in compulsory special needs school is good and that a high proportion of pupils achieved at least acceptable academic results. It is also clear that the proportion of pupils with more than acceptable academic results was higher among the later year groups than the early year groups. The differences between girls' and boys' academic results were minor.

### Progression

The City Council's 2017 budget includes the focus area: Follow-up of school results needs to be expanded to better reflect pupils' individual development and the schools' quality work. The City will work on identifying indicators to illustrate pupils' progress in school work. Reading ability is crucial so as to acquire knowledge and is an important indicator to highlight.

Starting with this focus area and the reinforcement areas described by the school investigation, development efforts have been carried out with the aim of tracking pupils' progression more systematically. As an initial step, in 2017 the national follow-ups and assessments were secured which are now mandatory to carry out and document under prevailing rules. The pupils' knowledge development has subsequently been analysed over time; partly regarding results of national tests in years 3 and 6, and partly regarding grades between years 6 and 9.

This is the first time such a comparison over time has been possible for grades, and the comparisons show some general patterns.

There is a link between pupils' test results in years 3 and 6 and between their grades in years 6–9. Pupils who do not achieve the required levels/passes in lower years are, to a larger extent, among those who do not achieve passes in the higher year groups. There are, however, some pupils who manage to turn around their results for the better. But this does appear to be slightly more difficult in the higher year groups, particular in mathematics.

The results trend largely follows the same gender pattern as other measurements. Girls achieve better results than boys. Nevertheless, this does not apply to the results trend in national tests in maths between years 3 and 6 when boys improve their grades to a larger extent. Good reading ability proves to be important in comparing the results of national tests in Swedish between years 3 and 6. An initial compilation of the schools' assessments of pupils' reading development in year 1 also shows that it is in reading comprehension that most pupils do not achieve the required levels. The results indicate the importance of early initiatives with a special focus on reading ability.

In spring 2017, a pilot project was launched to improve pupils' reading development. Three schools from different areas of the city are tracking pupils' reading ability during the early school years using the assessment support in Swedish and Swedish as a second language (years 1–3). The aim of the development project is to strengthen schools' work on tracking pupils' progression at an early stage and developing schools' analytical capabilities.





### Compulsory school and compulsory special needs school – a few key figures

	2015	2016	2017
Net cost (MSEK)	5,762	6,341	6,782
Net cost development (%)	9.0	10.1	6.9
Number of pupils in compulsory school	53,370	55,860	57,263
Percentage in municipal school	78.5	77.9	78.1
Percentage in independent school	21.5	22.1	21.9
Number of pupils in compulsory special needs school	455	479	499
– of whom individually integrated	69	72	70
Number of children in after-school recreation centres	21,349	22,597	23,029
Percentage in municipal after-school recreation centres	85.0	84.8	84.8
Percentage in independent after-school recreation centres	15.0	15.2	15.2
Demand as a percentage of the population aged 6–9	80.9	82.1	81.2
Demand as a percentage of the population aged 10–12	16.6	16.5	15.8

Net cost increased by 6.9% during 2017, which can primarily be attributed to general index increases and the continued increase in the number of pupils in compulsory schools. Lower demand for after-school recreation centres is one explanation for the lower net cost development in 2017 compared with 2016. The number of

pupils in compulsory schools increased by 2.5% in 2017 and 4.7% in 2016.

### Upper secondary school

A higher proportion of students on national programmes graduated in 2017, both on programmes that prepare students for higher education and on vocational programmes. Goal achievement, however, varies from school to school and programme to programme.

In 2017, female students had a higher grade average than the previous academic year, while male students' results were unchanged (higher education preparatory programmes) or slightly lower (vocational programmes). This should be viewed against the background of a higher proportion of students graduating, in line with a positive trend of several years. The results for 2017 represent an increase of 3.4 percentage points compared with 2016. In the higher education preparatory programmes, male students almost drew level with female students regarding the proportion who graduated, but the female students slightly increased their grade average. In vocational programmes there was a clear positive trend for male students who have graduated in recent years, to a larger extent than female students. Male and female students on vocational programmes have virtually the same merit rating from compulsory school, but the females who graduate receive better grades than the males.

### Academic results, upper secondary school

	Gothenburg (Municipal schools)		Sweden (Municipal schools)	
	2016	2017	2016	2017
<b>Grade average</b>				
National programmes	13.9	14.1	14.0	14.2
Vocational programmes	12.4	12.5	13.0	13.0
Higher education preparatory programmes	14.6	14.8	14.6	14.7
<b>Percentage of pupils (%) eligible for university</b>				
National programmes	70.1	71.5	71.3	71.7
Vocational programmes	25.8	23.7	32.2	31.2
Higher education preparatory programmes	92.9	95.7	91.2	91.5
<b>Percentage of students with an upper secondary diploma within 3 years</b>				
National programmes total	74.0	75.0	75.0	76.2
Vocational programmes	67.6	68.6	71.7	73.1
Higher education preparatory programmes	76.5	77.6	76.5	77.6

### Upper secondary school- some key figures

	2015	2016	2017
Net cost (MSEK)	1,557	1,642	1,805
Net cost development (%)	3.7	5.5	10
Gothenburg students in upper secondary school	16,220	17,104	17,465
Percentage in municipal school	49	49	48
Percentage in another municipality's school	8	8	7
Percentage in independent school	43	43	45
Gothenburg students in upper secondary special needs school	340	326	322

The number of students in independent upper secondary schools increased to 7,800 in 2017. The number of students in municipal upper secondary schools was relatively unchanged compared with 2016.

The development in net cost amounted to +10% and can partially be explained by a higher number of students, but also by an increase in resource consumption per student of 5.7% during the year.

In contrast to upper secondary school, the number of students in upper secondary special needs school decreased. The decrease in students was apparent both in the national programmes and in individual programmes in upper secondary special needs schools.



### FUTURE ISSUES

- Increase access to equal education in the City's pre-schools and schools
- Recruit and retain staff

Gothenburg aims to be a city where everyone can feel at home. The City of Gothenburg's activities within individual and family care enable people to lead safe and independent lives. More Gothenburgers were able to support themselves and their families independently during the year, while the housing shortage remained a challenge. More people sought the support of social services to help resolve their housing situation.

## Individual and family care

### Important improvement work to enable people to support themselves

Good economic conditions and goal-conscious efforts to support people in finding work have contributed to many more Gothenburgers being able to support themselves. The districts have different conditions for drawing advantage from the strong economy to reduce dependence on income support.

### Fewer households with financial assistance

Fewer households received income support for more than 10 months and the percentage of income support going to people under the age of 25 decreased by almost 10%. The total number of households receiving income support in the city districts decreased by almost 800 a month, which represents a total reduction of around SEK 62 million in 2017.

The costs for financial assistance stopped at SEK 970 million for 2017, and affected just under 17,300 households in all.

### Housing shortage

A housing shortage and overcrowding are risk factors that affect opportunities for people and families outside of the regular housing market to lead independent lives. The housing shortage has resulted in high costs for purchased housing solutions, and a heavy workload for staff in the sector. Despite concerted efforts within the City, developments have moved in the wrong direction. Costs for social housing have increased by 12%. This is a somewhat higher increase than in 2016 but on a par with previous years. The increase refers to emergency assistance to provide households who do not need any other support than housing with "a roof over their heads" and to assistance for households who need protection (domestic violence). Housing with support for people with substance abuse and/or mental health problems has, however, decreased slightly.

The reception of new arrivals has posed a major challenge, and efforts have been made to create housing solutions, both in the form of temporary housing and more long-term housing solutions.



In an initiative via Förvaltnings AB Framtiden, the City decided to produce 500 homes for homeless families with children. This initiative resolved the housing situation at the end of the year for 400 families with a total of 1,000 children.

The City of Gothenburg's strategy and plan on homelessness 2015–2018 was drafted in a broad collaboration between companies, administrations and the ideas-borne sector. The plan describes how the City should proceed to reduce homelessness up until 2018. In June 2017, the plan was followed up and three of the goals are developing positively; for instance a total of around 80 people received housing through the "Bostad först" ("Housing First") approach.

During the year the sector carried out development work to create a coordinated planning and purchasing organisation with the aim of increasing quality and reducing costs. The operation starts in spring 2018.

### Plan for work against established abuse and dependency 2018–2020

The City of Gothenburg's new plan to give support and assistance to people with established abuse of alcohol, drugs or gambling was adopted by the City Council in mid-September. The plan is an overarching steering document which aims to coordinate the City's shared resources so that everyone receives more equal assistance, irrespective of where they live. Support and treatment requirements can vary but everyone is entitled to have access to individually tailored support.

Work on the plan has been intensive and involved many employees of the City and business partners. Circulation and implementation of the plan's activities began in autumn 2017. Circulation conferences aimed at employees and managers who work with abuse and dependency issues in the City of Gothenburg have been held.

### Social services for children and young people

The number of reports of mistreated children has increased in recent years and continued to increase in 2017. Intensive efforts to improve care for the most vulnerable children were carried out throughout 2017. The committees have worked hard to meet the legal requirement of an investigation period of no more than four months, and some have rectified the shortcomings during the year. Nevertheless, several committees have still found it difficult to meet the legal requirement. Work to secure quality still has high priority.

The number of lone children referred to Gothenburg has continued to decrease in 2017, as a result of the change in the government's migration policy. In 2017 a high percentage of the lone children reached lawful age, and responsibility for housing for asylum seekers usually transfers to the Swedish Migration Agency. The new

remuneration system for lone children, which came into effect on 1 July 2017, generally means lower remuneration to the Municipality compared with the previous system, and entailed costs for the City of SEK 40–45 million in 2017. The new remuneration coupled with a lower number of lone children has led to wide-ranging adjustments in the operation.

### Working environment, recruitment and stable staffing

The working environment and the difficulty in recruiting social workers and supervisors with the right expertise and experience remained in focus in 2017. Social workers are often young and inexperienced, which is why expertise issues have continued to be a high priority. The staffing situation entail risks for the operation's quality and effectiveness. Work is ongoing to overcome the difficulties based on the City's action plan for an improved working environment. This work calls for persistence and innovative thinking.

### Individual and family care's quality report

The quality report for the sector covering individual and family care as well as disabilities describes the sector's quality work. The report contains analyses and conclusions as well as areas where the operation can improve. The concerted efforts to develop social services' processes supports the sector's work and is of particular importance during the current staffing situation in the sector. Shortcomings reported in the previous year's quality report resulted in development work to manage deviations. Collaboration and coordination are emphasised by the committees as an important area for development. Both internal and external collaboration and coordination need to continue to be developed.

### Some key figures

Population frame	2015	2016	2017
Net cost (MSEK)	3,421	3,660	3,831
Net cost development (%)	4.2	7.0	4.7
Of which net cost:			
– children and young people	1,208	1,468	1,559
– adults	834	854	953
– income support	1,085	1,024	970
– other costs	294	314	349

### FUTURE ISSUES

- Streamline social services through digitalisation
- Create conditions for a stable staff situation

All Gothenburgers must be able to be independent and involved based on their personal circumstances. The City of Gothenburg can make a difference where necessary through service, support and care. Knowledge and evidence-based work leads to improved quality. Work in 2017 has been characterised by issues relating to expertise, influence and participation. Recruitment difficulties and a shortage of housing have been challenges during the year.

## People with disabilities

### Important change work for improved living standards

More people have participated to a larger extent and had opportunities to influence their life situation thanks to the use of evolved working methods and different approaches within the operation. For example, more people have been given support in finding and keeping jobs through IPS (Individual Placement Support), opportunities for increased independence and integrity through ESL (An Independent Life) and tools to minimise the risk of being exposed to violence through VIP (Important Interesting Person).

### Individual support and services

Social services' disabilities area comprises a public authority remit in accordance with the Act concerning Support and Services for Persons with Certain Functional Impairments (LSS) and the Social Services Act (SoL). The area has numerous activities for people with disabilities, such as housing with support and service, daily activities, employment, short-term stays and personal assistance. In 2017, 4,107 people per month received support under LSS and 4,348 per month under SoL. A person may be granted services based on both acts.

### Influence and participation

Work is continuing to ensure that everyone who receives support within the disabilities area can have an influence over the support and be involved in decisions that affect them. Individual implementation plans are the key tools in giving the individual influence and participation in executing the services. Surveys, user audits, dialogues and the like are supplementary methods for finding out users' views. The results have been used to improve and develop support and services.

### Expertise and stable staffing

Stable staffing with the right expertise and low staff turnover are essential for the operation to be able to offer high quality and user safety. There is a shortage of trained staff and far too few people are graduating in

the right fields. Efforts to improve expertise have been carried out for employees who lack basic education and in several specific knowledge areas, such as adapted educational working methods for people with, say, autism.

### Choice in daily activities

In January 2017, the City Council decided to introduce freedom of choice in daily activities in accordance with the Act on System of Choice in the Public Sector (LOV). This means that users get to choose their daily activities themselves. Freedom of choice is scheduled to be introduced as of January 2019. Work on adjustments has begun in the city districts.

### The housing situation

In 2017, 57 new apartments in buildings with special service (BSS) were completed. This is on a par with the previous year, but demand for apartments is as strong as ever because more people need housing, and the lack of sites and suitable objects means that the rate of expansion is lower than desired. In the plan for housing for people with disabilities 2018–2021, it is estimated that a further 320 or so new apartments are needed to achieve a balance between supply and demand in 2021. The planned expansion is expected to satisfy demand. One challenge, however, is that most of the expansion will take place in the latter part of the planning period, and the majority of people need housing already in 2018 or 2019.

There is a housing shortage for everyone in Gothenburg. This creates a risk that people with disabilities who would be able to cope in standard housing instead apply for BSS. During the year, 54 people obtained an apartment via F100 (an agreement whereby the municipal housing companies offer apartments to people with disabilities), which is the same number as in 2016. Housing support has continued to develop in all city districts to create better opportunities for people with disabilities to live independently in their own apartment. The shortage of BSS has led to a large number of short-term places and other temporary housing solutions being used. Decisions about BSS cannot always be exe-



cuted within a reasonable time, which results in a risk of special charges. During the fourth quarter, 105 people had received decisions which were not executed within three months, a decrease compared with the same period in 2016. Of these, 26 had declined an offer and 20 had accepted an offer but not yet moved in. In 2017, five city districts were ordered to pay just over SEK 4 million in special charges within the individual and family care and disabilities operation. The majority of the cost refers to decisions regarding BSS.

### The disabilities area's quality report

For a second year the sector's quality report has been described in a combined report. The City's social services process has been highlighted as being essential to the sector's work. The need for an advanced deviation and views management system, which was the focus of the previous year's report, has resulted in improvement work. This year's quality report shows that internal and external collaboration and coordination need to be developed, and that the quality of the operation is adversely affected by the high staff turnover. Knowledge and the use of digital technology need to increase to improve support for users and to make the profession more attractive. The quality report is an important instrument in the continued improvement work.

### Some key figures

	2015	2016	2017
Net cost (MSEK)	3,281	3,448	3,587
Net cost development (%)	6.4	5.1	4.0
Change in volume of staff (%)	0.9	0.4	0.9

### FUTURE ISSUES

- Create good access to housing
- Introduce welfare technology for participation, influence and better opportunities for independence for users
- Create a stable staff situation



Gothenburg shall be a good city to grow older in. Users must know what support is available to them and that the care is based on their needs, interests and preferences. Improvement work has been carried out to increase users' self-determination and the profession's attractiveness. The main challenges during the year have been skills provision, the process for discharging patients from hospital and adaptations to housing for the elderly.

## Elderly and medical care in the home

### **Important improvement work for elderly people in need of healthcare and social care**

Framework decisions have meant that more people have been given better opportunities and influence to decide themselves how the home-help time is used. Many elderly people also feel safer thanks to technological developments with supervision via a security camera, and they sleep better at night.

**The Attractive Home-help Services programme is a development project running between 2014 and 2022 with two overall objectives:**

- To increase users' influence and autonomy
- To make the profession more attractive to employees

The development work is being carried out in four strategies: framework decisions, welfare technology, IT support for planning and follow-up, and creating good workplaces.

Framework decisions mean that the decision sets the framework for an individual's support and assistance. The adoption of welfare technology has given 125 people access to security cameras and enabled security staff to carry out supervisions around 300 times a day. The City of Gothenburg has carried out a procurement for a general agreement regarding the "digitalisation of alarm chains". In addition to digitalising safety alarms and security cameras, further welfare technology services such as video calls, digital locks, GPS alarms, sensors and smart health bracelets can be connected to this

function. These services are part of what is termed "Secure Everyday Life".

The home-help employees have begun to use IT support in their phones to plan the implementation of home-help and to document and follow up the time they spend with the users.

### **Greater opportunities for medical care and social care at home**

More and more health and medical care is taking place outside of hospitals. Hospital care, primary care and the Municipality's health and medical care services have different responsibilities. Some models for collaboration have been trialled with the aim of giving the individual high quality and safe, secure care.

Some city districts have tested the idea of basing the home medical care doctor at the home medical care premises. This has been very well received by patients and employees alike. Special emphasis has been given to the peace of mind the project has brought for the most frail patients. Home medical care doctors have contributed to improved continuity, peace of mind, safer care, better follow-up and faster home visits by doctors, as well as less administration for nurses.

An evaluation was carried out in 2017 of ASIH ("Advanced Healthcare in the Home"), which showed excellent results. According to the evaluation, it is structures and responsibilities at management level and the development of common visions, goals and work-

ing methods for the four ASIH teams that need to be developed.

### Satisfaction with home-help services and housing for the elderly

The City of Gothenburg follows up home-help services and housing for the elderly in quality reports every year. Both areas of operation have similar strengths and areas for improvement.

In total, eight out of 10 people are satisfied with their home-help service or housing for the elderly. The factors that they are particularly satisfied with are confidence in the employees, treatment by employees, that employees take preferences into account, as well as peace of mind with the home-help services/housing for the elderly.

Areas for improvement are the percentage of implementation plans, users' experience of being able to influence the times of staff visits, information about temporary changes, and how opinions are dealt with.

In housing for the elderly, the residents would also like improvements to food and the mealtime situation.

### People receiving home-help services can choose their provider

Roughly 9,000 people in Gothenburg receive home-help services, and around 8,300 of these are senior citizens. The City Council has decided to introduce a system of choice for home-help services, in accordance with the Act on System of Choice in the Public Sector (LOV).

Private providers who want to be part of the choice system from the beginning in April 2018 submitted their applications in the autumn, and seven were approved. The providers that can be chosen vary depending on the geographical area. The City of Gothenburg will continue to provide help and support to people who cannot or do not wish to choose a provider.

Private providers have ongoing opportunities to apply to provide home-help services. As a result the number of providers and the providers of home-help services that can be chosen will vary over time.

### Short-term places and housing for the elderly

The City administrations, together with the City of Gothenburg's housing for the elderly coordination team, have worked to ensure that more people can leave hospital before the Municipality's payment responsibility commences. This has been made possible by a more efficient process for short-term places, and by producing care plans for people and giving them social and medical care in the home.

There are just over 60 homes for the elderly in Gothenburg, both private and municipal, with around 4,000 apartments. More housing for the elderly is needed, and several measures have been taken to help meet this demand. In housing for the elderly, housing

units have been converted for people with dementia and, as a result, the waiting time for this group has decreased from three months to around four weeks. Another process that has been developed is the process for moving in or out of housing for the elderly, and this work has increased supply by 40–50 available apartments in 2017.

### Tight competition for staff

The operation has found it increasingly difficult to recruit and retain employees with the right expertise. There is tight competition among employers within elderly care and within health and medical care for virtually all professional categories.

The City of Gothenburg is working broadly to both retain and recruit new employees. One example is the drafting of a strategy plan, called LEVLA. It contains a structure and website for expertise, career paths and marketing, including short films about professions and career paths. Some of these films have been used as cinema commercials and on social media.

The City of Gothenburg is taking part in an initiative called Ung omsorg (Young Care). Young people aged between 14 and 16 can work a couple of hours every weekend at housing for the elderly. Their main task is to arrange various activities for the residents who live there: play games, go on walks, arrange coffee circles and entertainment. The initiative is currently running at 11 homes for the elderly around Gothenburg and involves approximately 100 school pupils.

### Elderly and medical care in the home

– some key figures

Population frame	2015	2016	2017
Net cost elderly care (MSEK) *	4,311	4,544	4,701
Net cost development of elderly care (%)	6.1	5.4	3.5
Net cost home medical care (MSEK) **	419	465	473
Net cost development of home medical care (%)	7.7	11	1.7
People receiving home-help services (average/month)	8,636	8,339	8,269
People in housing for elderly excl. short-term (average/month)	3,968	3,993	4,009
Payment responsibility for discharges, year places	18.4	19.1	13.8

\* Including home medical care for people over 65

\*\* Home medical care for all ages

### FUTURE ISSUES

- Create more housing for the elderly to meet the population's need
- Develop "close care"
- Develop welfare technology through digitalisation

A wide offering and access to art and the cultural scene help to shape an attractive city, by and for people from around the world. The City of Gothenburg strives to ensure that everyone is entitled to participate in the cultural scene. 2017 had the theme of a Green and Pleasant City as part of the city's initiatives in the run-up to Gothenburg's 400th jubilee in 2021. New spaces were developed through land art, an art form that takes the landscape as its starting point and uses nature as a source of inspiration. Culture and leisure activities helped to create an equal Gothenburg and play an important role in social and urban development.

## Culture and leisure

### Important improvement work for An Equal Gothenburg

Culture and leisure activities helped to create An Equal Gothenburg and were active in An Equal Gothenburg's various focus areas, primarily "Give every child a good start in life" with a special emphasis on "The city where we read to our children", and "Give children good conditions through their school years". In "The city where we read to our children" initiative, the district committees worked with outreach activities. Libraries visited open pre-schools, children's healthcare centres and new parents. The Committee for Allocation of Social Welfare, which was the process owner for work on An Equal Gothenburg, highlighted the role of culture in work to build a socially sustainable city. Culture was given a more prominent role in the equality programme that was developed during the year and adopted by councillors in January 2018.

### Green and Pleasant City

Green and Pleasant City was carried out in partnership with the City's committees, associations, the academic sphere and the business community. The district committees created participation in projects with a green focus. Places were given new significance through activities, a land art installation or social participation that generated commitment and inspiration among residents and visitors. A map was produced to show all the places and how visitors could get there by public transport.

### Summer holiday activities

This was the second consecutive year that the City was awarded government funds, SEK 17.6 million, to provide free summer holiday activities for children and young people aged 6–15 years. This meant that planned summer activities were extended, or offered free of charge to participants. It enabled new activities based on the work in An Equal Gothenburg. In summer 2017, 80,160 (58,000) children and young people took part

in some 2,000 activities. A survey revealed that 41% of participants tried a new activity and 45% spent time in a new area of the city.

### Free swimming and the "Swimming boost"

Free swimming was introduced in 2016 for children, young people and senior citizens and continued in 2017. The effect was a dramatic increase in visitor numbers at the large swimming pools in the suburbs. In 2017, opening hours and staffing were adjusted to secure the working environment and for visitor safety.

After a one-year pilot, the Sports and Associations Committee started the "Swimming boost", free swimming lessons for all children. The operation was managed by the City's personnel and external players who were brought in. Difficulties with the booking process and marketing meant that the initiative did not have the desired effect.

### Children and young people's leisure

A survey was carried out in school years 2, 5 and 8 via a questionnaire and a survey was carried out among 17 year olds via interviews. Just over 80% of respondents were satisfied with their leisure and only 3–5% were dissatisfied (variation between the city districts). The survey revealed that 19% of children always or often feel unsafe on their way to leisure activities. Young people in a vulnerable area, Bergsjön, were engaged in dialogue. After the dialogue, measures were taken along the routes to leisure activities, such as clearing shrubbery and improving lighting.

### Culture School

Culture School is important to children and young people, and for sustainable social development. During the year Culture School was given a new sought-after e-service to help citizens easily view the range on offer and apply for the Culture School's courses, for example.



### Urban development focusing on culture and recreation

Culture and recreation activities were an active part of social planning in the expanded city. Several committees highlighted the challenge of premises that are fit for purpose and the fact that demand for premises and spaces must be secured during construction. Several committees worked to increase user influence and participation in urban development. The expertise of the Parks and Landscape Committee and the Cultural Affairs Committee was required to a greater extent for cultural planning, cultural environment and artistic interpretation in the City's development and planning processes.

Gothenburg's city centre is an area of national interest. The action programme "Gothenburg reinforced: fortress city", which was developed on behalf of the Culture Administration, the City Planning Authority and the Traffic & Public Transport Authority, outlined proposals on how the fortress city can be depicted and illustrated in interaction with the modern city.

The Culture Committee worked with other players to lay the groundwork for the artistic decoration of the West Link, and on issues relating to the cultural environment, art and communication. The art projects that will be carried out for the West Link's three stations, in parallel with construction of the West Link, had the theme of time and space as part of the "Chronotopia" art programme. The projects are a unique opportunity to create three places for the future that will be perceived as aesthetically appealing and of artistic interest. Work on art during the city's construction of the West Link may also replace lost values or create brand new ones.

### Measures to improve safety

In Gothenburg measures were taken to improve safety within Safe Beautiful City, a collaborative organisation between several departmental committees. During the year efforts were made to convert an ordinary district park into a new park with water play, a new playground, barbecue places and a boules playing area, requests that had emerged during dialogue with citizens. A collaboration between Gothenburg Art and artists was trialled.

Pedestrian and cycle tunnels under traffic routes are often perceived as unsafe. Five tunnels were therefore given new lighting, new colour schemes and in some cases mosaic art created by children from different districts.

### Götaplatsen a listed building

In early 2017, the Göteborg Art Museum and parts of Götaplatsen square became listed buildings. In December, the County Administrative Board decided that Gothenburg City Theatre, Gothenburg Concert Hall and Konsthallen art gallery would become listed buildings, which means that the whole square is protected so it can be preserved for posterity. The buildings date back to a period when ambitious plans guided the choice of material and form, and they all have very high cultural-historical values.

### Guests/visitors

Thousands	2015	2016	2017
Letting of sports facilities (pitches and halls, hours)	278	290	307
Guest nights at sports tournaments	238	254	270
Swimming baths	1,111	1,134	1,103
Theatres	203	200	222
- of whom children	26	28	28
Libraries	4,327	4,138	4,379
Museums	775	783	673
- of whom children	177	185	186
Summer holiday activities	-	58	80

### FUTURE ISSUES

- Create more venues/arenas for culture, recreation and inter-generational meetings
- Extend dialogue with citizens about wishes and requirements
- Promote and harness civil society's power and resources

Gothenburg is continuing to grow quickly. In 2017 the city was filled with construction cranes and excavators, and with new citizens from near and far. To create housing for everyone, the public housing sector accelerated its construction and several new models are being tested on the City's land to promote mixed housing. Despite the homebuilding, the housing shortage continued and expanding groups of people are excluded from the housing market. Building homes at the planned rate and volume was a major challenge for all players involved.

## Building and housing

### Important improvement work for groups that are far from the housing market

People in groups that are far from the housing market were given an opportunity to have their own home by means of 1,000 new apartments for the target groups. Similarly, the Municipality arranged housing for over 1,000 new arrivals who were referred to the Municipality.

There is strong demand for housing for households who, for social and/or medical reasons, find it difficult to get a home on the regular housing market. Furthermore, a demand arose for housing for the new arrivals who were referred to the Municipality by the Swedish Migration Agency under the Act on the Receipt Of Some Newly Arrived Immigrants for Settlement.

The City has been very active in easing the housing situation for special groups, and work proceeded in line with the City Council's strategy to combat homelessness. The public housing sector accounted for 90% and private property owners accounted for 10% of the 1,000 apartments allotted. To satisfy demand, the City has, for example, used conditional land allocations and land reserves to a greater extent to secure access to apartments. The requirements may refer to e.g. allocations between rental apartments and tenant-owner apartments, affordable apartments and buildings with special service, or apartments for special groups from the existing stock.

Again in 2017, the City managed to arrange housing for the new arrivals who were referred to the Municipality. In addition to housing in apartments that the individual subleases from the Municipality, 450 people received spaces in various types of interim accommodation, pending a more permanent housing solution. In total, the Municipality managed to receive 1,039 new arrivals in 2017. In future, the City also wants to develop more support to help new arrivals to find housing, for example.

### Continued high level of homebuilding

The city is in the middle of a gradual increase in homebuilding, from an average of around 2,200 completed

homes a year to an estimated 4,500 completed homes a year in 2020. The estimates are based on the number of homes in the City's planning and development portfolios. At the end of the year, the portfolios had a total of around 60,000 homes in different stages of planning and implementation. Building homes at the planned rate and volume has proven to be a major challenge for all players in the construction and housing sector. The City of Gothenburg has therefore continued to work on increasing efficiency in the City's processes and increased collaboration with the market's players. In 2017, this resulted in the start of construction of 3,779 homes, 979 more than the previous year.

### BoStad2021

BoStad2021 is a housing initiative to create new homes in a short time, and a project to test new forms of collaboration with the construction companies. The aim is, over and above ordinary production, to create 7,000 finished homes by the end of 2021. During 2017, the 30 or so projects have primarily completed the local plan stage, and construction has begun in three of the projects. BoStad2021 now encompasses some 7,800 homes, a reduction of 800 since December 2016. The project is expected to have adopted plans with sufficient content finalised in time for the target 7,000 homes to be completed by 2021.

### Housing shortage despite more building

Despite the high level of construction, there remains a housing shortage in Gothenburg. Due to Sweden's population growth and Gothenburg's attractiveness as a place to live, homebuilding has not been able to keep up with demand, and there is much to indicate that it has become even harder to find a home. For instance, Boplats Göteborg, an online marketplace for rental apartments in the city, has seen an increase in waiting-list numbers, while the number of apartments arranged has decreased. The average waiting time for those who received a contract via Boplats in 2017 was 1,697 days.

### More room for trade and industry

Land for trade and industry is a strategically vital resource, and the City endeavoured to offer a broad range to suit the needs of different types of business. The number of land enquiries from trade and industry was relatively stable, but the start-up plan for 2018 has been expanded to include planning for further land for the commercial sector's needs so as to meet long-term demand. The City saw a sharp rise in interest in collective development zones for establishing knowledge-intensive enterprises, such as Lindholmen and Sahlgrenska Science Park.

### A robust city in a changed climate

An area that remains important to the city is the management of increased amounts of rain and rising sea levels linked to climate change. Green and blue corridors can create positive values in the urban environment in a robust, sustainable way, and the City is therefore thinking in new ways. The City's proposal for a thematic addition to the general plan, relating to flood risks, has been referred for consultation ahead of a future decision. For the majority of the city, measures and planning levels are proposed for future rises in sea level based on the worst IPCC (Intergovernmental Panel on Climate Change) projection, but there is as yet no proposal regarding levels for the coast and archipelago.

### Award-winning architecture

Again in 2017, Gothenburg has won prizes for its architecture. The new culture centre in Bergsjön, Kulturkor-gen, won first prize in the Future Projects, Cultural category at the World Architecture Festival in Berlin. The Stenpiren public transport hub won the Siena Award for its architecture, with the panel judgement that "the new travel centre has gained a distinct character by making the river accessible to everybody and developing the city space. A complex situation now has a simple, natural response and has been executed down to the finest detail."

Various projects were also nominated for awards. One of them was the Nya Landamäreskolan school in Biskopsgården. "The school has a distinctive form and meanders through the terrain. With simple means, good design has created a building in harmony with teaching, one that challenges traditional school environments." The Flatås district park was also nominated. "The solution is based on existing rows of trees which, together with long park benches, trellises and pergola, create a framework, space and rhythm." The design is characterised by ideas of joint use and multifunctionality, and it immediately became a popular, well-used meeting-place in the area.

### Challenges

The housing market in 2018 is expected to work in much the same way as at present. Growing groups that find it

difficult to find a home on the regular housing market will therefore remain a vital municipal responsibility.

A lack of workers to carry out the desired urban development is a problem shared by the City and other building companies. This will be a critical factor again in 2018, and one that could restrict the desired level of urban development.

The development of Gothenburg depends on a consensus between the national and local government on the overriding planning foundation. It is a challenge for the City that the national government lacks a balanced approach to roads and railways, climate adaptation and people's health in the emerging dense city.

### Number of planned homes

Homes in	2013	2014	2015	2016	2017
Started local plans	3,700	7,200	10,750	2,600	1,685
Adopted/approved local plans	3,200	3,570	3,450	3,735	11,337
Land allocations	1,045	1,303	2,950	4,500	4,183

### Number of completed homes

Year	New-build	Renovation	Total
2013	2,303	265	2,568
2014	1,793	224	2,017
2015	2,298	255	2,553
2016	2,401	279	2,680
2017	2,027	174	2,201

### FUTURE ISSUES

- Resolve the housing shortage
- Create housing for groups that are far from the housing market
- Coordinate planning for a realistic rate of development
- Adapt the city to the effects of climate change

The transport requirement in the expanding city is a challenge that calls for new solutions. By focusing on sustainable travel opportunities in the long term and providing more space for people, we are developing Gothenburg into a green city where nothing is far away. During the year, planning and implementation of various major infrastructure projects continued at a high rate. Implementation of the West Sweden Package continued. Planning for new public transport investments made further progress with the National Negotiation on Housing and Infrastructure. Plans for Sweden's first cableway for public transport, an idea that came from city residents ahead of Gothenburg's 400th anniversary, began to take shape.

## Traffic

### Important improvement work for road and rail-users

The West Sweden Package is now clearly visible in Gothenburg. In the years to come residents, visitors and the business community will notice a city that's constantly changing. The challenge is to ensure the city functions while the new development is taking place.

The debate surrounding the West Link continued, while local plans and environmental tests have proceeded. Construction on the Marieholm Tunnel continued. In the Central Station area, excavation began for a new Hising Bridge and the lowered, extended Götaleden.

During 2017, trafiken.nu launched a smartphone app where users can receive push notifications about traffic developments.

Taking care of the existing city is also vital. Unfortunately, a lack of resources has meant there are few improvements for pedestrians and cyclists. "Parklets" were tested during the summer, whereby parking spaces instead became green spaces and open-air cafés. At Stenpiren, a green oasis was created in the middle of the city bustle.

### Public transport of the future ever nearer

A proposed goal for city traffic in 2035 has now been drawn up. Planning for a cableway across the river has proceeded, with completion intended for 2021.

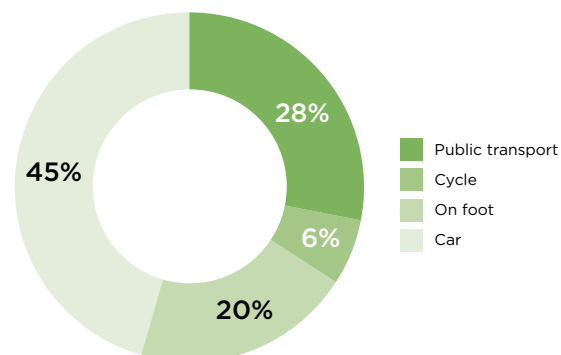
The National Negotiation on Housing and Infrastructure is a government project that, among other things, aims to improve public transport and increase homebuilding in Sweden's city regions. Gothenburg and Region Västra Götaland have made a decision on an agreement within the framework of the Negotiation. The agreement encompasses investments of SEK 7 billion in four new public transport corridors linked to the construction of 45,680 homes. It also includes an investment in eight cycle routes.

For the extension of a new Stockholm–Gothenburg main line, an agreement has been reached between

Gothenburg, Region Västra Götaland (VGR) and the National Negotiation on Housing and Infrastructure. Meanwhile, discussions are under way with the Swedish Transport Administration on how the Gothenburg–Borås route should be handled in the national plan for the transport system 2018–2029.

### More people travelling more

#### Travel by type



The number of people moving around the city increased, particularly journeys by public transport. In 2017, travel by tram and bus increased by 3.9% and 2.0% respectively. Cycle traffic, on the other hand, decreased by 4% compared with 2016. Car traffic now accounts for 45% compared with 48% in 2011. The fact that travel by car has not increased like in the rest of Sweden could be due to the increasingly difficult access and parking situation in central Gothenburg, but also to the increase in public transport.

### More trams in service

To cope with the higher number of passengers travelling by public transport, the number of trams needs to increase. Tram model M32 has had rust problems and the carriages are being dealt with. In August, the Arbitra-



tion Board gave its verdict in the dispute relating to the M32. Intensive efforts were undertaken to get the M32 tram fit for traffic, and renovated carriages are gradually being put into service. This enabled a certain increase in tram services.

Procurement of the new M33 tram has been completed. The agreement encompasses 40 trams, with an option to buy a further 60 carriages. More trams mean a greater need for night and maintenance depots. The new tram depot at Ringön has begun with track work.

The tracks wear out and need to be continuously maintained. Maintenance works have been carried out in Bergsjön and Hisingen. The Svingeln stop has been refurbished, and work on new bus stops at Åkareplatsen has begun.

### Cycling programme rolled out

The City is building wider commuter cycle routes to enable cyclists to get around more quickly and safely. The first to be widened was the cycle route along Delsjövägen. Cycle crossings have been built at crossroads, and in future motorists will have to give way to cyclists.

Winter road maintenance has been dramatically improved by sweeping and salting several routes. Sweeping and salting reduces the risk of slipping compared with clearing and gritting.

The Styr & Ställ bike hire system in Gothenburg will stay open all year round in future, instead of bringing the bicycles in during the winter months. One thousand bicycles have been put out at around 70 stations in the city centre.

### New technology in traffic

DriveMe is a project relating to driverless vehicles. The first vehicles began travelling the roads during the year. One of the reasons why the City is involved in the project is to develop the traffic system using the new technology.

Gothenburg is home to ElectriCity – a project to develop solutions for the public transport of the future. Electrifying public transport can reduce noise and air problems. On route 55 passengers can travel by silent, exhaust-free buses that pick up passengers indoors at the terminals and run on renewable electricity. During the year the City agreed to extend the electric buses testing until 2020.

In 2017, virtually all of the City of Gothenburg's car

parks were given new ticket machines powered by solar energy. These machines now accept all bank cards for payment.

### Fewer trucks on the roads

The City delivery of electric small vehicles within the Vallgraven moat boundaries has been increased by another vehicle during the year. Another project has looked for solutions to make sure that the vehicles in the loading tunnel below Nordstan shopping centre carry more cargo. This should make it possible to halve the number of trucks.

At the end of the year the Port of Gothenburg opened an intermodal terminal in the port area to replace the current terminal at Gullbergsvass. This has led to a shift in truck movements away from the city centre and reductions in emissions because the freight can be transported further by rail than before.

### Safety statistics

In Gothenburg we continuously work to improve traffic safety. Even so, despite all the work we are not achieving the goal. In 2017, eight people lost their lives in traffic and 339 people suffered moderate or serious injuries. Often, it is cyclists who are injured in solo accidents. In addition, pedestrians injure themselves when they fall, trip or slip.

### Decreased travel with mobility service

The number of mobility service journeys decreased in 2017, despite an increase in the number of mobility service permits. There were just under 800,000 mobility service journeys, 25,000 fewer than in 2016. Of these journeys, 25% were made using Flexline services. The decrease in the number of mobility service journeys could be explained by the new model for basic allocations of travel which was introduced in March.

## FUTURE ISSUES

- Build a close city with a sustainable traffic situation
- Develop public transport and make improvements for cyclists
- Create new solutions for future travel



**The City of Gothenburg is investing in sustainable development and reducing climate impact. By using the city environment as a testing ground for new green solutions, Gothenburg is becoming a bold pioneer. The City of Gothenburg's services help make it easier to live sustainably. The City's operations have actively continued working on the ambitious programmes and plans that exist in the area.**

## Climate and the environment

### Important improvement work for reduced environmental and climate impact

Gryaab opened and started up a new denitrification facility to reduce the environmental burden on the sea. Göteborg Energi's Bioprio initiative reduced local CO<sub>2</sub> emissions from district heating by 92,000 tonnes. The Environment Administration has visited 100 independent pre-schools with a focus on the use of chemicals and goods that may contain particularly hazardous substances, which has prompted efforts to replace such products among the operations. In 2017, a Eurocities Award was given to "the smart map", a digital platform that shows residents and visitors goods and services that users can share, hire, lend, give and exchange with each other. The City has invested SEK 17 million in stimulus funds for projects that help to achieve the environmental goals.

### Comparisons with others

The City of Gothenburg came twelfth out of 290 in Aktuell Hållbarhet magazine's ranking of municipalities. Gothenburg came second out of the three major cities. One again Gothenburg ranked the highest among meeting and event cities in the Global Destination Sustainability Index, GDSI. Recycling, environmental diplomas for hotels and restaurants, greenhouse gas emissions, the traffic situation and cycle-hire systems were considered when assessing the sustainability of destinations.

### Less waste and better separation

The total volume of household waste increased due to the rising population, but the volume per person is decreasing. The volume of separated food waste increased. The City has introduced a test by collecting portions of packaging from houses, which may provide information about what form packaging and newspaper collections could take in future. Elderly care has decided that all of the City's homes for the elderly should be waste efficient. During the year, the City trialled separation stations in public spaces as well as a nudging campaign to reduce the number of cigarette ends littering the streets. The litter measurements for the year showed a

reduction in littering, although cigarette ends are still a major problem. Gryaab produced 38,000 tonnes of sludge approved for agricultural use, and some of the sludge has been spread on arable land.

### Energy and climate

The City's Energy and Climate Advisory Board made around 90 visits to companies. It has also run the Coaches for Energy and Climate project which targets small companies. The City's sports facilities are being made more energy efficient and as a result Isdala and Slottsskogsvallen sports centres have been connected to district heating. Business Region Göteborg AB has been tasked with starting a climate protocol, which means establishing a long-term collaboration between the City of Gothenburg, organisations and companies in order to help achieve the City's climate objectives.

The City Premises Administration has produced a solar energy programme for its properties, an initiative that will mean annual electricity production of around 2.7 GWh. The administration also continued to work on "We can make a difference", in which children and staff are given an understanding of energy and climate impact. The project remains very popular and in 2017 the energy saving amounted to 263 MWh. Work has begun on "Fossil-free pre-schools" and challenges have been identified. Work is now under way to identify innovative new solutions together with the chemicals cluster and Chalmers.

In one project, Göteborg Stads Leasing AB and the Parks and Landscape Administration use electrical machinery that charges from solar panels on minibuses. The result is lower emissions from both the vehicles and machinery, as well as less noise. Parkeringsbolaget has replaced 910 ticket machines with new machines powered by solar panels, reducing electricity consumption by around 950 MWh/year.

The CELSIUS district heating project drew to a close after four successful years. The project won the EU Sustainable Energy Award for its work to develop and promote district heating in Europe.

## Animals and nature

The City's guidelines on compensation measures for nature and recreation values in planning and development projects has been revised to also include eco-system services.

Continuous investments are being made in valuable tree environments, both in the city's parks and along streets and avenues, to conserve the park environments and biological diversity. The aim of this is to help increase the variety of tree species in the city and to create brand new environments, such as fruit groves. The Real Estate Administration is testing eco-system based forestry in an area in north-east Gothenburg. October saw the opening of Häljered's Gård, which is now a modern dairy farm with biogas facilities. The farm is a show farm that Gothenburgers are welcome to visit to see sustainable agriculture where robots handle most tasks.

## Water and sea

To ensure that the City is better equipped for future climate changes, Eco-cycle and Water has been given extended responsibility for coordinating efforts relating to surface water and torrential rain. At the end of the year, a new water and sanitation charge began to apply with a separate fee for surface water.

Gryaab AB treated 138 million cubic metres of water at the Rya works, which is normal, and the treatment operation met all the environmental requirements by a good margin.

## Our consumption and lifestyle

To satisfy demand for used furniture and repairs to furnishings, there is now a new contract area in the City for re-using furnishings. Intracservice continued its work on Sustainable IT and has analysed the occurrence of conflict minerals in products.

The City of Gothenburg's channel for sustainable lifestyles, GreenhackGBG, attended the Culture Festival with a well-frequented Green Corner offering activities relating to climate-smart food. The Svalna app has been launched and Gothenburgers can now find out what impact their consumption has on the climate. The app was developed in a collaboration between researchers in sustainable consumption from Chalmers and the City.

Two test beds for commercial cultivation have been arranged in Angered and Skogome as part of the "Cultivation close to the city" project. There are now 18 tenant farmers, the majority of whom have started up companies and sell their produce directly to customers or restaurants.

## Being vigilant

Using sophisticated control methods to identify and curb cheating in food deliveries, the Environment

Administration discovered far-reaching dishonesty among three food wholesalers. The Environment Administration has developed a working method that entails working with other authorities for more efficient scrutiny of unprofessional businesses. One result was that two illegal clubs ceased operating. The time spent dealing with complaints about noise from construction and demolition projects continued to increase; the cases have become larger and more complex.

## Gothenburg Award for Sustainable Development

The prize winner in 2017 was Chilean architect Alejandro Alavena on the theme of sustainable design. Alejandro and his agency, Emental, have a design philosophy that includes citizens as part of the solution, rather than part of the problem.

## Production of renewable electricity and biogas – 2014–2017 in GWh

Activity	Result 2014	Result 2015	Result 2016	Result 2017	Target value 2017 Gbg Energi
Production of renewable electricity, GWh	124	141	120	124	138
Production of biogas, GWh	137	210	141	97	179

Source: Göteborg Energi

Production of biogas does not include biogas from food waste.

## Programme for environmentally sound construction – 2012–2017

Per cent	Target value	2013	2014	2015	2016	2017
Percentage of completed housing in land allocations under the programme for environmentally sound construction		53	77	80	73	95

## FUTURE ISSUES

- Create and retain good living environments as the city develops and changes
- Achieve the local environmental quality goals by 2020
- Meet environmental quality norms for bodies of water

The City of Gothenburg works actively to create opportunities for people currently far from the labour market to enter working life, by matching them with jobs in sectors that have a shortage of workers. The initiative covers training, jobseeking assistance and providing new opportunities for knowledge and further development.

## Adult education and labour market initiatives

### Important improvement work for labour market and adult education

Efforts to ease young and older people into the labour market and education system were an important part of the City's improvement work in this area. Notable aspects were developments in "The gradual job and education boost", and the skills provision plan produced in collaboration with the Labour Market and Adult Education Committee (NAV) and Business Region Gothenburg AB. 2017 saw the opening of the Angered Skills Centre, which means that the City's four skills centres were up and running during the year.

### Labour market remains divided

The Gothenburg region developed strongly in 2017 and unemployment decreased. Ups and downs in the economy are reflected in employment statistics; people born outside of Sweden find it harder in an economic downturn than native Swedes. Unemployment is higher in Gothenburg than in surrounding municipalities. The employment rate also varies between different city districts and areas of the city. The proportion of long-term unemployed people in the 25–64 age group

is highest in east Bergsjön and south Angered. There is a clear matching problem, in that many jobseekers do not have the required skills or profile. This is primarily true of unemployed people in a vulnerable position such as people born outside of Europe, people aged under 24 and over 50, disabled people, and those with an education below upper secondary level.

### Unemployment trend in Gothenburg 2004–2017 (ages 16–64)



*Unemployed people in a vulnerable position: education below upper secondary level, people with disabilities that impair their ability to work, unemployed people aged 55–64, those born outside of Europe. Up to and including October 2017. Source: Swedish Public Employment Service*



### "The gradual job and education boost"

The Labour Market and Adult Education Administration began efforts in 2017 to implement the model for the gradual job and education boost. The model is based on gradual training adapted both to participants, and to the labour market's need for workers. The objective is to simplify entry into the labour market while creating motivation and opportunities to progressively build skills and competence, leading to jobs and occupational know-how.

## Gradual education

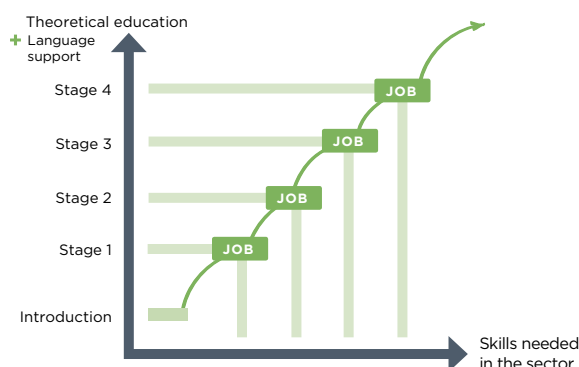


Diagram: adult education and labour market

Each sectoral stage begins with an introduction to that particular sector. Participants gain an insight into the various workplaces and jobs in the sector, they go on field visits and try out various actual jobs, and are also taught about conditions, rights and obligations. The aim is to give participants a realistic idea of what working in a particular sector actually entails. During the introduction, the participant's foundation for working in the sector is assessed, and the school also provides support in determining where the participant should start based on their circumstances and work experience. Each sectoral introduction and education stage involves Swedes in the profession, as well as extra language support based on the participant's individual needs. In 2017, three occupational stages were developed in elderly care, industry & manufacturing, and institutional kitchens.

### The care stage

Sectoral introduction, Elderly care

- Stage 1: Service assistant
- Stage 2: Care assistant
- Stage 3: Assistant nurse focusing on elderly care
- Stage 4: Assistant nurse

## Adult education – some key figures

	2015	2016	2017
Net cost (MSEK)	394	372	467
Net cost development (%)	0.8	-5.6	25.5
Number of full-year places purchased	12,737	12,318	12,810
– of which basic adult education	1,763	1,623	1,463
– of which upper secondary adult education	4,551	4,430	4,577
– of which Swedish for Immigrants (SFI)	6,355	6,208	6,717
Vocational higher education	1,368	1,524	1,626



The net cost for municipal adult education increased by 25.5% in 2017. The explanation for the cost increase is primarily technical, since NAV has received financing for large parts of the Swedish for Immigrants (SFI) education as a municipal subsidy, whereas before this was funded by transferring state subsidies for standard funds allocated for receiving refugees in the municipality. The municipal subsidy also increased in 2017, as the committee was compensated for the new commitment to offer qualifying education at upper secondary level for people requesting it.

The volume of education increased in 2017, primarily relating to SFI. This was because many of the refugees who arrived in Gothenburg in 2015 now have residence permits and began SFI classes in 2017.

## FUTURE ISSUES

- Improve opportunities for groups that are far from the labour market to enter working life.
- Reduce study drop-outs and ease the path to adult education.

**Strong growth with still-rising employment and less unemployment. Developments in the business climate called for greater focus and prioritisation. Overall port volumes were unchanged despite a dramatic decline in the container port. The hospitality industry is growing.**

## Industry and tourism

### Important improvement work on conditions for enterprise

Programmes for the City's work on industry issues and the hospitality industry were produced during the year, and are expected to be adopted in 2018. An innovation programme has also been adopted, which lays the foundation for a structured approach to innovation in the City's operations. These three programmes focus on the City's efforts, and together they will help to ensure greater clarity and coordination. In the long term this means better conditions for enterprise, and by extension for the City's ability to achieve the goals in these areas.

Gothenburg is actively involved in ensuring that we can better meet the challenges that a growing city and a rising population entail. We do this by being an active testbed for innovative, sustainable solutions, and we have the most testbeds in Sweden. A testbed can be a physical or virtual environment in a real urban setting or a laboratory, where businesses, academia and other organisations can work together. The aim is to jointly develop, test and refine new products, services, processes and organisational solutions.

The main limitation to continued development is a lack of suitable skills, and this is a distinct obstacle for the city, the region and enterprise. Technological developments, such as digitalisation, are causing old occupations to vanish and new ones to appear at an increasing rate. Many of the jobs we will have in 20 years' time do not yet exist, and this demands great flexibility both in the education system and among the workforce.

### The regional perspective

Economic growth is driven by city regions which compete for skills and capital on a global market. Enterprise does not recognise municipal boundaries, but is based more on the region as a platform for reaching its markets around the world. The bigger the region, the greater its ability to generate growth.

### Gothenburg ranks highly in several international comparisons:

- Innovations – EU Regional Innovation Scoreboard 2016, an innovation leader among 214 regions
- Connectivity – European Cities and Regions of the Future 2016/2017, ranked 9th out of 468 cities/regions
- Growth potential – Performance Index 2014, ranked 10th out of 117 regions

- Competitiveness – Europe 2020 Regional Index 2015, ranked 5th out of 268 regions
- Skills – Global Cities Talent Competitiveness Index 2017, ranked 5th out of 46 cities
- Sustainable destination for tourism – Global Destination Sustainability Index, voted the world's leading sustainable destination

### Business

Economic development in the Gothenburg region during the year has been very strong. In late autumn 2017, the economic index for the region was at the level of a booming economy, with growth in jobs of just under 3%. The number of jobs vacancies remains high, and unemployment is still the lowest among Sweden's city regions.

- +5.3% growth in payroll, total (equates to SEK 1.8 billion in real terms)
- +2.3% growth in employment (538,700 employed compared to 526,700 in 2016)
- -0.3 percentage points unemployment, annual basis (5.6% compared to 5.9% in 2016)
- 752 (750) sectors in the Gothenburg region municipalities, equating to 92% of all sectors in Sweden

Despite the positive economic development in recent years, a SALAR survey indicates a stop in the improvement of the business climate in 2017 (preliminary result, final result for 2017 to be presented in April). Continuing long-term efforts to improve the business climate is a key issue.

### Logistics

The Gothenburg region's strategic location in Scandinavia, with an international airport with air cargo and the biggest port in Scandinavia, makes the region Sweden's leading logistics hub.

Since no decision was reached in 2017 regarding state co-financing for deepening the shipping lane, this remains a crucial issue in the port's future competitiveness. A deeper shipping lane is vital if the port is to regain volumes lost to other ports.

Gothenburg Port Authority put great focus on developing spaces near the port for warehouse and logistics buildings, and new areas are now being filled there. It is becoming ever more important for ports to be able to offer logistical services in the port area to allow swift transshipment of goods.



Total goods handling at the Port of Gothenburg amounted to 40.8 million tonnes, which is on a par with 2016. Container volumes fell for the fifth consecutive year and the decline in 2017 was particularly dramatic with a 19% decrease on 2016. The main reason is less shipping traffic due to repeated disputes at the container port. Meanwhile, car volumes increased and Gothenburg is now Scandinavia's largest port for cars. Intra-European ro-ro traffic increased for the third year in a row, thanks to an extended route network and higher frequency. The energy port had record volumes once again with 6,200 calls in 2017 with a collective gross weight of 148 million tonnes, which is on a par with 2016.

### The hospitality industry

Growth and a strong economy have been prominent features of Gothenburg's hospitality industry in 2017 although not as palpable as in recent years, primarily due to a lack of capacity. In 2017 approximately 4.8 million guest nights were sold at hotels and youth hostels in the Gothenburg region, an increase of about 2% on 2016.

Some figures from the year: a year of events with 351 (407) events and 1.8 (1.8) million visitors. Liseberg received 3.1 (3.1) million guests and shows a stable results trend over several years. Halloween exceeded all expectations and helped to further strengthen Gothenburg as an autumn destination. The City Theatre saw very strong audiences with some 117,000 (93,000) visitors and 82% (73%) of seats sold.

Göteborg & Co is responsible for the City Council's goal that "Gothenburgers shall have greater opportunities to be tourists in their own city. There have been

several collaborations with An Equal Gothenburg, city districts and others during the year, so as to jointly find solutions and create opportunities in the city.

Plans for a new arena in the event zone are taking greater shape and a proposal was presented at the end of the year. A decision on a new arena can be made in 2018 and would mean considerably better opportunities to expand the range of events.

### Trade & industry and hospitality

Thousands	2013	2014	2015	2016	2017
CSI Business Climate	n.a.	67	68	69	68
Containers – TEU	858	837	820	798	644
Ro-ro – units	557	549	532	538	593
Guest nights – hotels	3,800	4,100	4,500	4,700	4,800
Visitors Liseberg Park	2,800	3,100	3,100	3,100	3,100
No. of events	374	430	348	407	351
No. of event visitors	1,400	1,300	1,500	1,800	1,800

### FUTURE ISSUES

- Improve the business climate
- Nurture a competitive port
- Implement the strategic business, hospitality industry and innovation programmes



The City's work on equal opportunities and human rights has benefited citizens and users, but there are wide variations in to what extent the operations tackle the work.

## Equal opportunities and human rights

### Important improvement work to provide opportunities to ensure equal access to the City's services

People of all ages, of different genders and different backgrounds have visited various cultural events to a greater extent since the offering was expanded. The Culture Administration, along with the companies Göteborg & Co AB and Got Event AB, are organisations that have systematically reviewed their exhibitions, stage performances and programming.

City districts, specialist administrations and companies have started to include an equal opportunities perspective in their operational and business plans, to achieve a more structured approach in their work on human rights. The aim is, once routines, priorities and decisions have been changed, that the people in contact with the operations will have their rights better accommodated.

These organisations, along with Liseberg AB, have also worked systematically to ensure equality among culture providers. These efforts have led to just as high a percentage of female and male artists' works being acquired for the Museum of Art, and an equal proportion of female and male artists on the city's stages. The Sports and Associations and Parks and Landscape Administrations have also successfully incorporated an equality perspective when planning new facilities, parks and outdoor areas. One example is the playground in Vasaparken, which has been designed based on an equality perspective.

Most of the City's administrations and companies are formulating equal opportunities plans based on an employer perspective, but these plans have not contributed to the same positive development as above.

### Initiatives for greater integration and the right to work and housing

Initiatives have been taken during the year focusing on rights issues. For instance Älvstranden AB, in association with the business community, has developed working methods that enable everybody, regardless of background, to have equal rights to the central part of the city. One of the projects is called Vattenvana, a sailing project in association with the Royal Gothenburg Yacht Club, which has created meetings and mutual integration for almost 600 children and young

people. The Labour Market and Adult Education Administration too has had ongoing projects during the year to shorten the path into work or studies for new arrivals and people born outside of Sweden. Moreover, the Framtiden group has drawn up a common rental policy, removing previous requirements on income and references to ensure that apartments are allocated fairly.

### Support for students in breaking gender stereotypes in work and education

The study and careers guidance service plays an important part in supporting students in taking a critical approach to norms and values when choosing a career or study path. Supported by the Vägledningscentrum guidance centre, all upper secondary schools began developing a plan for making study and careers guidance the responsibility of the entire school during the 2017/2018 academic year. A similar process for 35 compulsory schools was also finished in 2017 with the centre's help. Also during the year, the centre has overseen a project involving all personnel relating to norm criticism, democracy and human rights. Different methods are gradually being developed that can be used in the schools.

### More reports of offensive treatment at schools

In recent years, school principals have been informed about legislation and procedures in the event of a pupil being subjected to offensive treatment. The initiatives have had an effect as the number of reported cases has increased significantly. For example, many schools have organised themed days on human rights. Preventive work focusing on norms does however need to be developed, and a mapping process has begun to identify the greatest challenges.

### Knowledge-raising initiatives on human rights

As part of the City's extended remit now that EuroPride, Europe's biggest LGBTQ event, will be held in Gothenburg for the first time in 2018, the City Management Office and the City Theatre began working together in autumn 2017. At the end of November, three days of skills-building seminars and discussions for City



employees were held at the City Theatre. Efforts to raise knowledge in the area will continue in 2018.

Other education activities for City employees have focused on increasing knowledge and understanding of how racism affects people's opportunities and society's development. Another focus area has been national minorities and what it means to be part of the Finnish-related administration.

Living History, a project which aims to support school initiatives on democracy and human rights, has worked with various networks and players to host activities with a cultural element to reach young people. Also during the year, Living History has helped to hold study days for teachers.

### **The City of Gothenburg Council on National Minority Roma has been formed**

The council comprises representatives from the Roma minority and politicians from the City Executive Board. The council met twice during the autumn. The council aims to act as an advisory board for the Municipality on strategic issues relating to life conditions for Roma as a national minority, and will focus on education and language, as well as social services and housing.

### **The City's first LGBTQ plan**

2017 saw Gothenburg's first plan focusing on the life conditions of LGBTQ people. Based on this, in the autumn the University of Gothenburg, as tasked by the City Management Office, initiated a major study into the working environment for LGBTQ people employed

by the City. The study will be presented in summer 2018. Similarly, the Swedish Secretariat for Gender Research conducted a renewed norm-critical inspection of the City's website, goteborg.se, as commissioned by the Committee for Consumer and Citizen Services. The report will be presented in February 2018.

### **Heightened ambition in work against honour-related violence and oppression**

A person responsible for coordinating strengthening efforts against honour-based violence and oppression has been appointed. In order to secure the right of all Gothenburgers, and young people in particular, to live a life free of violence and oppression, a process has begun to map the extent and nature of honour-based violence and oppression. This is being done alongside Stockholm and Malmö, will be presented during 2018 and takes an intersectional approach highlighting the vulnerability of LGBTQ people. Alongside the mapping, work on a plan against honour-based violence and oppression has also begun.

### **FUTURE ISSUES**

- Combat increased polarisation in Gothenburg
- Help to ensure equal access to the City's services
- Combat stereotypical norms relating to gender in the work against violence

A number of activities were initiated and implemented during the year to reduce the differences in life conditions for the people of Gothenburg. Efforts relating to children and families were strengthened. The adolescent health clinics started opening on Saturdays. The initiatives were carried out in collaboration, within the City of Gothenburg or with other organisations such as Region Västra Götaland. In the City of Gothenburg's budget for 2017, the public health goal was a priority: Gothenburg shall be an equal city.

## Public health

### Important improvement work for children and families

There was a collaboration with Region Västra Götaland (VGR) during the year, aiming to improve the environment in which children and young people grow up by strengthening the family. During the year, each city district employed a coordinator for family-centred working methods. These people will coordinate and drive developments in their respective districts. The UN Convention on the Rights of the Child is one of the coordinators' points of departure.

A further two family centres opened in Gothenburg in 2017, one in Lövgärdet and one in Kungssten. One of the centres includes an open pre-school, a children's healthcare centre, social workers and an antenatal clinic. Some of the family centres in the city also include other services such as libraries and public dental care.

### Investment in adolescent health clinics

In 2017 the six adolescent health clinics in Gothenburg received just over SEK 7 million from the state for mental-health initiatives. Some of the money was used to open on Saturdays so as to increase availability. The adolescent health clinics also focused on targeted group activities for young people subjected to sexual assault. The majority of the funds were used to strengthen work on mental health, both at the clinics and in outreach activities with schools, for instance.

### What is equality?

The University of Gothenburg was tasked by the City of Gothenburg with holding a course in autumn 2017 on Equal Health – theory and practice for a socially sustainable development of society (7.5 credits). The course was attended by officials and politicians from VGR and the City of Gothenburg. The aim of the course was to provide knowledge of life conditions and health, as well as information about how to manage an effective pro-equality process. The course was fully subscribed from the start. Opinions gleaned from the participants' comments will be used as basic data ahead of future procurement.

Efforts to develop an online training course on equality began during the year. The course will be launched in early 2018.

### An equal city

There is an ongoing project within the City of Gothenburg called An Equal Gothenburg. An Equal Gothenburg is a City-wide project spanning all committees and boards. The work is organised in a coordination group, into five focus areas. The coordination group comprises administration heads and directors, and serves as a strategic management. There is a focus leader for each focus area. The focus leader has overall responsibility for managing the work for the whole city.

#### These focus areas are:

- Give every child a good start in life (0–6 years)
- Give children a continued good foundation throughout the school years (6–18 years)
- Establish a foundation for work
- Create sustainable living environments that promote good health
- Create structural and general conditions

In 2017, more committees and boards reported to a greater extent than before that they are contributing to the work on the budget goal "Gothenburg shall be an equal city".

### FUTURE ISSUES

- Implement the City of Gothenburg programme for an equal city 2018–2026





When it comes to children, it is often easy to achieve consensus in the rhetoric, while other interests weigh heavily in the actual practical work. Conflicting objectives arise and prioritisation becomes necessary. The City of Gothenburg safeguarded children's best interests by always highlighting matters from the children's perspective before making a decision, and by allowing children to have a say in matters relating to them.

## Children

### Important improvement work for children

Most municipal issues affect children in some way, whether directly or indirectly. The City of Gothenburg therefore has various approaches for capturing children's perspectives in various matters. The City of Gothenburg took measures to include the children's perspective before making decisions. The City Council decided that every committee and board should highlight the children's perspective in their decision data. The City's tool for analysing the consequences for children was also used, thus further highlighting the children's perspective in city planning.

Ahead of most decisions, the children's perspective entailed analysing conceivable consequences for children, but it also involved the children themselves giving their views on the matter. In Angered, Unga Stadsutvecklare (Young City Planners) created a brand new meeting-place, Youngered, and the youth council took part in the referral procedure on the City's new architecture programme. During the year, children and young people had a say in the design and content of spaces for play and activity in e.g. Vasaparken, Bergskristallsparken and Nya Flatåsparken.

### Children's perspective doesn't always win through

Children's space, or lack of space, in the condensed city is obvious. It was observed that in both completed and ongoing planning, there was a lack of solutions for municipal service requirements, and particularly pre-schools and schools. In the construction of Östra Kvillebäcken, for example, more homes were planned while the number of pre-schools remained the same. Pre-school playgrounds were 200 to 400 square metres, which is seven square metres per child. This was well below the National Board of Housing, Building and Planning's recommendation of 40 square metres per child in pre-school. To resolve the situation, the pre-schools were instead expected to use public spaces in nearby parks. Political mandates, investigations and work groups were started during the year to identify solutions and restore the balance, so as to secure children's natural place in the city.

### Conflicting objectives in child-related operations

Sweden's national goals in education are ambitious, and at times one requirement makes it more difficult to achieve another. For instance, the City of Gothenburg as the principal authority for schools was tasked with ensuring that every pupil received the guaranteed teaching time, and that all teaching was given by a teacher qualified both in the subject and for the year group in question. However, there were not enough teachers to recruit to meet the latter requirement. Pupils did receive the guaranteed teaching time and the level of qualification was high, but not fully complete. The City of Gothenburg took measures to recruit more teachers.

In social child welfare, the legislative structure can sometimes put parents' empowerment before that of the children. When children risked getting hurt due to shortcomings in home circumstances and lack of parenting ability, however, conflicts of interest can arise between children and parents. The influence and empowerment of children have been strengthened, as for several years the social services have been applying a work method that focuses on the child's needs. Children taken into care have their own, specially appointed child secretary who has regular contact with the child.

For children in difficulty, there is much to indicate the importance of an early response and maintaining a big picture of the child's situation. Despite the obvious need, there were still shortcomings in cooperation in the area of children and young people. However, the City-wide work as part of An Equal Gothenburg, which involves all City committees and boards, aimed to assure an approach that was broad and long-term in its vision, while also working across different sectors.

### FUTURE ISSUES

- Protect places where children can play and be active as the city grows
- Harness the knowledge of children and young people early on in processes related to the city's development





# 3

## GOTHENBURG MUNICIPALITY FINANCIAL ANALYSIS

The term Gothenburg Municipality refers to the committees and other items within the tax-funded operation. In this block, the financial position and development of the Municipality are analysed from a number of perspectives. The block also provides a summary of the financial key figures and finally a brief description is given of the financial results of the district committees and the departmental committees, followed by the Municipality's operational account.



# GOTHENBURG MUNICIPALITY FINANCIAL ANALYSIS

65

## **Financial analysis of Gothenburg Municipality**

A financial analysis of Gothenburg Municipality has been carried out in which development, trends and an overall perspective play an important role. The analysis should make it possible to assess the organisation's ability to finance a high-quality operation in both the short and long term.

72

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

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

74

## **Financial key figures – the Municipality**

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

75

## **District committees – financial performance**

Analysis of the district committees' financial performance for the year.

76

## **Departmental committees – financial performance**

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

77

## **Operational accounts**

Operational accounts must be included in the Annual Report by law.

Gothenburg Municipality reported structural earnings of SEK 533 million for 2017. The financial margins therefore improved slightly compared with recent years. Nevertheless, the margins are expected to remain low, taking into account the financial challenges faced by Gothenburg Municipality. Bottom-line earnings amounted to SEK 2,128 million, which includes non-recurring items. The volume of investment, which increased in relation to the previous year, is rising as Gothenburg is facing urban development on a large scale.

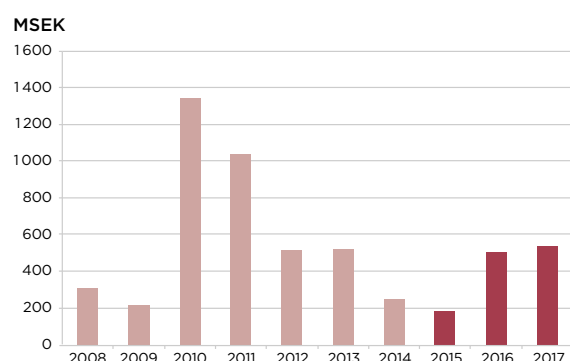
## Financial analysis of Gothenburg Municipality

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

The diagrams below show the results over a 10-year period in order to present a picture of development over time and enable an approximate trend assessment. The analysis however focuses on development during the past financial year, and the years immediately prior to that.

### Net earnings for the year and earnings trend

#### Structural earnings



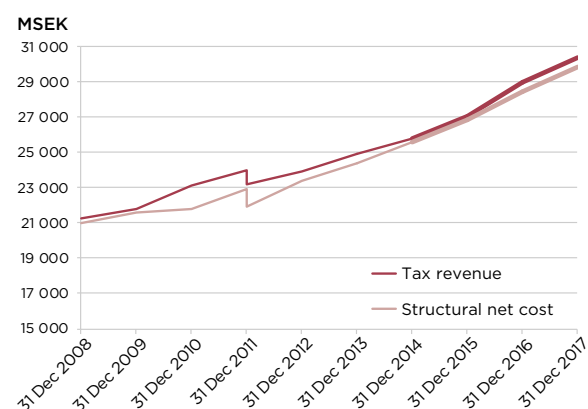
Structural net cost comprises net operating expenses excl. items affecting comparability and extraordinary items, as well as capital gains and dividends. This figure set against tax revenue and municipal financial equalisation produces the structural earnings.

Gothenburg Municipality reported bottom-line earnings of SEK 2,128 million in 2017. However, in order to see the underlying ongoing operating earnings and analyse what this figure means in the longer term, earnings are also reported excluding various non-recurring items. These earnings are termed structural earnings. The diagram above shows structural earnings over the

past 10 years. Structural earnings for the year were SEK 533 million, and this means the financial margins have strengthened somewhat compared with recent years. Structural earnings equate to 1.8% of the combined tax revenue and municipal financial equalisation. Over the past five years, this figure has averaged 1.4%.

### Development of tax and net costs

#### Development of tax revenue and net costs



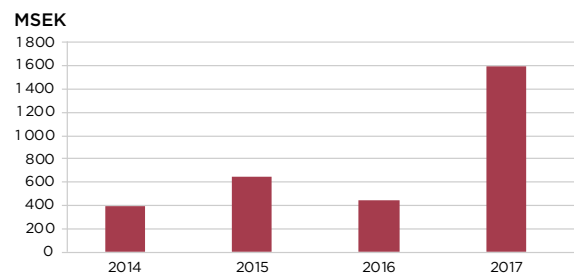
The surplus in the income statement means that the combined net operating expenses are lower than tax revenue and general state subsidies. This revenue increased by 5.0% in 2017, which is lower than the previous year's increase of 7.0%. The average development of tax revenue and state subsidies has been 4.4% over a 10-year period. Structural net costs during the corresponding period increased by 4.8% a year on average. The increase in 2017 was 5.0%. The above diagram shows the difference between tax revenue combined with state subsidies and net operating expenses. Over the past two years tax revenues have, from a historical perspective, risen strongly which contributed to an increased positive difference between tax revenue and costs. Based on

forecasts of lower positive development of tax revenue and the challenges the Municipality is facing in urban development, with large investment requirements and increased costs due to changes in demographics, the margins are, however, small.

### Non-recurring items

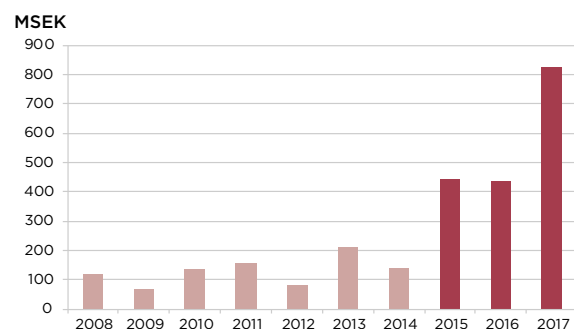
Non-recurring items comprise extraordinary items and items affecting comparability, such as capital gains from property sales and dividends from companies. Non-recurring items for the year amounted to SEK 1,594 million, compared with SEK 436 million the previous year. Capital gains from property sales have almost doubled between the two years, while during the same period dividends from companies totalled SEK 767 million.

### Non-recurring items (MSEK)



The development of non-recurring items over the past four years.

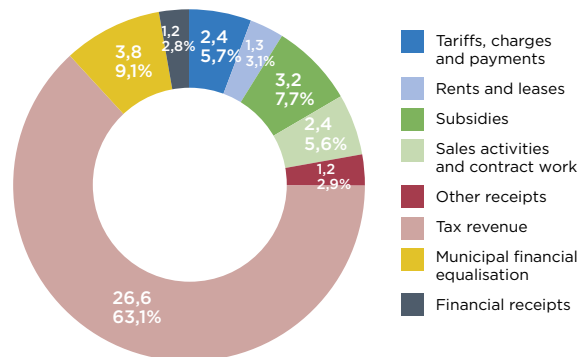
### Capital gains



Capital gains for the year for property transactions amounted to SEK 824 million, which is an increase of almost 90% on the previous year's figure of SEK 436 million. An average of just over SEK 100 million a year was reported for previous years in this century, see the diagram above.

### Receipts and expenses for the year

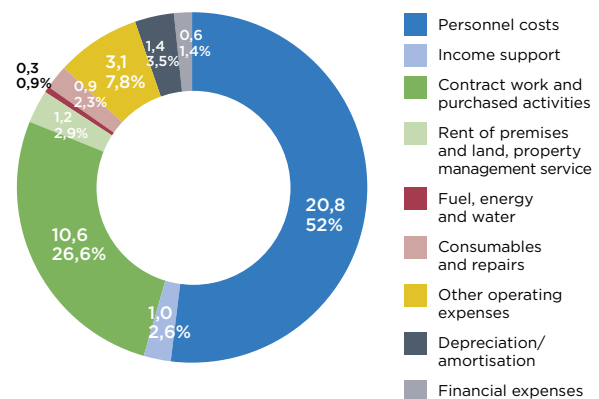
#### Receipts (SEK bn and as a percentage)



The committee sector's receipts totalled SEK 42.1 billion in 2017, which is an increase of SEK 6.7% on 2016. Tax revenue and the municipal financial equalisation jointly form the largest receipts item of SEK 30.3 billion, and this figure increased by SEK 1.5 billion (5.0%) between the two years. The operation's other receipts increased by SEK 1.2 billion. The large change can mainly be attributed to increased financial receipts in the form of dividends and receipts related to development.

Municipal tax was unchanged at 21.12% in 2017. County council tax to Region Västra Götaland was also unchanged at 11.48%. The average municipal tax was 21.30% in the region and 20.75% in Sweden.

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



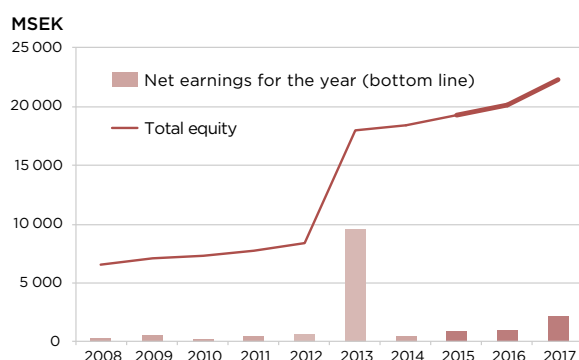
Total costs for the year amounted to SEK 40.0 billion, an increase of 3.8%. Personnel costs, which constitute the single largest item, increased by 6.1% between the years. This is partly the effect of an increase in employees and partly of wage negotiations. In terms of full-time equivalents, a parameter that states time worked, the increase was almost 1,050 full-time equivalents or about 2.7%. The previous year's increase was just under 1,500 full-time equivalents. Income support decreased for the fourth consecutive year. There has been a decrease of SEK 149.2 million during the period, which

equates to 12.6%. Operating expenses for the operation, which include costs for premises and purchases of materials, services and consumables, increased marginally by 1.1%, which is lower than the inflation rate which was 1.9% in December 2017. One of the reasons why these expenses did not increase more, even though the rising population affects the scope of assignments within health, schools and social care, for example, can partly be linked to changes in accounting principles with division into components. As a result of this change, more of what was previously treated as maintenance costs is now treated as investment expenditure.

Almost 27% of the operation's total costs comprise the purchase of main activities, i.e. the purchases of places at e.g. independent pre-schools and schools and contract work within elderly care.

## Development of equity and the equity-assets ratio

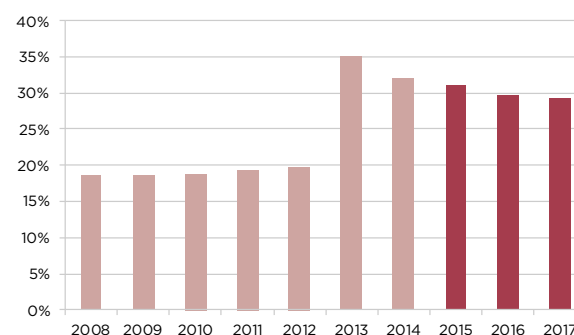
### Development of equity



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

Gothenburg Municipality's equity was strengthened by net earnings for the year of SEK 2,128 million and amounted to SEK 22.3 billion at the end of the year.

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



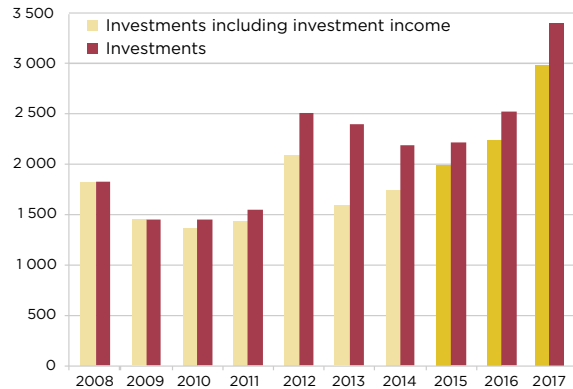
Comparison figures for the Municipality in 2016 have been adjusted as a result of applying RKR 18.1 and corrections/adjustments, see note 19.

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 above diagram 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. The equity-assets ratio, which increased strongly in 2013 as a result of the above-mentioned effects on earnings of restructuring the company sector, has subsequently decreased somewhat year on year despite positive earnings and increased equity. This is because equity decreased somewhat in relation to the increase in total assets. The increase can largely be attributed to the fact that borrowing for the whole Municipality is now handled centrally for both the Municipality and the company sector in the Municipality's internal bank. The assets side now also includes certain investments and the Municipality's leasing entered as a financial asset. In the combined accounts for the Municipality, in which internal dealings are eliminated, the equity-assets ratio is developing positively and therefore following more an expected improvement linked to the positive earnings trend (see Block 4 Financial analysis of the combined accounts).

## Investments

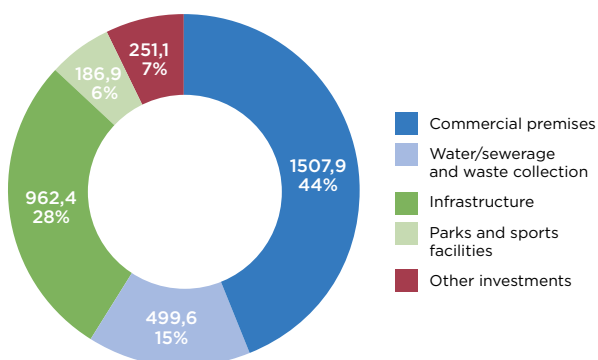
### Investments

MSEK



Gothenburg Municipality's total volume of investment during the year increased to SEK 3.4 billion. This figure was SEK 1.4 billion lower than the committees' total budget. A lack of specialists and project managers, as well as delays in permit processes, is the primary reason why projects have been postponed. Some of the volume of investment has been financed through investment income which totals SEK 0.5 billion. This means that SEK 2.9 billion of the volume of investment had to be financed through the City's own funds. The above diagram illustrates how the investments have increased over time, with some slowing in connection with the economic downturn which began in late 2008. Investments for the year, including investment income, amounted to 8% of the Municipality's gross costs, which is an increase of a couple of per cent compared with the previous year. This figure is also at a higher level now than before compared with all municipalities, whose investments have amounted to 6-7% in recent years.

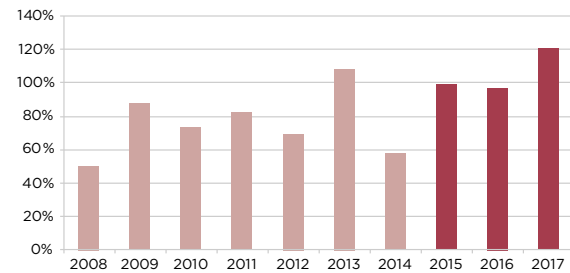
### Investment expenditure (MSEK and per cent)



The above diagram shows that almost half of the investments for the year were in operating premises, with pre-schools, upper secondary schools, elderly care

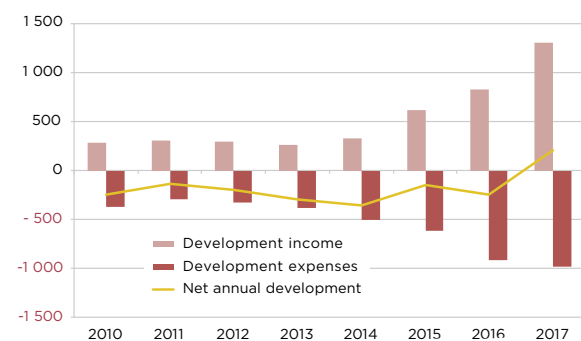
and buildings with special service accounting for the largest activities. Investments in water/sewage-related activities were 15% and investments in infrastructure related to development activities were 28%.

### Degree of self-financing of the year's net investments



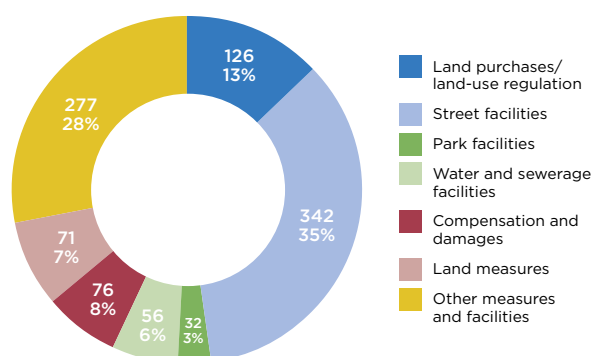
The degree of self-financing of investments during the year measures what percentage of the investments can be financed through the tax revenue remaining after the ongoing operations have been financed. Despite an increase in net investments, the degree of self-financing has been high in recent years: 96% in 2016 and 121% in 2017. The increased capital gains from property transactions in recent years coupled with increased depreciation/amortisation are major contributors to the higher figures. In 2017, dividends from the companies also contributed to the improved degree of self-financing. The degree of self-financing excluding dividends is 94%.

### Development activities



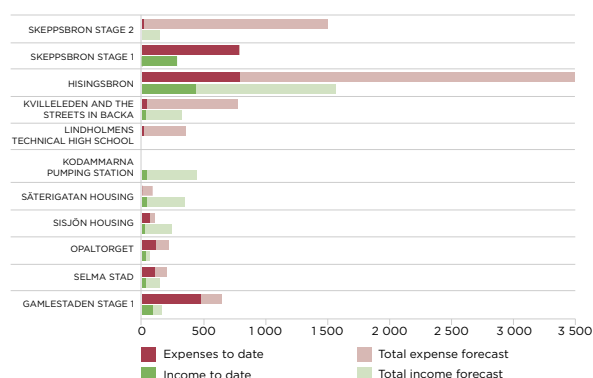
The extensive urban development the Municipality is facing is beginning to impact on the accounts. The diagram shows the increasing finances for development activities, which encompassed SEK 1.3 billion in 2017. Note that the income side only reports external income for the sale of land. In cases where the Municipality grants the use of land in the form of site leaseholds, annual income is received in the operation. The development finances reported a positive cash flow of SEK 324 million for 2017 compared with a mostly negative cash flow in previous years (see diagram above).

### Development measures by type (MSEK and per cent)



Measures that fall under development activities include land purchases and constructed street, park and water/sewage facilities. Expenditure in the form of damages or compensation can arise when, for example, a site leasehold expires and an operation is relocated. Land-related measures include archaeological surveys and stability measures. Other measures and facilities covers the relocation of pipes and the expansion of other facilities. This part increased strongly compared with 2016 because it includes measures to over-deck Götaleden.

### Investment and development projects (MSEK)

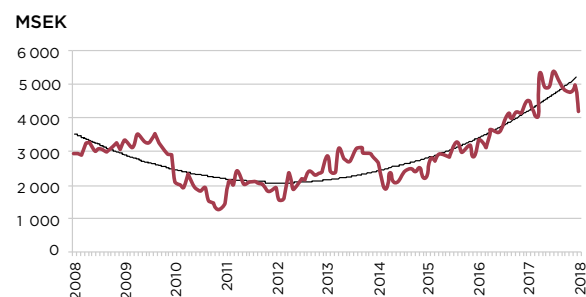


The diagram presents a selection of ongoing and significant projects that are being implemented where local plans have been decided for the development projects. The projects are chiefly significant financially, have been decided at City Council level or are significant in other respects.

The projects only account for part of the City's total project portfolio and the projects' total volume of expenditure equates to the total volume of investment and development for the City in just over one year.

### Development of net borrowing

#### 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 fell in 2009 and 2010, and then increased again in recent years. Borrowing was slightly lower at the end of the year than the previous year due to the receipt of large payments, mainly from the Swedish Migration Agency, at the end of the year. Property sales for the year increased by almost SEK 400 million, which contributed to lower net borrowing. This creates scope for investments that do not need to be financed through loans to such a large extent.

### Budget performance

MSEK	Budget for 2017	2017 annual accounts
Earnings, committees	-9	159
Earnings, central municipal items	-558	378
<b>Earnings before non-recurring items</b>	<b>-567</b>	<b>537</b>
Items affecting comparability	-	-
Capital gains	-	824
Dividends from companies	767	767
<b>Earnings</b>	<b>200</b>	<b>2,128</b>

The City Council budgeted for a surplus of SEK 200 million for 2017. One condition for achieving this result was a dividend of SEK 767 million from company profits. The committees, which had budgeted for a deficit of SEK 9 million, ultimately reported a surplus of SEK 159 million, resulting in a positive deviation of SEK 168

million. The operation's positive earnings can largely be attributed to lower capital costs than budgeted for as a result of postponed investments. If this result is set against the committees' total costs of SEK 40 billion, the deviation was 0.4% and based on this the deviation is deemed to be marginal in relation to the scope of the committees' assignments.

A surplus of SEK 378 million was reported at central municipal level, which equates to a positive deviation of SEK 936 million. The main reasons for the deviation are an increase in tax revenue and an improvement in the outcome of the municipal cost equalisation compared with what could be forecast using the data available when the budget was adopted. The provisions created in the budget for the committees' use of equity and for increased capital costs have not been fully utilised, which is why this also contributes to the positive deviation.

The Municipality's positive deviation compared with the budget can also largely be explained by gains from property sales amounting to SEK 824 million. This item was not budgeted for and is excluded from the balanced budget requirement analysis.

The interim accounts in August forecast earnings of approximately SEK 1,517 million, and in the follow-up in October the forecast was raised to SEK 1,957 million. The main reasons for the difference between this year's net earnings of SEK 2,128 million and the forecasts were higher outcomes regarding tax revenue and the cost equalisation and higher capital gains for property transactions than previously estimated.

## Concluding analysis

The City of Gothenburg is in an expansive phase. The city is growing with more residents, homes and work-places, and extensive infrastructure projects are essential to this growth. A higher number of residents also increases the size of the municipal operation, which means more employees and investment in new operating premises.

Bottom-line earnings for the Municipality were above budget and earnings have been stable in recent years. This level of earnings, however, has largely been achieved through an increase in capital gains and in the past year also through a dividend from the municipal companies. The structural earnings appear low in relation to the challenges the City faces.

The financial challenge for the future is to meet the high investment requirements of upcoming urban development and increased costs due to changes in demographics. An unchanged level of earnings entails a risk of requiring a high level of borrowing to finance investments, which in turn may result in higher efficiency demands in the ongoing operation. From a forward-looking perspective, it is important to evaluate what level of earnings is required in relation to tax revenue, and thereby the scope of the operation, to ensure continued good financial management.

Control over cost development and the ability to run an efficient operation in particular are the crucial factors in ensuring the financial situation remains sustainable. Good long-term planning and careful monitoring with in-depth analysis for effective governance of the operation will become increasingly important.

A few financial parameters are summarised below, along with an assessment of whether the trend for that parameter is constant, increasing or decreasing.

		Comments
<div> <div>✓</div> <div>⇒</div> </div>	Earnings	Gothenburg Municipality has recognised positive earnings for a number of years, but the significance of capital gains on earnings has increased in recent years. Moreover, earnings have also been strengthened further in 2017 by the companies' dividend to the Municipality. To date the Municipality has met the balanced budget requirement every year.
<div> <div>✓</div> <div>⇒</div> </div>	Development of tax and net costs	The financial margin between structural net costs and tax revenue was maintained in 2017 following a sharp rise in tax revenue in 2016.
<div> <div>✓</div> <div>↗</div> </div>	Degree of financing of investments	The volume of net investment has gradually increased in recent years but strong net earnings for the year mean that despite this the degree of investment financing through tax has increased.
<div> <div>✓</div> <div>⇒</div> </div>	Equity-assets ratio	The Municipality's equity-assets ratio is its equity as a percentage of total assets, and it illustrates what proportion of the Municipality's assets are financed through equity. This parameter is relatively stable and is approximately 30%.
<div> <div>✓</div> Acceptable value/Control           <div>✗</div> Low value/risk         </div> <div> <div>⇒</div> Constant/varying trend           <div>↗</div> Increasing trend           <div>↘</div> Decreasing trend         </div>		



	2013	2014	2015	2016	2017
Tax revenue trend	4.1%	3.6%	4.8%	7.0%	5.0%
Net cost trend excl. items affecting comparability	3.7%	4.2%	4.8%	6.0%	0.9%
"Structural" net cost development	4.2%	4.8%	5.1%	5.9%	5.0%
Equity-assets ratio as per the balance sheet	35.0%	31.9%	31.0%	29.7%	29.3%
Earnings trend (structural)	2.1%	0.0%	0.7%	1.7%	1.8%
Earnings (bottom line)	2.9%	2.4%	2.3%	3.2%	7.0%

Gothenburg Municipality achieved the statutory balanced budget requirement with earnings excluding capital gains of SEK 1,304 million and has thereby met the requirement every year since its introduction in 2000. The balanced budget requirement analysis for the year meant that a further SEK 1,000 million could be reserved for the earnings equalisation reserve (EER).

## Good financial management, the balanced budget requirement and the earnings equalisation reserve (EER)

The Municipality has adopted “Guidelines for good financial management and the application of the earnings equalisation reserve”. These guidelines state that the City Council must take account of six focus areas linked to the City’s financial situation in its annual budget decisions. Here is an overview of the how these focus areas have developed.

### Concluding assessment of 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 measured 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 after 2017 is that the targets have been met for five of the focus areas while the target for focus area three has partially been met.

The first block, the Administration Report, provides an assessment of goal achievement of the City Council’s operational goals. Most of the goals have been assessed as met to a certain degree but the assessment for one of the goals is that there has been no increase in goal achievement. The City Council’s goals are long term and ambitious, and this means that the assessment of a certain degree of goal achievement and the assessment of the six focus areas in the financial perspective provides the overall assessment: *Good financial management is deemed to prevail in the City of Gothenburg.*



## GOOD FINANCIAL MANAGEMENT, THE BALANCED BUDGET REQUIREMENT AND THE EARNINGS EQUALISATION RESERVE (EER)

Focus areas	Earnings
1. In the long term, the City shall strive for an earnings surplus corresponding to at least 2% of the Municipality's tax revenue and municipal financial equalisation. Earnings shall be compatible with the City's risk exposure.	Net earnings for the year (bottom-line earnings) equalled 7.0% of the Municipality's tax revenue and municipal financial equalisation. The average over a five-year period is 3.6%. 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 a long period. The focus area of surplus earnings of at least 2% is considered to be achieved both for 2017 and over time.
2. In the long term, the City shall ensure that volumes of investment are compatible with the City's long-term financing capability. The goal is a high degree of self-financing.	Gothenburg Municipality's net investments totalled SEK 2.9 billion in 2017. It should, however, be noted that several investments were postponed and will instead burden 2018 and subsequent years. Thanks to strong earnings, the volume of investment for the year meant that the degree of self-financing of investments remained high at 121%. It can therefore be said that the objective of a high degree of self-financing has been achieved.
3. In the long term, the City shall conduct urban development within the framework of good financial management.	The goal that the City's development activities should be conducted within the framework of good financial management should be viewed over time. Development activities in 2017, which turned over SEK 1.3 billion, had a positive cash flow of SEK 324 million after deductions against income. This is a major break in trend looking at the period from 2010. Average cash flow for the period has improved by approximately SEK 50 million and now averages SEK 20 million a year.
4. In the long term, the City shall measure and secure the financial commitments associated with owning the City companies.	Göteborgs Stadshus AB works actively to develop procedures for times when company decisions, of a fundamental nature or of great importance, have to be subordinate to the City Council in accordance with provision 3:17 (10:3 as of 2018) of Sweden's Local Government Act. For example, in 2017 the City Council decided on the Liseberg Anniversary Project and Göteborg Energi AB's investment in district cooling for Älvstaden.
5. When making important decisions on entering long-term commitments in any form or disposing of property, the City shall assess the financial consequences on the City's ability to maintain good financial management.	In the budget for 2017, the City Council stated that planning and decision data need to be developed to ensure that financial consequences for the City can be handled in good time and from a City-wide perspective. During the year, forms were developed and agreed for focus and investment decisions for significant projects. Implementation and formulation are ongoing.
6. In accordance with special regulations, the City may use the earnings equalisation reserve to offset changes in external conditions due primarily to economic fluctuations.	Based on previous years and net earnings for the year, Gothenburg Municipality's calculated balance for the earnings equalisation reserve is SEK 1,869 million. The provision enables the City to handle quickly arising losses of income resulting from external changes in order to meet the balanced budget requirement. This increases the time available for the City Council to restore financial balance if the situation occurs. The intention of this focus area has been met.

### Balanced budget requirement analysis

MSEK	2015	2016	2017
<b>Net earnings for the year</b>	<b>824</b>	<b>938</b>	<b>2,128</b>
Less all capital gains	-445	-436	-824
Certain capital gains applying exception options	-	-	-
Certain capital losses applying exception options	-	-	-
Unrealised losses on securities	-	-	-
Reversal of unrealised losses on securities	-	-	-
<b>Net earnings for the year after balanced budget requirement analysis, before allocation to EER</b>	<b>739</b>	<b>502</b>	<b>1,304</b>
Funds to earnings equalisation reserve (EER)	-108	-212	-1,000
Funds from earnings equalisation reserve (EER)	-	-	-
<b>Balanced budget requirement result for the year after allocation to EER</b>	<b>271</b>	<b>290</b>	<b>304</b>

Funds were allocated to the earnings equalisation reserve in 2013, partly for 2013 (SEK 441 million) and partly in accordance with the option in the law to make retrospective provisions from the years 2010–2012 (SEK 108 million). SEK 108 million

and SEK 212 million were allocated in 2015 and 2016 respectively. 2017 allowed a further provision of SEK 1,000 million, which means the total provision amounts to SEK 1,869 million. The item "Less all capital gains" includes gains that arose from the sale of non-current and current assets.

### The balanced budget requirement and the earnings equalisation reserve

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 2017 with earnings excluding capital gains of SEK 1,304 million.

# Financial key figures

Per cent	2013	2014	2015	2016	2017
Tax revenue trend	4.1	3.6	4.8	7.0	5.0
Net cost trend excl. items affecting comparability	3.7	4.2	4.8	6.0	0.9
<b>Proportion of running costs</b>	<b>96</b>	<b>100</b>	<b>97</b>	<b>97</b>	<b>93</b>
– of which operating income and expenses (net)	94	95	93	92	90
– of which planned depreciation/amortisation	3.3	3.4	4.3	4.3	4.6
– of which net financial items	0.3	-0.5	0.4	0.5	-2.0
– of which non-recurring items affecting comparability	-0.7	1.8	-0.7	0.0	0.0
<b>Net earnings for the year excl. items affecting comparability and extraordinary items/tax revenue and municipal financial equalisation</b>	<b>2.9</b>	<b>2.4</b>	<b>2.3</b>	<b>3.2</b>	<b>7.0</b>
<b>Net earnings for the year excl. extraordinary items/tax revenue and municipal financial equalisation</b>	<b>3.6</b>	<b>0.5</b>	<b>3</b>	<b>3.2</b>	<b>7.0</b>
<b>Net earnings for the year/tax revenue and municipal financial equalisation</b>	<b>38.5</b>	<b>1.5</b>	<b>3.0</b>	<b>3.2</b>	<b>7.0</b>
<b>Degree of self-financing of the year's gross investments</b>	<b>72</b>	<b>46</b>	<b>89</b>	<b>86</b>	<b>103</b>
<b>Gross investments/gross costs</b>	<b>7.8</b>	<b>6.8</b>	<b>6.5</b>	<b>6.8</b>	<b>9.0</b>
<b>Degree of self-financing of the year's net investments</b>	<b>108</b>	<b>58</b>	<b>99</b>	<b>97</b>	<b>121</b>
<b>Net investments/gross costs</b>	<b>5.2</b>	<b>5.4</b>	<b>5.8</b>	<b>6.1</b>	<b>7.7</b>
<b>Net investments/depreciation and amortisation</b>	<b>-193</b>	<b>-200</b>	<b>-173</b>	<b>-181</b>	<b>-209</b>
<b>Equity-assets ratio as per the balance sheet</b>	<b>35</b>	<b>32</b>	<b>31</b>	<b>30</b>	<b>29</b>
<b>Equity-assets ratio incl. all pension obligations</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>15</b>
<b>Total debt-equity ratio and degree of provision</b>	<b>65</b>	<b>68</b>	<b>69</b>	<b>70</b>	<b>71</b>
– of which degree of provision	5.9	6.0	5.6	5.1	4.9
– of which short-term debt-equity ratio	24	27	25	22	19
– of which long-term debt-equity ratio	35	35	39	44	47
<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>66</b>	<b>70</b>	<b>81</b>	<b>111</b>	<b>103</b>
<b>Net financial assets (MSEK)</b>	<b>-5,367</b>	<b>-6,074</b>	<b>-8,021</b>	<b>-10,550</b>	<b>-10,763</b>
<b>Net borrowing (Municipality's interest-bearing debt) (MSEK)</b>	<b>-2,638</b>	<b>-2,518</b>	<b>-3,315</b>	<b>-4,514</b>	<b>-4,260</b>

Comparison figures for 2016 have been adjusted where appropriate as a result of the increased application of RKR recommendation 18.1 and corrections/adjustments, see note 19. Key figures for other previous years have not been adjusted.

Balanced finances and lower cost increases in most operations.  
The cost of income support is less than SEK 1 billion for the first time since 2008.

## District committees – financial performance

Since 2011, Gothenburg has been divided into 10 district committees. The committees' activities are almost entirely financed through municipal subsidies. Municipal subsidies to the district committees, which are based on the size and composition of the population in each district, finance the district's net costs for pre-school, compulsory school, elderly care, services for people with disabilities and income support, etc. In addition, a special municipal subsidy is paid for a number of resource committee assignments, where the committee often has responsibility for meeting the needs of several districts or the whole city.

### Financial performance

The difference between the municipal subsidies and net costs is the committees' earnings. A committee can finance a deficit by using a surplus from previous years. The committees can use up to the equivalent of half a per cent of the municipal subsidy without the City Executive Board's approval.

In 2017, the district committees' earnings virtually broke even, which was approximately SEK 20 million higher than they had budgeted. Three committees, Östra Göteborg, Örgryte-Härlanda and Norra Hisingen, had earnings that were less than they had budgeted.

### Reduced cost increases in most operations

The net increase in costs in most operations was lower than in 2016. Overall, the increase in costs in 2017 can be attributed to higher wages and prices and a larger population.

In individual and family care the overall figure conceals a continued decrease in costs for income support, with costs there falling below SEK 1 billion for the first time since 2008, but also a continued high increase in costs for, in particular, purchased living spaces.

### Net earnings for the year

MSEK	Net cost	Municipal subsidies	Net earnings for the year
District committees' population frame	-23,346	23,336	-10
Resource committee assignments	-207	215	9
<b>Total DCs</b>	<b>-23,553</b>	<b>23,551</b>	<b>-1</b>

### Cost and staff volume trend for the population frame

Change in per cent	2015	2016	2017
Net cost	6.3	6.7	4.9
Payroll expense	5.1	6.2	6.2
Volume of staff, no. of hours worked	1.3	3.0	2.8

### Change in net cost per operation

Change in per cent	2015	2016	2017
Pre-school	3.9	4.3	4.3
Compulsory school, special needs school, childcare	9.0	10.1	6.9
Elderly care	6.1	5.4	3.5
Individual and family care	4.2	7.0	4.7
Disabilities	6.4	5.1	4.0

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

## Departmental committees – financial performance

### Financial performance

In total, the departmental committees reported net earnings for 2017 of SEK 161 million, which is SEK 150 million more than budgeted for the year. Compared with 2016, the earnings are slightly higher and the budget deviation is at around the same level. The departmental committees' equity at the end of the year was SEK 625 million. Two-thirds of the departmental committees' financing came from income within the Municipality or from external income, a total of SEK 11.4 billion during the year. One-third is financed through municipal subsidies which amounted to SEK 5.9 billion.

The majority of committees reported earnings that were higher than budgeted for. It is difficult to find staff in many categories and problems filling vacancies can mainly be found among the committees that work on urban development and investment. As a result of a lower capitalisation rate for investments, capital costs are lower, particularly for the Road Traffic Committee. Some of the committees have been unable to deliver on all of their goals due to a lack of resources, and consequently a positive financial result has been reported. The Committee for Allocation of Social Welfare has implemented cost-cutting measures which were effective, while at the same time costs for adjustment work were lower than the committee feared earlier in the year. For the Education Committee it is primarily the lower number of pupils than budgeted for that has affected its outcome.

### Reduced increase in costs

The departmental committees reported total costs of SEK 17.1 billion for 2017, which is SEK 0.6 billion higher than for the previous year. Driven in the main by the ambitions relating to urban development, many of the departmental committees' assignments grow year on year, as do the costs. In 2017, there were also extra costs and income linked to receiving refugees. Cost development has been affected by changes in accounting principle: whereas planned maintenance was previously entered as a running cost it is now entered as

an investment (known as component accounting). The effect on the departmental committees is estimated at approximately SEK 250 million. The cost development is also affected by existing high levels, which means that the percentage increase is smaller.

### Investments

The committees' investment outcome totalled SEK 3.4 billion in 2017, an increase of SEK 0.9 billion on the previous year. The Commercial Premises Committee and Road Traffic Committee account for the majority of investments for the year. The year saw major investments in, for example, pre-schools and compulsory schools, investments related to the West Sweden Package, and investments related to water and sewage. The committees' investment budget for 2017 was SEK 4.8 billion. The investments were thus not carried out at the rate planned, despite the increase in relation to the previous year. Several major investments were postponed and will instead burden future years.

### Net earnings for the year

MSEK	Net cost	Municipal subsidies	Net earnings for the year
Total for departmental committees	-5,788	5,949	161

### Cost and staff volume trend

Change in per cent	2015	2016	2017
Gross cost	7	8	4
Payroll expense	10	10	6
Volume of staff, no. of hours worked	8	9	2

MSEK	Receipts	Costs	Net costs	Municipal subsidies	Net earnings for the year	Closing equity
<b>DISTRICT COMMITTEES</b>						
Angered	392	-3,555	-3,164	3,165	2	102
Östra Göteborg	378	-3,164	-2,786	2,777	-9	53
Örgryte Härlanda	695	-2,744	-2,048	2,045	-3	16
Centrum	397	-2,002	-1,606	1,599	-7	51
Majorna Linné	635	-2,654	-2,019	2,023	4	46
Askim Frölunda Högsbo	549	-3,198	-2,649	2,675	26	69
Västra Göteborg	593	-2,977	-2,384	2,372	-12	58
Västra Hisingen	451	-3,154	-2,704	2,705	2	92
Lundby	449	-2,166	-1,717	1,717	0	28
Norra Hisingen	481	-2,751	-2,270	2,259	-12	28
Resource committee assignments	58	-265	-207	215	9	21
<b>TOTAL FOR DISTRICT COMMITTEES</b>	<b>5,078</b>	<b>-28,630</b>	<b>-23,553</b>	<b>23,551</b>	<b>-1</b>	<b>564</b>
<b>DEPARTMENTAL COMMITTEES WITH A SPECIAL FOCUS</b>						
Planning and Building Committee	211	-329	-118	124	6	21
Property Management Committee	499	-544	-45	66	20	38
Sports and Associations Committee	120	-520	-400	417	17	42
Purchasing and Procurement Committee	63	-53	9	0	9	13
Municipality Management	201	-509	-308	317	9	17
Committee for Consumer and Citizen Services	58	-113	-55	55	0	8
Cultural Affairs Committee	118	-511	-393	391	-2	15
Commercial Premises Committee	2,944	-2,598	346	-358	-12	48
Environmental and Climate Committee	56	-130	-74	80	6	10
Committee for Intraservice	767	-788	-21	21	0	11
Parks and Landscape Committee	463	-703	-240	240	0	24
Committee for Allocation of Social Welfare	853	-1,541	-688	702	14	55
Road Traffic Committee	2,235	-2,937	-701	744	44	103
Education Committee	1,028	-2,837	-1,809	1,827	17	97
Electoral Committee	0	-2	-2	2	0	0
Labour Market and Adult Education Committee	205	-852	-648	645	-2	28
Chief Guardians' Committee	0	0	0	0	0	0
<b>DEPARTMENTAL COMMITTEES WITH ACTIVITIES FINANCED BY TARIFFS</b>						
Eco-cycle and Water Committee	1,490	-1,456	34	0	34	84

## OPERATIONAL ACCOUNTS - GOTHENBURG MUNICIPALITY

MSEK	Receipts	Costs	Net costs	Municipal subsidies	Net earnings for the year	Closing equity
<b>OTHER DEPARTMENTAL COMMITTEES AND ALLOCATIONS</b>						
Archives Committee	40	-54	-15	21	6	13
Business Region Göteborg AB	0	-29	-29	29	0	0
Property Management Committee: transfers	0	-65	-65	69	4	4
GBG & Co Träffpunkt AB	0	-116	-116	116	0	0
Sports and Associations Committee: Adult Education Associations	0	-31	-31	31	0	0
Auditors' Office	5	-37	-32	33	1	3
Greater Gothenburg Fire and Rescue Services	0	-328	-328	328	0	0
Safe Beautiful City	0	-32	-32	32	0	1
Chief Guardians' Committee: fees	43	-69	-27	17	-10	-10
<b>OTHER DEPARTMENTAL COMMITTEES AND ALLOCATIONS</b>	<b>11,399</b>	<b>-17,184</b>	<b>-5,788</b>	<b>5,949</b>	<b>161</b>	<b>625</b>
<b>TOTAL FOR COMMITTEES</b>	<b>16,477</b>	<b>-45,814</b>	<b>-29,341</b>	<b>29,500</b>	<b>160</b>	<b>1,189</b>
<b>JOINT STATUTORY AUTHORITIES</b>						
Greater Gothenburg Rescue Services	637	-627	10	-	10	115
Acquisition company Gothenburg joint statutory authorities	268	-267	1	-	1	10
Minority interest	-	-3	-3	-	-3	-35
<b>Total for joint statutory authorities</b>	<b>905</b>	<b>-897</b>	<b>8</b>		<b>8</b>	<b>90</b>

# 4

## CITY OF GOTHENBURG COMBINED ACCOUNTS FINANCIAL ANALYSIS

In the municipal sector, Group accounts are referred to as combined accounts. In this block, the financial position and development of the combined accounts are analysed from a number of perspectives.



# CITY OF GOTHENBURG COMBINED ACCOUNTS FINANCIAL ANALYSIS

81

## **Financial analysis of the combined accounts**

A financial analysis of the combined accounts is presented in this section. Trends and overall perspectives are important elements of the analysis. The analysis should make it possible to assess the organisation's ability to finance a high-quality operation in the short and long term.

85

## **Internal transactions**

There are a number of internal transactions between the various accounting units in the combined accounts. A comprehensive report of these transactions is presented in this section.

86

## **Companies – financial performance**

These pages provide a brief financial description of the parent Göteborgs Stadshus AB, the seven 'clusters' and internal and regional companies. A number of financial key figures are shown in tabular form.

90

## **Foundations**

The City of Gothenburg manages almost 100 foundations for various purposes.

91

## **Sponsorship**

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

92

## **Financial monitoring and risk management**

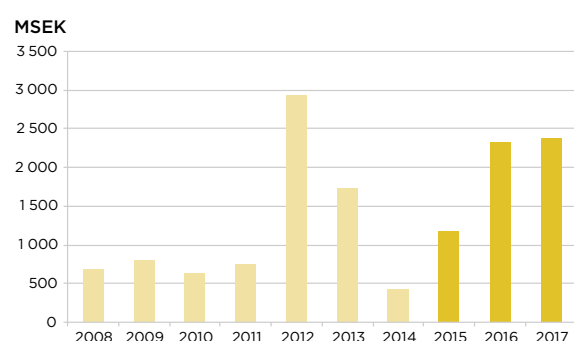
The City of Gothenburg has major financial commitments in the form of significant borrowing for the Municipality and to cover the needs of the companies. This section reports various risks concerning the City's commitments, among other things.

Net earnings for the year totalled SEK 2,369 million, which is largely unchanged compared with 2016. The long-term financial manoeuvrability thus strengthened slightly during the year. The volume of investment increased by SEK 1.1 billion to SEK 8.8 billion in 2017.

## Financial analysis of the combined accounts

This section provides a financial analysis of the City of Gothenburg's combined accounts, or consolidated accounts as they are called in the private sector. The combined accounts encompass the Municipality's committees, its companies and joint statutory authorities. The objective is to identify any financial opportunities and problems and thereby clarify whether Gothenburg Municipality has delivered good financial management, as stipulated in Sweden's Local Government Act.

### Net earnings for the year



Net earnings for the year for the combined accounts totalled SEK 2,369 million, of which the Municipality accounted for SEK 2,128 million, the companies SEK 1,146 million and the joint statutory authorities SEK 8 million. Adjustments for handling internal transactions, relating to the Municipality and the companies, amounted to SEK -913 million, and mainly comprised dividends (SEK 767 million) from companies to the Municipality and internal gains from property transfers.

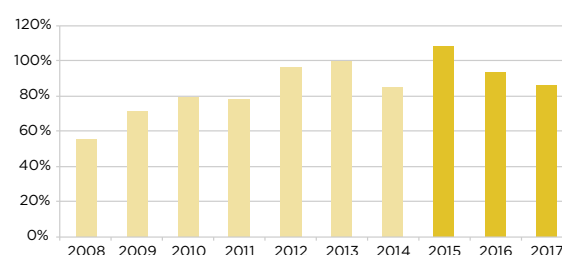
### Turnover for the operation

The City of Gothenburg Group reported income of just over SEK 56 billion in 2017, of which just over half comprised tax revenue and municipal financial equalisation. Income increased by SEK 1.1 billion compared with 2016 and tax revenue accounted for the majority of this increase. Within the Municipality, income increased by 4.2%, or SEK 1.5 billion. In the company sector operating income rose by 2.2% compared with the previous year.

### Investments

The City of Gothenburg Group faces major investment challenges, with extensive urban development and growth in the form of a larger population and the expansion of operations. Gross investment increased compared to previous years and amounted to SEK 8.8 billion in 2017, which is SEK 1.1 billion or 15% higher than last year. The total volume of investment, however, was approximately SEK 2 billion under budget, the main reason for this being the postponement of projects. The deviation is chiefly in the municipal sector and is due to difficulties staffing projects and delays in permit processes. In the company sector, Förvaltnings AB Framtiden in the Housing cluster accounted for SEK 2.0 billion of the investment. Other investments included SEK 0.8 billion in the Energy cluster, SEK 1.1 billion in the Commercial Premises cluster and SEK 0.4 billion in the Port cluster. The internal company Göteborgs Stads Leasing AB had a volume of investment totalling SEK 0.6 billion and the regional companies, primarily within waste collection, invested SEK 0.2 billion.

### Degree of self-financing of the year's investments



The degree of self-financing for the year's investments remained relatively high at 87%, but it was lower than the average for the previous five years, which was 95%. The degree of self-financing has decreased slightly compared with last year as the volume of investment has increased. The key figure is still relatively strong, mainly due to a large accumulated surplus. This figure is also partly affected by high depreciation costs, which create scope for investment.

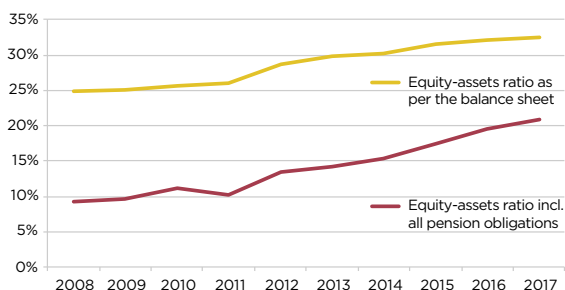
### Total assets

Total assets were SEK 95.3 billion, of which the Municipality accounted for SEK 76.2 billion and the companies for SEK 64.4 billion. Internal transactions within the combined accounts amounted to SEK 46.0 billion. The City of Gothenburg's total assets in participations in joint statutory authorities totalled SEK 0.8 billion. The Group's total assets increased by almost 14%, which can largely be attributed to the Municipality gradually taking over borrowing for the whole Group, and increased investments.

In the company sector the Energy, Housing and Commercial Premises clusters account for the majority of the assets, and these clusters account for over half of the total assets. Total assets were largely unchanged compared with 2016.

Return on equity and total assets are examples of profitability measures, which describe the earnings in relation to capital investment. Return on equity decreased marginally in 2017 from 8.1% to 7.7%. Return on total assets also showed a decrease from 4.2% to 3.8%. The average over a five-year period is still 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



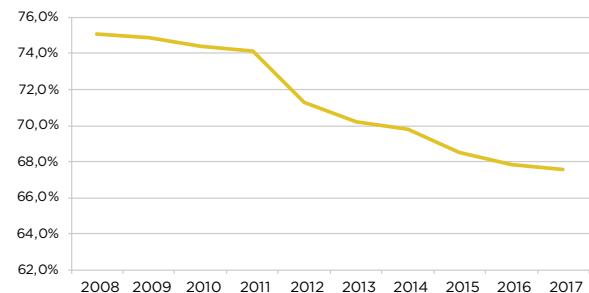
The equity-assets ratio is a measure of long-term financial manoeuvrability. The equity-assets ratio trend depends on the change in equity and assets. The equity-assets ratio for 2017 was 32.4%, which was a marginal change compared to 32.2% the previous year. The equity-assets ratio according to the fully funded model, which includes all pension obligations, increased by 1.4 percentage points and was 20.9% in 2017.

There is no general level for how high the equity-assets ratio should be for a city the size of Gothenburg, but a high ratio means greater manoeuvrability and a greater ability to handle fluctuations in the earnings trend. It is even more important that the individual clusters and companies included in the combined accounts have a good equity-assets ratio, otherwise the Municipality, as the owner, runs the risk of having to make up funds if the companies get into financial difficulties. The various

clusters show good, stable equity-asset ratios of between just under 20% and 70%.

### Indebtedness

#### Total debt-equity ratio and degree of provision

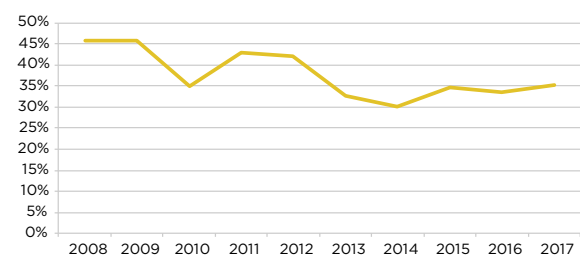


This key figure shows the size of the total indebtedness in relation to total assets. The debt-equity ratio amounted to 67.6%, a further, yet marginal, reduction compared to the previous year. This was positive for net financial items, and the reduced indebtedness signifies reduced financial risk.

The lower debt-equity ratio can partly be attributed to a high level of self-financing for investments, in other words, a lower leverage in relation to assets. Total borrowing was SEK 41 billion at the end of the year, an increase of just over SEK 2 billion on the previous year, but at the same time financial assets increased by SEK 3 billion, which is why the net result is positive. A transfer of Förvaltnings AB Framtiden's external loans to the Municipality's internal bank has begun, and all loans are expected to be transferred by the end of 2018.

### Liquidity

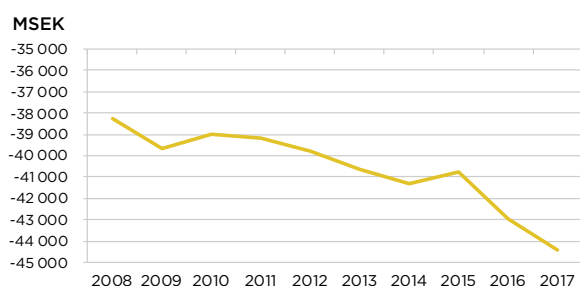
#### Acid-test ratio



Short-term manoeuvrability for the year in the form of the acid-test ratio was almost 35% for 2017, an improvement of 2 percentage points compared to the previous year. The Municipality's acid-test ratio decreased by 8 percentage points to 103% in 2017, while the companies' increased by 9 percentage points to 37%. The Municipality's internal bank also serves as an internal bank for the municipal companies. In recent years, the Municipality has had an acid-test ratio level whereby the

Municipality, from a short and medium-term financial perspective, does not need to take drastic measures to meet financial payments. It has recently been desirable to minimise liquid assets at the bank as costs are incurred as a result of negative interest.

### Net financial assets



The net financial assets parameter includes all financial assets and liabilities in the balance sheet that the Municipality expects to convert in the next 10–20 years, namely financial assets, current assets, and current and long-term 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 1.5 billion, which equates to 3.5%. The decrease over the past two years can largely be attributed to the increased application of RKR 18.1, transition to gross accounting in connection with investment income. In addition, accounts payable played a role in the decrease.

### Pension obligations

The Municipality's total pension obligations for 2017 amounted to SEK 16.0 billion, which is largely unchanged compared to the previous year. Of the total pension obligation, SEK 11.0 billion related to pension

obligations and special employer's contribution prior to 1998. These commitments are not recognised as a provision in the balance sheet, but as a contingent liability in accordance with Sweden's Municipal Accounting Act.

### Concluding analysis

The City of Gothenburg Group reported positive earnings of just under SEK 2.4 billion in 2017. A number of financial key figures indicate positive development during the year. Earnings contributed strongly to enabling the Group to extensively finance its volume of investment for the year through its own resources. A longer period of positive earnings has strengthened equity and increased the Municipality's equity-assets ratio, which improves its ability to handle any future fluctuations in the earnings trend. Although the debt-equity ratio decreased marginally compared with 2016, it has decreased over a longer period, which contributes to lower financial risk. The figure for medium-term financial manoeuvrability, which has gradually weakened over time, did however weaken slightly further.

Changes in demographics, for Gothenburg and the municipal sector in general, show that funding for welfare is becoming increasingly strained. The City of Gothenburg's report on long-term economic conditions 2017–2035 (Göteborgs Stads långsiktiga ekonomiska förutsättningar 2017–2035), indicates a gap between the development of income and costs respectively of around 1% a year up to 2035.

While the economy is booming, it should be noted that Sweden and Gothenburg are dependent on how the global economy develops. GNP forecasts and uncertainty regarding current interest rate levels mean it is even more important for the Group to monitor its own financial development and carry out active governance to minimise the risks related to factors such as economic downturns. A future challenge will be controlling the large investments needed both in the Municipality and in individual companies.



## FINANCIAL ANALYSIS OF THE COMBINED ACCOUNTS

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

MSEK	Committees	Joint statutory authorities	Companies	Group eliminations	Combined accounts
Operating income	10,866	633	18,969	-4,710	25,758
Operating expenses	-38,339	-589	-13,540	4,174	-48,294
Items affecting comparability	0	-	-	-	0
Depreciation/amortisation and write-downs	-1,400	-27	-3,390	383	-4,434
<b>Net operating expenses</b>	<b>-28,873</b>	<b>17</b>	<b>2,039</b>	<b>-153</b>	<b>-26,970</b>
Tax revenue	26,572	-	-	-	26,572
Municipal financial equalisation	3,827	-	-	-	3,827
Financial receipts	1,158	4	112	-1,122	152
Financial expenses	-556	-10	-708	367	-907
<b>Earnings after financial items</b>	<b>2,128</b>	<b>11</b>	<b>1,443</b>	<b>-908</b>	<b>2,674</b>
Current and deferred tax	-	-	-271	-5	-276
Minority share	-	-3	-26	-	-29
<b>Net earnings for the year</b>	<b>2,128</b>	<b>8</b>	<b>1,146</b>	<b>-913</b>	<b>2,369</b>

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

MSEK	Committees	Joint statutory authorities	Companies	Group eliminations	Combined accounts
Non-current assets	60,455	603	59,254	-32,195	88,117
Current assets	15,728	226	5,103	-13,831	7,226
<b>Total assets</b>	<b>76,183</b>	<b>829</b>	<b>64,357</b>	<b>-46,026</b>	<b>95,343</b>
Equity	22,300	124	19,843	-11,353	30,914
Provisions	3,721	524	5,047	-28	9,265
Long-term liabilities	35,442	1	26,898	-24,855	37,486
Current liabilities	14,719	180	12,569	-9,790	17,678
<b>Total liabilities and equity</b>	<b>76,183</b>	<b>829</b>	<b>64,357</b>	<b>-46,026</b>	<b>95,343</b>

### Financial key figures

Per cent	2013	2014	2015	2016	2017
<b>Return on equity</b>	<b>7.2</b>	<b>1.8</b>	<b>4.5</b>	<b>8.1</b>	<b>7.7</b>
<b>Return on total assets</b>	<b>4.4</b>	<b>2.4</b>	<b>2.7</b>	<b>4.2</b>	<b>3.8</b>
<b>Acid-test ratio</b>	<b>33</b>	<b>30</b>	<b>35</b>	<b>34</b>	<b>35</b>
<b>Degree of financing of investments</b>	<b>100</b>	<b>85</b>	<b>109</b>	<b>94</b>	<b>87</b>
<b>Equity-assets ratio</b>					
- Mixed model	30	30	32	32	32
- Full funding	14	15	17	20	21
<b>Debt-equity ratio</b>	<b>70</b>	<b>70</b>	<b>69</b>	<b>68</b>	<b>68</b>
- of which degree of provision	10	11	10	10	10
- of which short-term debt-equity ratio	28	24	22	23	19
- of which long-term debt-equity ratio	33	35	36	35	39
<b>Net financial assets (MSEK)</b>	<b>-40,629</b>	<b>-41,333</b>	<b>-40,735</b>	<b>-42,926</b>	<b>-44,427</b>

Comparison figures for 2016 have been adjusted where appropriate as a result of the increased application of RKR recommendations and corrections of errors, see note 19. Key figures for other previous years have not been adjusted.

The City of Gothenburg Group includes the Municipality, the municipal companies, the joint statutory authorities and the coordination associations. 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.

## Internal transactions, Group and shareholders' contributions

There are extensive internal sales of district heating and electricity within the City of Gothenburg Group between Göteborg Energi AB and other units. Eco-cycle and Water also has extensive internal sales to other units. A decision by the City Council stipulates that the Municipality's investments in movable property shall be financed through leasing, with the municipal company Göteborgs Stads Leasing as the leasing company. This

involves a large number of transactions with other companies, committees and joint statutory authorities.

Most of the borrowing consists of transactions with the Finance department, which serves as the internal bank function within Gothenburg Municipality. The Finance department has guarantee commitments with the City companies. The Municipality stands surety for loans and for certain pension obligations.

### Sales

MSEK	Companies	Muni- cipality	Joint statutory authorities	Total
<b>Seller</b>				
Companies		3,336	23	3,359
Municipality	919		15	934
Joint statutory authorities	5	398		403
<b>Total</b>	<b>924</b>	<b>3,734</b>	<b>38</b>	<b>4,696</b>

### Interest

MSEK	Companies	Muni- cipality	Joint statutory authorities	Total
<b>Interest income</b>				
Companies		1		1
Municipality	340			340
Joint statutory authorities		3		3
<b>Total</b>	<b>340</b>	<b>4</b>		<b>344</b>

### Lending

MSEK	Companies	Muni- cipality	Joint statutory authorities	Total
<b>Lender</b>				
Companies		2,092		2,092
Municipality	30,811			30,811
Joint statutory authorities		504		504
<b>Total</b>	<b>30,811</b>	<b>2,596</b>		<b>33,407</b>

### Surety

MSEK	Companies	Muni- cipality	Joint statutory authorities	Total
<b>Surety issuer</b>				
Companies				
Municipality	3,869		112	3,981
Joint statutory authorities				
<b>Total</b>	<b>3,869</b>		<b>112</b>	<b>3,981</b>

### Group and shareholders' contributions

MSEK	Stadshus AB received shareholders' contributions from	Stadshus AB paid shareholders' contributions to	Stadshus AB received Group contributions from	Stadshus AB paid Group contributions to
City of Gothenburg	5			
Göteborg Energi AB		106	410	
Gothenburg Port Authority		48	155	
Higab AB		68	138	
Förvaltnings AB Framtiden		262	336	
Göteborg & Co AB		37	24	
Göteborgs Spårvägar AB		9	11	
Business Region Göteborg AB		5		41
Göteborgs Stads Leasing AB			90	
Got Event AB				187
Göteborgs Stadsteater AB				107
<b>Total</b>	<b>5</b>	<b>535</b>	<b>1,164</b>	<b>335</b>

**Göteborgs Stadshus AB is the parent company in one of the City of Gothenburg's wholly-owned groups for all wholly and partially owned companies. The majority of companies are arranged in seven different sub-groups or clusters: Energy, Housing, Commercial Premises, Business, Public Transport, Port, and Tourism, Culture & Events. Other companies, internal service providers, regional partially owned companies and Boplat Göteborg AB are directly subordinate to the parent company.**

## Companies – financial performance

Göteborgs Stadshus AB is tasked by the City Council with carrying out governance of the City's companies. This shall take place in accordance with the goals set out in the City Council's budget, ownership directive and other guiding focus documents. The goal for the company's operation is to ensure that the operations in the City's companies, along with the City's other operations, create benefit for the city and its inhabitants and help to develop a sustainable Gothenburg community.

The main principle for municipal companies is that they are run in accordance with the full-costing principle, but some companies operate on markets that are subject to competition and can, therefore, generate gains. In the City Council's budget for 2017, a dividend of SEK 767 million was agreed and it was decided that operations with planned deficits in the Industry and the Tourism, Culture & Events clusters must be financed through funds from the companies.

The Group's operating income amounts to SEK 18,969 million, which is SEK 1,144 million above budget and in line with the previous year. Earnings after financial items amount to SEK 1,443 million, which is SEK 130 million above budget and just over SEK 200 million lower than the previous year. This can chiefly be attributed to higher earnings than budgeted in Commercial Premises (SEK 31 million), Public Transport (SEK 40 million), Göteborgs Stads Leasing AB (SEK 24 million) and Renova (SEK 16 million). The reason for the higher earnings for Commercial Premises is mainly capital gains within Higab AB. However, earnings are decreased by a write-down in the accounts for Göteborgs Stads Parkerings AB's Skeppsbrogaraget project. It is the increased income from bus (Buss) and passenger-services (Trafikantservice) and lower electricity costs in the tram operation that contribute to the improved earnings for Public Transport. For Renova, it is higher income from energy and for handling soil and contaminated volumes that provide earnings above budget. For Göteborgs Stads Leasing, it is primarily the estimated cost for historical pension commitments that developed positively during the year.

Total assets have increased slightly from SEK 64,276 million to SEK 64,357 million compared with 2016. The equity-assets ratio has increased by 1.5 percentage points to 30.8%. The volume of loans has decreased by SEK 977 million to SEK 35,045 million.

### Energy

The Energy group's income amounts to SEK 5,834 million, which is SEK 66 million higher than budgeted. Earnings after financial items amount to SEK 636 million, which is SEK 20 million above budget and slightly better than the previous year.

The district heating business, and to some extent the wind power business, are decreasing on the budget. Relatively warm weather during the year resulted in a loss in volumes and income from energy output. Fuel prices and the production mix also resulted in lower contributions. Lower personnel costs and other external costs have compensated for this to some extent.

Costs relating to a fire affected earnings by SEK 10 million. The sale of Skövde Biogas AB resulted in a capital loss of SEK 9 million while capital gains from sales of the Partille Energi group and Sävsjö Biogas amounted to SEK 123 million. Assets for wind power production were written down to the sum of SEK 58 million.

Total assets have decreased from SEK 13,160 million to SEK 12,217 million compared with 2016. The equity-assets ratio has increased by 4.5 percentage points to 46.0%. The volume of loans has decreased by SEK 1,098 million to SEK 4,030 million.

### Housing

The Framtiden group's operating income amounts to SEK 5,980 million, which is SEK 167 million above budget. Earnings after financial items amount to SEK 568 million, which is SEK 14 million less than budget and just over SEK 120 million higher than the previous year.

Rental income is positive even though the outcome of the rental negotiations was lower than budgeted. The increase can be attributed to additional rental income for temporary housing, add-on options etc. Manage-



ment income has increased as a result of subsidies for sheltered accommodation. Operating costs are SEK 50 million higher than budgeted due to increased costs relating to claims and property upkeep. The maintenance costs are SEK 17 million below budget. Items affecting comparability are SEK 22 million above budget and comprise Egnahemsbolaget's provision for plaster facades (SEK -18 million), write-downs (SEK -94 million) and capital gains (SEK +129 million), as well as reversed write-downs on properties (SEK +5 million). Total assets have increased from SEK 28,617 million to SEK 29,325 million compared with 2016. The equity-assets ratio has increased by 3.8 percentage points to 33.8%. The volume of loans has increased by SEK 173 million to SEK 16,016 million.

### Commercial Premises

The Higab group's operating income amounts to SEK 1,826 million, which is SEK 119 million above budget. Earnings after financial items amount to SEK 142 million, which is SEK 31 million above budget and SEK 375 million lower than the previous year.

The deviation from budget can primarily be attributed to sales resulting in capital gains and write-downs, as well as lower maintenance costs and personnel costs.

Total assets have increased from SEK 10,978 mil-

lion to SEK 11,044 million compared with 2016. The equity-assets ratio has increased by 0.7 percentage points to 18.5%. The volume of loans has increased by SEK 204 million to SEK 7,491 million.

### Public Transport

The Göteborgs Spårvägar group's operating income amounts to SEK 1,398 million, which is SEK 78 million above budget. Earnings after financial items amount to SEK 48 million, which is SEK 40 million above budget and SEK 26 million higher than the previous year. All of the operations have reported a better outcome than budgeted. Buss and Trafikantservice have reported significantly better outcomes, mainly due to increased income. The increase for the bus operation is due to a bonus for customer satisfaction and increased travel linked to incentives. For Trafikantservice, factors such as increases in income for bus and tram stops, the resource pool and NET have played a role. The Spårvagn business area's improvement in earnings can be attributed to lower costs as a result of favourable energy costs and lower staffing than budgeted. Banteknik's result is also above budget and derives from higher income than forecast for all contract areas.

Total assets have increased from SEK 831 million to SEK 862 million compared with 2016. The equity-



assets ratio has increased by 2.3 percentage points to 58.4%. The volume of loans remains unchanged at SEK 0 million.

### Business

The Business Region Göteborg group's operating income amounts to SEK 86 million, which is SEK 4 million below budget. Earnings after financial items amount to SEK -49 million, which is in line with budget and on a par with last year's earnings.

Income is slightly below budget but this also has an effect on costs. Minor fluctuations in costs are due to lower personnel costs as a result of vacancies and sick leave. Costs for consultants and marketing are also slightly lower than budgeted. Total assets have increased from SEK 88 million to SEK 104 million compared with 2016. The equity-assets ratio has decreased by 7.1 percentage points to 62.3%. The volume of loans remains unchanged at SEK 0 million.

### Tourism, Culture & Events

This cluster's operating income amounts to SEK 1,715 million, which is SEK 79 million above budget. Earnings after financial items amount to SEK -230 million, which is SEK 21 million less than budget but just over SEK 40 million higher than the previous year.

Göteborg & Co's income is on a par with the budget, with approximately 63% from the City. Stadsteater's ticket and restaurant income has increased compared both with the budget and the previous year. Its costs are lower due to leaves of absence and overly high budgeting for pension provisions. Liseberg's accommodation facilities have had a good year, including the Halloween season. The post-summer season was weak while the Christmas season was on budget. Got Event's core business has exceeded expectations, which also applies

to the restaurant operation, while the FEI European Championships (equestrian sports) reports a major deficit.

Total assets have increased from SEK 2,124 million to SEK 2,186 million compared with 2016. The equity-assets ratio has increased by 1.6 percentage points to 52.6%. The volume of loans has decreased by SEK 51 million to SEK 334 million.

### Port

The Port of Gothenburg's operating income amounts to SEK 753 million, which is SEK 32 million above budget. Earnings after financial items amount to SEK 214 million, which is SEK 13 million above budget and on a par with the previous year.

The increase can chiefly be attributed to higher energy and ro-ro volumes. Additional vessels calling at the port and larger gross weights also had a positive effect on income. The impact of the fall in volume on income in the container segment has been offset by the fact that much of the concession agreement with customers is based on a fixed price, while the port dues have been adversely affected. As regards costs, infrastructure costs have increased. This is mainly due to the restoration of damaged piles linked to the maintenance dredging carried out in 2014. The company is in dispute with the supplier for this damage. The company's interest expenses for its pension liability are below budget.

Total assets have increased from SEK 2,614 million to SEK 2,632 million compared with 2016. The equity-assets ratio has increased by 3 percentage points to 61.3%. The volume of loans has decreased by SEK 175 million to SEK 175 million.

### Internal companies

Göteborgs Stads Leasing AB's operating income amounts to SEK 744 million, which is SEK 30 million

above budget. Earnings after financial items amount to SEK 34 million, which is SEK 24 million above budget and SEK 7 million higher than the previous year. Total assets have decreased from SEK 3,110 million to SEK 3,018 million compared with 2016. The equity-assets ratio has decreased by 0.3 percentage points to 34.4%. The volume of loans has decreased by SEK 101 million to SEK 1,375 million.

Försäkrings AB Göta Lejon's operating income amounts to SEK 126 million, which is SEK 2 million above budget. Earnings after financial items amount to SEK 3.3 million, which is SEK 2.1 million above budget and SEK 3 million higher than the previous year. Total assets have increased from SEK 312 million to SEK 328 million compared with 2016. The equity-assets ratio has decreased by 2.2 percentage points to 57.5%. The volume of loans remains unchanged at SEK 0 million.

### Regional companies

The Renova group's operating income amounts to SEK 1,274 million, which is SEK 67 million above budget. Earnings after financial items amount to SEK 94 million, which is SEK 16 million above budget and almost SEK 40 million higher than the previous year. Total assets have increased from SEK 1,706 million to SEK 1,726 million compared with 2016. The equity-assets ratio has increased by 3.9 percentage points to 28.8%. The volume of loans has decreased by SEK 74 million to SEK 863 million.

Gryaab's turnover amounts to SEK 365 million, which is SEK 2 million above budget. Earnings after financial items amount to SEK 6 million, which is SEK

6 million above budget and SEK 7 million lower than the previous year. Total assets have decreased from SEK 1,607 million to SEK 1,586 million compared with 2016. The equity-assets ratio has increased by 0.4 percentage points to 5.3%. The volume of loans has decreased by SEK 7 million to SEK 1,425 million. Göteborgsregionens fritidshamn AB's (Grefab's) operating income amounts to SEK 59 million, which is SEK 1 million above budget. Earnings after financial items amount to SEK 0.3 million, which is SEK 0.3 million above budget and slightly higher than the previous year. Total assets have decreased from SEK 105 million to SEK 100 million compared with 2016. The equity-assets ratio has increased by 0.9 percentage points to 16.2%. The volume of loans remains unchanged at SEK 0 million.

### Boplats Göteborg AB

Boplats's operating income amounts to SEK 26 million, which is the same as the budget. Earnings after financial items amount to SEK 1.5 million, which is SEK 1.7 million above budget and slightly higher than the previous year.

The deviation can mainly be attributed to lower than budgeted costs for support, maintenance and further development of the IT system, while at the same time depreciation of the system could still be increased.

Total assets have increased from SEK 21 million to SEK 23 million compared with 2016. The equity-assets ratio has increased by 1.8 percentage points to 28.2%. The volume of loans has decreased by SEK 4 million to SEK 0 million.

MSEK	Operating income	Earnings after fin. items	Net earnings for the year	Total assets	Equity	Equity-assets ratio	Investments for the year
Energy	5,834	636	192	12,217	5,619	46	763
Housing	5,980	568	195	29,325	9,906	34	2,008
Commercial Premises	1,826	142	44	11,044	2,038	19	1,112
Business	86	-49	-8	104	65	62	2
Public Transport	1,398	48	29	862	504	58	21
Port	753	214	14	2,632	1,614	61	462
Tourism, Culture & Events	1,715	-230	30	2,186	1,151	53	196
Internal companies	902	37	-41	3,358	1,243	37	590
Regional companies	1,698	101	72	3,412	524	17	276
Parent company (Göteborgs Stadshus AB)	26	-355	480	17,465	13,222	77	0
Boplats	26	2	0	23	6	28	0
Eliminations	-1,181	329	139	-18,271	-16,049	—	0
<b>Total</b>	<b>18,969</b>	<b>1,443</b>	<b>1,146</b>	<b>64,357</b>	<b>19,843</b>	<b>31</b>	<b>5,430</b>

The City of Gothenburg manages 81 foundations and four donations for various purposes. The market value of the combined wealth is just over SEK 1,000 million. The City of Gothenburg only administers yield foundations, which means that the City is responsible for the foundations' capital and for the yield being paid out according to the donors' specific instructions.

## Foundations

The foundations' capital produces an annual return which is awarded the following year. The foundations awarded a total of SEK 24.8 million in 2017.

The majority of the foundations' capital is kept in a jointly managed fund, in which each foundation has a share. This capital has been invested in three funds. The value of these funds increased by 6.65% in 2017. In addition, around SEK 50 million has been invested in directly-owned shares to enable the sale of options and thereby increase the yield.

The total yield, including option transactions, generated earnings in the region of SEK 19 million in 2017 which, after deductions for a certain degree of capitalisation and management costs, can be used as a dividend in the foundations in 2018. This will be supplemented by the non-restricted equity available in some foundations.

**The foundations can be divided into four categories.**

- 31 foundations have made donations to people in financial need or children with special needs (social focus) totalling around SEK 7.4 million
- 24 foundations have awarded grants to teachers and grants and bonuses to students (education) worth in the region of SEK 7.8 million
- 22 foundations and two donations have promoted the city's museums and art for public spaces (culture) amounting to around SEK 4.9 million
- Seven foundations have awarded money to associations and other voluntary organisations for various public interest and charitable causes, often with a social focus, totalling around SEK 4.7 million.
- One foundation awards a prize for building of the year.

(Three foundations pay out to more than one of the above categories.)

The foundation's capital has developed well in 2017. The payments increased by around 25% compared with the previous year. The foundations will be of benefit to the people of Gothenburg for many years to come.



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

## Sponsorship

### Sponsorship policy and guidelines

To ensure uniform definition and application of sponsorship rules within the City, the City Council adopted a policy and guidelines for sponsorship within the City of Gothenburg in March 2013. To obtain a comprehensive picture of the City's sponsorship activities and to improve opportunities for coordination and control, the decision was made at the same time that every committee and board of directors should draw up an annual list of all sponsorship commitments decided at the 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 return provides exposure of the company name, trademark or services for the benefit of the sponsor in its business.

### Companies

The companies account for the vast majority of sponsorship commitments, which amount to approximately SEK 28 million for 2017. Of these, Liseberg has the largest sponsorship commitments, which total SEK 11 million.

### 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 largely unchanged compared with 2016 and are 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 28 million in 2017, compared to SEK 26 million in 2016. See the yearly report of the respective committee or board for further information.



Total borrowing for the entire Group was SEK 41.0 billion at the end of the year, an increase of SEK 2.2 billion compared to the same period the previous year. The average term for capital tied up in combined external borrowing amounted to 3.6 years at the end of the year, and the average fixed interest term was 4.0 years.

## Financial monitoring and risk management

Six major loans were taken out in 2017 and the Municipality's long-term new borrowing totalled SEK 9.4 billion. The credit rating has been maintained at the same high level as before.

### Relations with investors

Investor relations has been a constant feature of the City's work on its large debt portfolio. During the year meetings were held with investors with the aim of providing information about the City's market activities. The City's website for financial information and investor relations includes details of market activities, borrowing and rating reports.

### Finance policy for the City of Gothenburg

The City's finance policy, which is decided by the City Council, establishes guidelines and risk limits for the financial activities of the City and its wholly owned companies. The risks that are regulated include financing risk, interest risk and counterparty risk. The finance policy is updated as required, most recently in December 2015.

### The financial infrastructure

The Group obtains its financing on the open capital market via issues of municipal bonds and certificates. One basis for this is established capital market programmes. Credit rating is one of the factors that affects the price of issued bonds.

### High credit rating

Credit rating institutes Moody's and Standard & Poor's confirmed the Municipality's strong credit rating during the year. 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 outlook for both ratings is stable.

### Capital market programmes

In its borrowing the Municipality uses its Euro Medium Term Note programme, which has a limit of EUR 6 billion, its certificate programme, which has a limit of SEK 6 billion, and its ECP programme, which has a limit of USD 500 million.

### Capital market programmes

Programme	Loan limit	Degree of utilisation
EMTN	EUR 6 bn	SEK 27.4 bn
KCP	SEK 6 bn	SEK 0.2 bn
ECP	USD 500 m	SEK 2.1 bn
Kommuninvest		SEK 4.2 bn
Bilateral loans		SEK 5.9 bn

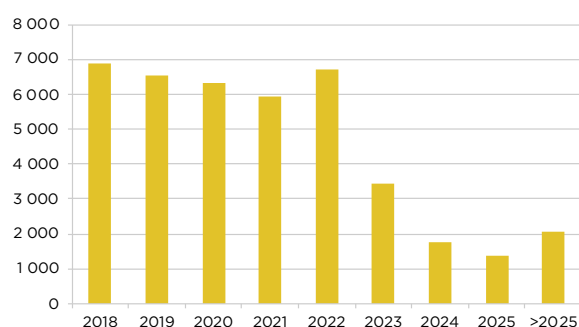
### Debt portfolio

The Group's external borrowing was SEK 41.0 billion at the end of the year, an increase of SEK 2.2 billion compared to 2016. This increase has, however, been counter-balanced by new interest-bearing assets (housing bonds) totalling SEK 3 billion. The average remaining term for total borrowing amounted to 3.6 years at the end of the year, and the average fixed interest term was 4.0 years. Total borrowing can be divided into borrowing via the City (SEK 36.6 billion), Förvaltnings AB Framtiden (SEK 1.1 billion), and loans raised by companies outside of the internal bank (SEK 3.3 billion). The part of the debt relating to the tax-funded operation, net borrowing, amounted to SEK 4.3 billion, approximately 10.4% of total borrowing. Borrowing via Kommuninvest i Sverige AB mainly took place in the company sector and amounted to SEK 4.2 billion at the end of the year. In the autumn, the City of Gothenburg carried out a buy-back offering in connection with an issue for the second time. The main aim of the buy-back was to manage upcoming maturities while also extending the maturity profile. In total, SEK 1.6 billion was purchased via two different bonds with short maturity.

The repo rate has been negative since February 2015, which meant the Municipality was able to borrow funds

with negative interest on the short-term programmes. There is, however, an interest floor for EMTN loans, which means that interest can never be less than 0%.

### Maturity structure of borrowings



### Derivatives portfolio

Derivative instruments are used to hedge interest and currencies on underlying loans. The nominal value of the derivative portfolio amounted to SEK 20.2 billion. At the end of the year, the Municipality had a negative market value of SEK 166 million on its derivative positions relating to hedging interest on net borrowing.

### Effectiveness of hedging instruments

The instruments used to hedge liabilities in foreign currencies correspond entirely in terms of amounts, terms and day count conventions. As regards interest risk, the liabilities and hedges do not correspond entirely in terms of amounts and terms, but since the adherence between the hedged debt portfolio and hedging instruments is good, we consider the hedging to be effective.

### Counterparty risk

The Municipality is exposed through derivative agreements to the risk that a counterparty is unable to fulfil its obligations. The counterparties are Swedish and international banks. In terms of business volume, 76% of the counterparty risk lies with counterparties with a rating of at least AA and 24% of the risk lies with counterparties rated A1 to Baa3. Due to the low market rates

of interest, which resulted in large negative market values for the Group's derivative positions, the counterparty risk is deemed to be very low at the end of the year.

### Financing risk

SEK 6.9 billion of the Municipality's and companies' loans will mature during the coming year. To meet these obligations, the Municipality has binding loan commitments totalling SEK 8 billion. In addition there are investments in housing bonds of SEK 3.0 billion. During the year the Municipality renewed all of its binding loan commitments.

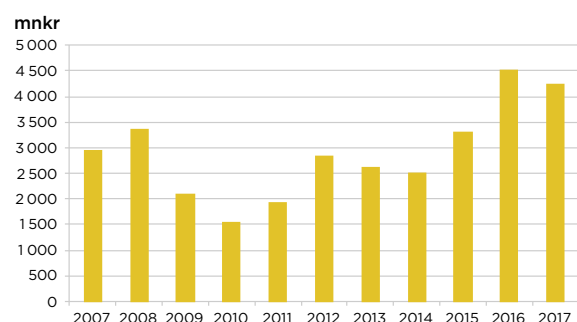
### City of Gothenburg's risk management

Type of risk	Policy	Outcome
Interest risk	2–6 years	4.0
Financing risk	2–6 years	4.1
Counterparty risk	Max 30% volume/counterparty	Within policy
Currency risk	None	Deviation as purchase of new trams has not been fully hedged (CEB 25 January 2017).

### Development of net borrowing

Net borrowing is protected against interest rate rises through interest rate swaps. The rates for the fixed interest rate swaps are between 0.3 and 2.9%. Net borrowing amounted to SEK 4.3 billion on 31 December 2017, which is a decrease of SEK 0.2 billion.

## Development of net borrowing – 2007–2017



## Green bonds

As part of its environmental programme, the City of Gothenburg issues bonds to finance various environ-

mental projects in areas such as renewable energy, public transport, water treatment, energy efficiency, smart grids, city planning and waste management.

The City returned to the market in June 2017 with a SEK 1.2 billion green bond issue, which is due to be repaid in 2023. The total amount over the past five years has increased to SEK 5.6 billion. The City of Gothenburg has, together with a number of Nordic issuers, established a framework for monitoring the environmental impact of the investments financed by the green bonds issued.

The credit rating institutes Moody's and Standard & Poor's evaluated the City's work on green bonds in 2017.

The Municipality's rating from Moody's was the highest possible, GB1, and its rating from Standard & Poor's the second highest, E2.

## Green bonds by project

Project (MSEK)	Administration/Company	Area	2015	2016	2017
GoBiGas	Göteborg Energi	Biofuel	620		
Electric cars	Göteborgs Stads Leasing AB	Energy efficiency and sustainable transport	11		19
Denitrification	Gryaab	Water treatment	110	164	32
Tree planting	Parks and Landscape Administration	Environment	6	5	6
Pedestrian-friendly city	Traffic & Public Transport Authority	Sustainable transport	50	10	17
Cycle-friendly city	Traffic & Public Transport Authority	Sustainable transport	60	28	28
Energy efficiency of road lighting	Traffic & Public Transport Authority	Energy efficiency	49	42	37
Sustainable construction	City Premises Administration	Sustainable construction	314	498	588
Energy-efficient housing	Förvaltnings AB Framtiden	Sustainable construction	388	427	544
New trams	Göteborgs Stads Leasing AB	Sustainable transport		170	91
Kodammarna pumping station	Eco-cycle and Water	Water treatment			34



# 5

## ACCOUNTS MUNICIPALITY ACCOUNTS AND COMBINED ACCOUNTS

The statutory financial statements and supplementary disclosures can be found here. These are the financial statements of the Municipality and the combined accounts in the form of the income statement, balance sheet and cash flow statement with pertaining notes. The accounting principles applied by the City of Gothenburg are also presented here, along with a list of various definitions.



# ACCOUNTS

## MUNICIPALITY ACCOUNTS AND COMBINED ACCOUNTS

97	Accounting principles and definitions
102	Income statement
103	Balance sheet
104	Cash flow statement
106	Notes 1–19

One of the most important tasks of accounting is to provide relevant information for making assessments and decisions. For this, the various accounting principles must be described in an open and informative manner. This section serves to describe the accounting principles used by the City of Gothenburg.

# Accounting principles and definitions

The municipal companies' accounts are prepared in accordance with Sweden's Annual Accounts Act and the general recommendations of the Accounting Standards Board (BFNAR 2012:1), while the municipal sector's accounting is regulated by the Local Government Act, Chapter 8 and by the Municipal Accounting Act. In addition the Municipal Accounting Standards Council (Rådet för kommunal redovisning, RKR) gives recommendations for accounting in the municipal sector. The municipal rules take precedence when preparing the Municipal Group's annual accounts, the combined accounts. The Annual Report has been prepared in accordance with these rules with the exception of some parts of recommendation RKR 10.2 Provisions and Contingent Liabilities. The combined accounts have been prepared in accordance with RKR 8.2 Combined Accounts, with deviations regarding method of consolidation. Deviations from the recommendations and the reasons for these deviations are reported under the appropriate header below.

## Changes in accounting principles 2017

Component accounting of non-current assets has been applied as of 2017 to new acquisitions of buildings, plant and machinery, in line with RKR 11.4 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 are now, to a larger extent, treated as reinvestment. In the budget for 2017, approximately SEK 250 million was transferred from the running budget to the investment budget based on the committees' calculations (their assessment is that overall the outcome is in line with the budget). The application of the new principle is expected to result in an increase in the depreciation cost for this year and future years. The increase for 2017 amounts to approximately SEK 2 million, as the principle only affects items set up as an asset in 2017.

Component accounting is not applied to investments/non-current assets that were put into use up to and including 31 December 2016. Component accounting of the existing stock may be considered at a later stage if the work input is judged to be proportionate to the benefit and materiality. This option will be examined in 2018.

## Corrections/adjustments

According to RKR 18.1 Receipts from Fees, Subsidies and Sales, a fee or subsidy relating to an investment is taken up as income in a way that reflects the investment's use and consumption. The City of Gothenburg has changed its accounting principle to apply gross accounting for subsidies and payments for street costs in new development and investment projects from 2013 onwards. Previously, the income was deducted from the asset side. The former accounting principles continue to apply to projects that began before 2013. As of 2017, the City of Gothenburg fully applies gross accounting for subsidies and payments for street costs. The income is entered as a liability which is then distributed over the useful life of the non-current asset. A correction has been made to the results from 2010/2011 onwards in the comparison figures for 2016 totalling SEK 1,243 million on both the assets and liabilities side, and in earnings SEK +/- 17 million (see note 19 A).

## Other changes between items in the balance sheet for the 2016 comparison year:

- incorrectly reported sale of real estate in 2016 amounting to SEK 17 million (see note 19 B)
- altered reporting of future commitments within the development operation amounting to SEK 42 million (see note 19 C)
- altered reporting of outstanding claims in an insurance context amounting to SEK 96 million (see note 19 D)

## Comparison figures for memorandum items in 2016 have also been recalculated regarding:

- pension obligations and employer's contribution for the Greater Gothenburg Rescue Services, down SEK 50 million (see note 19 E)

- incorrectly totalled amount for future lease fees, down SEK 1,083 million (see note 19 F)

Other comparison years have not been adjusted.

### Combined accounts

According to the Municipal Accounting Act, the Annual Report must include all operations conducted by the Municipality. The aim of the combined accounts is to provide a comprehensive, true and fair picture of the City of Gothenburg's total financial position and results, whether the operation is conducted in the form of an administration or company. The combined accounts for the City of Gothenburg include all committees and all companies as well as joint statutory authorities in which the Municipality has an interest of at least 20%. The composition of the Municipal Group is shown in the summary in the section on the City of Gothenburg's organisation (see Block 1).

The cash flow statement in the combined accounts is based on the reported cash flow statements for the underlying units with eliminations for internal transactions.

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

### Consolidation principles

Full consolidation has been applied when preparing the combined accounts, which means that all of the companies' assets, liabilities, income and expenses are recognised in the balance sheet and income statement. Subsidiaries are companies in which there is a controlling interest, over 50% of the share of voting power. With subsidiaries, the minority's participation is treated as a deduction in net earnings for the year and under equity.

Associated companies are companies that are not subsidiaries, but where there is a long-term direct or indirect holding of at least 20% and not more than 50%. The equity method is applied for associated companies which means that assets, liabilities, income and expenses are eliminated. The Group's share of the associated companies' operation is instead recognised as a separate item in the income statement (earnings from shares and participations), as well as a separate item in the balance sheet (shares and participations and an equity method reserve).

Sold subsidiaries are included in the earnings until the time of the sale. On acquisition of a subsidiary, earnings are included from the time of acquisition.

The consolidation methods applied are in line with the company sector's K3 rules, but are a departure from the recommendations set out in RKR 8.2 which stipulate proportional consolidation. The City of Gothenburg has only a few subsidiaries that are not wholly owned and its few associated companies are of minor finan-

cial scope. In light of this, the consolidation methods applied do not create significant deviations, rather they provide a true and fair picture of the results and position as well as an adequate basis for analysis and governance.

### Untaxed reserves

Untaxed reserves in individual companies are divided into an equity part, reported as restricted equity, and a deferred tax liability part. In part-owned joint statutory authorities and subsidiaries, external shareholders' shares of equity and untaxed reserves are recognised as a minority interest. External shareholders', the minority's, share of earnings after tax is recognised in the income statement.

### Items affecting comparability and extraordinary items

Events of a significant size 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 in comparisons 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 and items affecting comparability are both reported separately on their own rows in the income statement and as a note to the income statement. See note 3.

### Receipts

#### 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' December forecast, in accordance with recommendation RKR 4.2 Accounting of Tax Revenue. See note 6.

#### Other receipts

Göteborgs Energi AB enters its connection charges for electricity, gas and district heating in their entirety as receipts in accordance with K3 when delivery of the connection begins. External connection charges amounted to SEK 58.8 (61.6) million in 2017. In the combined accounts, the item has been adjusted to deferred income and distributed over five years in accordance with RKR 18.1 Receipts from Fees, Subsidies and Sales. See notes 1 and 14.

## Costs

### Depreciation/amortisation

Depreciation of 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 carried out for 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 buildings, plant and machinery, in line with RKR 11.4 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.

### Depreciation periods (years)

Asset	Municipality Up to and incl. 2016	Municipality As of 2017	Compa- nies
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

### Loan expenses in connection with investments

Loan expenses in connection with investments can be reported according to the main rule or the alternative rule in accordance with recommendation RKR 15.1 Accounting of Loan Expenses. Gothenburg Municipality has applied the main rule since 2014, which means that the loan expenses are charged directly to earnings. The company sector follows the alternative rule which means that the loan expenses, under certain conditions, may be charged to the cost of the asset. In the combined accounts, loan expenses of SEK 21 (18) million were set up as an asset, calculated using an interest rate of 2%.

### 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 tangible and intangible assets as well as for financial leasing agreements.

### Intangible assets

Intangible assets are recognised at cost less amortisation according to plan and any write-downs. In the combined accounts, intangible 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.

### 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. See note 5.

As of 2017, the City of Gothenburg fully applies gross accounting for subsidies and payments for street costs in accordance with RKR 18.1 Receipts from Fees, Subsidies and Sales. The income is entered as a liability which is then distributed over the useful life of the non-current asset.

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 recourse to, are recognised as a cost in the income statement and a provision in the balance sheet when the agreement is signed.

Component accounting of non-current assets has been applied as of 2017 to new acquisitions of buildings, plant and machinery, in line with RKR 11.4 Property, Plant and Equipment.

### Leasing

A decision by the City Council stipulates that as of 2007 the Municipality's investments in movable property shall be financed through leasing, with the municipal company Göteborgs Stads Leasing AB (GSL) as the leasing company. In accordance with RKR 13.2 Accounting of Rental/Leasing Agreements, leasing agreements shall 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 leasing agreements shall be recognised as non-current assets. 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 three major lessors. When classifying the agreements, the agreements with GSL regarding machinery and equipment are classified as financial leasing. The agreements entail an economic risk for the lessee which means that the leasing can be compared to purchasing the assets. The vehicle leasing agreements with GSL are still classified

as operational leasing 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 leasing 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 long-term 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.

### 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 recognised 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 accrued expenses 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 specified in the RIPS 17 guidelines. Pension obligations for employees of the municipal companies are reported in accordance with the Swedish Accounting Standards Board's K3 rules.

#### 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. The amount is based on a projection made in 2010, which has been consolidated by an

analysis of leachate in 2015. The calculation is continually updated. No present value has been calculated for a provision for landfill sites and the City of Gothenburg does not therefore comply with RKR 10.2 Provisions and Contingent Liabilities in these sections. The provision was utilised in 2017 to the amount of SEK 1 million for restoration measures. The remainder of the provision will be used when the investment for dealing with leachate comes into use.

In 2012, the City Council decided to set up a development fund of SEK 400 million for future initiatives, in particular social initiatives. According to the City Council decision, use of the fund will be recognised as items affecting comparability in the respective year's income statement. The fund is recognised in the balance sheet as a provision. It does not meet the criteria for a provision set out in recommendation RKR 10.2 because there is no clear obligation. There was SEK 27 (45) million remaining at the end of the year. It was decided in the budget for 2018 that the remaining funds will be used to develop a sustainable working life.

According to RKR 10.2, informal obligations recognised as provisions in municipal companies should be reclassified as contingent liabilities in the combined accounts. Provisions exceeding SEK 5 million have been reviewed. See note 13.

#### Write-downs

In accordance with RKR 19 Value Adjustments, a valuation shall be carried out if there is still service potential for the write-downs made in the municipal companies. The valuation refers to non-current assets that are wholly or partially financed through tax and/or regulated by the cost-price principle. Write-downs exceeding SEK 5 million have been reviewed.

#### Memorandum items

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

#### Contingent liabilities

Possible commitments where there is uncertainty as to the size of the sum and/or degree of realisation are reported as contingent liabilities. The Municipality's guarantee commitments, the portion of pension commitments dating back further than 1998, and leasing are recognised under contingent liabilities. See notes 16, 17 and 18.

# 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/amortisation 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: 31 December.

**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 have 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 excl. shares and participations + current assets) – (current + long-term liabilities).

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

**Investment/gross costs:** Gross investment/operating expenses, or net investment/operating expenses.

**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 subsidiary or associated company into a combined group report.

**Minority share and minority interest:** In the combined accounts, the earnings (minority share) and equity (minority interest) are adjusted for companies that are not wholly owned, based on the actual percentage owned.

**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 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 borrowing:** Net borrowing is the Municipality's total borrowing less lending to companies owned by the Municipality (incl. 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.

**Degree of financing of investments:** (Earnings before extraordinary items + depreciation or amortisation)/gross investment, or (earnings before extraordinary items + depreciation or amortisation)/net investment.

**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 excl. 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 long-term liabilities/total assets.

# Income statement

MSEK	Note	Municipality		Combined accounts	
		2016	2017	2016	2017
Operating income	1	10,345	10,866	26,105	25,758
Operating expenses	2	-36,963	-38,339	-47,437	-48,294
Items affecting comparability	3	0	0	0	0
Depreciation/amortisation and write-downs	4.5	-1,244	-1,400	-4,069	-4,434
<b>Net operating expenses</b>		<b>-27,862</b>	<b>-28,873</b>	<b>-25,401</b>	<b>-26,970</b>
Tax revenue	6	25,109	26,572	25,109	26,572
Municipal financial equalisation etc.	6	3,847	3,827	3,847	3,827
Financial receipts	7	406	1,158	147	152
Financial expenses	7	-562	-556	-1,028	-907
Financial items affecting comparability		-	-	-	-
<b>Earnings after financial items</b>		<b>938</b>	<b>2,128</b>	<b>2,675</b>	<b>2,674</b>
Extraordinary receipts		-	-	-	-
Extraordinary costs		-	-	-	-
Current and deferred tax		-	-	-331	-276
Minority share		-	-	-21	-29
<b>Net earnings for the year</b>		<b>938</b>	<b>2,128</b>	<b>2,323</b>	<b>2,369</b>

Comparison figures for 2016 have been adjusted as a result of applying RKR 18.1 and corrections/adjustments, see note 19.

## Municipality's balanced budget requirement analysis

MSEK	2015	2016	2017
<b>Net earnings for the year</b>	<b>824</b>	<b>938</b>	<b>2,128</b>
Less all capital gains	-445	-436	-824
Certain capital gains applying exception options	-	-	-
Certain capital losses applying exception options	-	-	-
Unrealised losses on securities	-	-	-
Reversal of unrealised losses on securities	-	-	-
<b>Net earnings for the year after balanced budget requirement analysis, before allocation to EER</b>	<b>379</b>	<b>502</b>	<b>1,304</b>
Funds to earnings equalisation reserve (EER)	-108	-212	-1,000
Funds from earnings equalisation reserve (EER)	-	-	-
<b>Balanced budget requirement result for the year after allocation to EER</b>	<b>271</b>	<b>290</b>	<b>304</b>

# Balance sheet

MSEK	Note	Municipality		Combined accounts	
		2016	2017	2016	2017
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	5	14	8	252	186
Property, plant and equipment	5	24,381	26,990	80,335	84,420
Financial assets	8	26,771	33,457	454	3,511
Total non-current assets		51,166	60,455	81,041	88,117
CURRENT ASSETS					
Stocks, stores and development properties	9	564	591	1,154	1,012
Current receivables	10	15,590	14,132	5,582	4,834
Investments in securities etc.		-	-	-	-
Cash and bank		850	1,005	1,320	1,380
Total current assets		17,004	15,728	8,056	7,226
Total assets		68,170	76,183	89,097	95,343
EQUITY, PROVISIONS AND LIABILITIES					
EQUITY					
- of which net earnings for the year	11	20,172	22,300	28,404	30,777
		938	2,128	2,323	2,369
MINORITY INTEREST		-	-	255	137
PROVISIONS					
Provisions for pensions and similar obligations	12	2,561	2,770	3,943	4,137
Deferred tax liability		-	-	3,502	3,573
Other provisions	13	912	951	1,557	1,555
Total provisions		3,473	3,721	9,002	9,265
LIABILITIES					
Long-term liabilities	14	29,767	35,442	30,852	37,486
Current liabilities	15	14,758	14,719	20,584	17,678
Total liabilities		44,525	50,161	51,436	55,164
Total equity, provisions and liabilities		68,170	76,183	89,097	95,343
Guarantees, pension obligations and contingent liabilities not recognised as liabilities or provisions	16-18	15,844	15,814	13,818	12,710

Comparison figures for 2016 have been adjusted as a result of applying RKR 18.1 and corrections/adjustments, see note 19.  
For guarantees and pension obligations, see note 19 F.

# Cash flow statement

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
<b>OPERATING ACTIVITIES</b>				
Earnings before financial items	1,087	2,263	3,667	3,495
Adjustment for items not affecting liquidity	1,315	1,588	4,523	4,711
Interest received/paid	-148	-135	-983	-877
Income tax paid	-	-	-23	-73
<b>Cash flow from activities before change in working capital</b>	<b>2,254</b>	<b>3,716</b>	<b>7,184</b>	<b>7,256</b>
Increase (-)/decrease (+) in current receivables	-806	-501	-611	938
Increase (-)/decrease (+) in inventories	-3	-4	29	63
Increase (+)/decrease (-) in current liabilities	436	719	635	783
<b>Cash flow from operating activities</b>	<b>1,881</b>	<b>3,930</b>	<b>7,237</b>	<b>9,040</b>
<b>INVESTING ACTIVITIES</b>				
Investment in intangible assets	-10	-4	-51	-29
Sale of intangible assets	-	-	0	-
Investment in property, plant and equipment	-2,910	-3,596	-7,594	-8,541
Sale of property, plant and equipment	77	107	303	592
Investment in financial assets	-	0	-421	-184
Sale of financial assets	-	-	479	200
<b>Cash flow from investing activities</b>	<b>-2,843</b>	<b>-3,493</b>	<b>-7,284</b>	<b>-7,962</b>
<b>FINANCING ACTIVITIES</b>				
Newly raised loans	7,072	9,440	7,322	11,430
Repayment of long-term liabilities*	-4,090	-4,297	-6,282	-9,212
Increase (+)/decrease (-) in current liabilities	110	-592	-653	-36
Increase (-) / decrease (+) in long-term receivables	-2,404	-4,699	-243	-3,056
Dividend/shareholders' contribution	-	-	-13	-8
Reduction in provisions due to payments	-239	-117	-466	-119
<b>Cash flow from financing activities</b>	<b>449</b>	<b>-265</b>	<b>-335</b>	<b>-1,001</b>
<b>DISBURSEMENT OF STATE INFRASTRUCTURE SUBSIDIES</b>	<b>-25</b>	<b>-17</b>	<b>-25</b>	<b>-17</b>
<b>Cash flow for the year</b>	<b>-538</b>	<b>155</b>	<b>-407</b>	<b>60</b>
<b>Liquid funds at beginning of year</b>	<b>1,388</b>	<b>850</b>	<b>1,727</b>	<b>1,320</b>
<b>Liquid funds at the end of the year</b>	<b>850</b>	<b>1,005</b>	<b>1,320</b>	<b>1,380</b>
<b>SPECIFICATION OF ITEMS NOT AFFECTING LIQUIDITY</b>				
Depreciation/amortisation and write-downs	942	1,400	4,058	5,132
Provisions, new and dissolved	228	378	899	333
Other items not affecting liquidity	145	-188	-434	-754
<b>Total items not affecting liquidity</b>	<b>1,315</b>	<b>1,590</b>	<b>4,523</b>	<b>4,711</b>
<b>REPAYMENT SPECIFICATION FOR LONG-TERM LIABILITIES</b>				
Repayments including reclassified current liabilities	3,820	3,152	6,012	8,067
Repayment of long-term liabilities	270	1,145	270	1,145
<b>Total repayment</b>	<b>4,090</b>	<b>4,297</b>	<b>6,282</b>	<b>9,212</b>

\* Refers to repayment by instalment of long-term and current liabilities alike.

The cash flow statement shows the cash flow from operating activities, investing activities and financing activities. The sum of these components is the change in liquid funds during the year.

Cash flow from operating activities has been calculated using the indirect method. Net earnings for the year before financial items, excluding capital gains/losses, plus add-back of items not affecting liquidity, such as depreciation/amortisation, provisions etc., have been adjusted by the change in working capital (stock, current operating receivables and current liabilities) for the year. This cash flow is SEK 3,930 million for the Municipality and SEK 9,040 million in the combined accounts.

The cash flow from investing activities (impact on liquidity from acquisitions and sales of non-current assets) amounts to SEK -3,493 million for the Municipality and SEK -7,962 million in the combined accounts.

The cash flow from financing activities is SEK -265 million in the Municipality. In the combined accounts the overall flow decreased by SEK -1,001 million. The borrowing portion in the combined accounts increased by SEK 2,218 million in total, but the overall reduction is due to decreases in other items mainly due to an investment and provisions paid out.

Cash flow for the year (change in liquid funds) is virtually unchanged for both the Municipality and the combined accounts at SEK 155 million and SEK 60 million respectively. This is a conscious strategy because the market's negative interest means that a cost is incurred for cash in banks.

# Notes

## 1. Operating income

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
Charges	2,364	2,412	7,543	7,307
Rents and leases	1,250	1,321	7,643	7,753
State subsidies	3,254	3,084	3,256	3,086
EU grants	25	35	29	35
Other subsidies	274	125	543	329
Work set up as an asset	117	158	245	285
Sales activities and contract work	2,080	2,207	2,937	3,058
Development income	587	993	484	772
Capital gains	71	98	646	320
Other receipts	323	433	2,779	2,813
<b>Total operating income</b>	<b>10,345</b>	<b>10,866</b>	<b>26,105</b>	<b>25,758</b>

Comparison figures for 2016 have been adjusted as a result of applying RKR 18.1, see note 19 A.

## 2. Operating expenses

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
Wages and social security contributions	-17,984	-19,056	-21,744	-22,915
Pension costs	-1,601	-1,729	-2,040	-2,166
Other personnel costs	-	-	-118	-126
Financial assistance	-1,083	-1,032	-1,083	-1,032
Cost of premises	-1,039	-1,152	-828	-1,032
Contract work and purchased activities	-10,558	-10,633	-9,844	-9,279
Fuel, energy, water, etc.	-367	-343	-3,563	-3,397
Consumables and repairs	-1,018	-938	-1,724	-1,662
Leasing expenses	-297	-312	-182	-217
Development expenses	-221	-310	-221	-310
Capital losses and disposals	-8	-13	-358	-95
Other operating expenses	-2,787	-2,821	-5,732	-6,063
<b>Total operating expenses</b>	<b>-36,963</b>	<b>-38,339</b>	<b>-47,437</b>	<b>-48,294</b>

## 3. Items affecting comparability

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
Repayment of AFA Fora	-	-	-	-
Dissolution, provision and repayment infrastructure	-	-	-	-
Reversal, development fund	106	18	106	18
<b>Total receipts affecting comparability</b>	<b>106</b>	<b>18</b>	<b>106</b>	<b>18</b>
Costs for state infrastructure subsidies	-	-	-	-
Indexation for state infrastructure subsidies	-	-	-	-
Changed discount rate	-	-	-	-
Development fund utilised	-106	-18	-106	-18
<b>Total costs affecting comparability</b>	<b>-106</b>	<b>-18</b>	<b>-106</b>	<b>-18</b>
<b>Total items affecting comparability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	Municipality		Combined accounts	
	2016	2017	2016	2017
Amortisation, intangible assets	-6	-4	-107	-77
Depreciation, buildings and plant	-913	-1,010	-2,002	-2,430
Depreciation, machinery and equipment	-325	-386	-1,913	-1,707
Write-downs	0	0	-47	-220
<b>Total depreciation/amortisation and write-downs</b>	<b>-1,244</b>	<b>-1,400</b>	<b>-4,069</b>	<b>-4,434</b>

Comparison figures for 2016 have been adjusted as a result of applying RKR 18.1, see note 19 A.

**5. Properties, plant, machinery and equipment, Municipality**

MSEK	Intangible assets	Properties for activities	Land reserve	Construction in progress	Plant and machinery	Of which financial leasing	Total
Cost	79	30,259	514	4,183	3,126	2,285	38,161
Acc. write-ups	-	-	-	-	-	-	-
Acc. depreciation/amortisation	-36	-11,887	-95	0	-1,691	-1,247	-13,709
Acc. write-downs	-29	-28	-	-	-	-	-57
<b>Opening book value</b>	<b>14</b>	<b>18,344</b>	<b>419</b>	<b>4,183</b>	<b>1,435</b>	<b>1,038</b>	<b>24,395</b>
Investments	4	1,060	17	3,415	59	394	4,555
Sales/disposals	-4	-19	0	-	0	-391	-23
Depreciation/amortisation	-4	-1,005	-5	-	-386	-339	-1,400
Reversed write-downs	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Write-ups	-	-	-	-	-	-	-
Reclassifications/transfers	-2	-156	-4	-437	70	0	-529
<b>Closing book value</b>	<b>8</b>	<b>18,224</b>	<b>427</b>	<b>7,161</b>	<b>1,178</b>	<b>702</b>	<b>26,998</b>

**5b. Properties, plant, machinery and equipment, combined accounts**

MSEK	Intangible assets	Properties for activities	Land reserve	Construction in progress	Plant and machinery	Of which financial leasing	Total
Cost	1,203	87,986	514	6,397	34,474	-	130,574
Acc. write-ups	-	3,436	-	-	-	-	3,436
Acc. depreciation/amortisation	-895	-33,214	-95	-	-17,104	-	-51,308
Acc. write-downs	-56	-521	0	-31	-1,505	-	-2,113
<b>Opening book value</b>	<b>252</b>	<b>57,687</b>	<b>419</b>	<b>6,366</b>	<b>15,865</b>	<b>-</b>	<b>80,589</b>
Investments	29	1,467	17	6,244	1,693	-	9,450
Sales/disposals	65	-146	0	-52	-155	-	-288
Depreciation/amortisation	-77	-2,405	-5	0	-1,711	-	-4,198
Reversed write-downs	-	6	-	-	1	-	7
Write-downs	-	-23	-	-150	-54	-	-227
Write-ups	-	0	-	-	-	-	0
Reclassifications/transfers	-83	1,474	-4	-1,784	-330	-	-727
<b>Closing book value</b>	<b>186</b>	<b>58,060</b>	<b>427</b>	<b>10,624</b>	<b>15,309</b>	<b>-</b>	<b>84,606</b>

Comparison figures for 2016 have been adjusted as a result of applying RKR 18.1 and corrections/adjustments, see notes 19 A and 19 B.

**6. Tax revenue, municipal financial equalisation, etc.**

	Municipality		Combined accounts	
MSEK	2016	2017	2016	2017
Preliminary tax revenue, current year	25,199	26,656	25,199	26,656
Preliminary final settlement, current year	-113	-113	-113	-113
Final settlement, previous year	23	29	23	29
<b>Total tax revenue</b>	<b>25,109</b>	<b>26,572</b>	<b>25,109</b>	<b>26,572</b>
Income equalisation	2,844	2,827	2,844	2,827
Structural subsidy	-	-	-	-
Cost equalisation	-302	-314	-302	-314
Settlement subsidy/charge	-19	-5	-19	-5
LSS equalisation	87	150	87	150
General subsidies	471	376	471	376
Municipal property charge	766	793	766	793
Total municipal financial equalisation etc.	3,847	3,827	3,847	3,827
<b>Total tax revenue, municipal financial equalisation, etc.</b>	<b>28,956</b>	<b>30,399</b>	<b>28,956</b>	<b>30,399</b>

**7. Financial receipts and expenses**

	Municipality		Combined accounts	
MSEK	2016	2017	2016	2017
Interest income from subsidiaries	367	340	-	-
Interest income	6	25	22	38
Earnings from shares and participations	5	771	116	108
Other financial receipts	28	22	9	6
<b>Total financial receipts</b>	<b>406</b>	<b>1,158</b>	<b>147</b>	<b>152</b>
Interest expenses	-492	-469	-945	-832
Interest on pension costs	-29	-32	-34	-14
Other financial expenses	-41	-55	-49	-61
<b>Total financial expenses</b>	<b>-562</b>	<b>-556</b>	<b>-1,028</b>	<b>-907</b>
<b>Net financial items</b>	<b>-156</b>	<b>602</b>	<b>-556</b>	<b>-755</b>
<b>Market value of interest rate swaps</b>				
Secured debt	7,224	9,345	38,841	41,001
Market value of interest rate swaps	-216	-166	-1,593	-1,109
Secured debt in foreign currency	3,232	4,118	3,232	4,118
Cross currency swaps	242	-81	242	-81

Earnings from shares and participations, Municipality 2017; SEK 767 million of the SEK 771 million are dividends from municipal companies.

**8. Financial assets**

	Municipality		Combined accounts	
MSEK	2016	2017	2016	2017
Shares and participations	9,800	9,800	392	414
Deferred tax asset	-	-	0	0
Other long-term receivables	16,971	23,657	62	3,097
<b>Total financial assets</b>	<b>26,771</b>	<b>33,457</b>	<b>454</b>	<b>3,511</b>
<b>Itemisation: Shares and participations</b>				
Göteborgs Stadshus AB	9,451	9,451	-	-
Associated companies	1	1	31	58
Kommuninvest	336	336	336	336
Other companies, tenant-owner dwellings and basic fund capital trusts	12	12	25	20
<b>Total shares and participations</b>	<b>9,800</b>	<b>9,800</b>	<b>392</b>	<b>414</b>

**9. Inventories and development properties**

	Municipality		Combined accounts	
MSEK	2016	2017	2016	2017
Inventories	24	28	419	370
Development properties	540	563	735	642
Total inventories and development properties	564	591	1,154	1,012
<i>Itemisation: Development properties</i>				
Opening value	486	540	707	735
Expenses for the year	266	248	301	657
Withdrawal of book value	-206	-263	-268	-782
Reclassification/revaluation	-6	38	-5	32
<b>Total development properties</b>	<b>540</b>	<b>563</b>	<b>735</b>	<b>642</b>

**10. Current receivables**

	Municipality		Combined accounts	
MSEK	2016	2017	2016	2017
Accounts receivable, Group companies	143	78	-	-
Accounts receivable	472	491	1,550	1,453
VAT receivables	266	262	308	275
Receivables from the government	855	326	1,061	544
Prepaid expenses and accrued income	998	1,954	1,487	1,584
Other current receivables, Group companies	12,028	10,284	-	-
Other current receivables	828	737	1,176	978
<b>Total current receivables</b>	<b>15,590</b>	<b>14,132</b>	<b>5,582</b>	<b>4,834</b>

**11. Equity**

	Municipality		Combined accounts	
MSEK	2016	2017	2016	2017
Equity brought forward	19,234	20,172	26,043	28,404
Other adjustments	-	-	38	4
Net earnings for the year	938	2,128	2,323	2,369
<b>Closing equity</b>	<b>20,172</b>	<b>22,300</b>	<b>28,404</b>	<b>30,777</b>
<i>Itemisation: Distribution of equity</i>				
Earnings equalisation reserve	869	1,869	-	-
Other equity	19,303	20,431	-	-
<b>Closing equity</b>	<b>20,172</b>	<b>22,300</b>	<b>-</b>	<b>-</b>

Comparison figures for 2016 have been adjusted as a result of corrections/adjustments, see note 19 B.

**12. Provisions for pensions**

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
Defined-benefit pension scheme	2,036	2,207	3,319	3,472
Collective agreement occupational pension, fixed-term pension, etc.	25	22	26	22
<b>Total pensions</b>	<b>2,061</b>	<b>2,229</b>	<b>3,345</b>	<b>3,494</b>
Employer's contribution	500	541	598	643
<b>Total pensions and employer's contribution</b>	<b>2,561</b>	<b>2,770</b>	<b>3,943</b>	<b>4,137</b>
<b>Itemisation: Change in provision over the year</b>				
Opening provision	2,410	2,561	3,793	3,943
New commitments during the year	202	252	269	303
– of which newly earned pension	177	196	204	223
– of which interest and base amount indexation	22	54	68	87
– of which change in actuarial bases	0	0	0	0
– of which pension to survivors	5	7	5	7
– of which miscellaneous	-2	-5	-8	-14
Payouts for the year	-81	-84	-151	-153
Change in special employer's contribution for the year	30	41	32	44
<b>Total pensions and employer's contribution</b>	<b>2,561</b>	<b>2,770</b>	<b>3,943</b>	<b>4,137</b>

The Municipality's reporting of pensions is in accordance with the 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).

The Municipality's total pension obligations including employer's contribution amounted to SEK 14,474 million in 2017, of which SEK 10,857 million refers to obligations that date back further than 1998, so-called pension obligations in contingent liabilities. Pension

costs including employer's contribution amounted to SEK 1,729 million in 2017, which is an increase of SEK 128 million on 2016. The costs include pension payments from the pension obligations in contingent liabilities of SEK 440 million, defined-contribution pensions savings of SEK 690 million and a provision for a defined-benefit pension scheme of SEK 238 million. In addition there is an employer's contribution which equals SEK 343 million.

The City of Gothenburg Group's total pension obligations for 2017 amounted to SEK 15,966 million, an increase of SEK 3 million compared to the previous year. Degree of updating 100%.

**13. Other provisions**

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
<b>A. Provision for restoration of landfill</b>				
Carrying amount at beginning of year	26	22	81	76
Provisions for the period	-	-	7	12
Provisions utilised	-4	-1	-12	-18
Unused amounts reversed	-	-	-	-1
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>22</b>	<b>21</b>	<b>76</b>	<b>69</b>
<b>B. Provision for infrastructure measures</b>				
Carrying amount at beginning of year	821	794	821	794
Provisions for the period	10	25	10	25
Provisions utilised	-25	-13	-25	-13
Unused amounts reversed	-12	-	-12	-
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>794</b>	<b>806</b>	<b>794</b>	<b>806</b>

**C. Provision for measures in the construction sector**

Carrying amount at beginning of year	40	42	277	455
Provisions for the period	18	55	290	125
Provisions utilised	-14	-14	-97	-112
Unused amounts reversed	-2	-14	-15	-14
Reclassification	-	-	0	0
<b>Closing provision</b>	<b>42</b>	<b>69</b>	<b>455</b>	<b>454</b>

**D. Provision for environmental measures**

Carrying amount at beginning of year	-	-	61	64
Provisions for the period	-	19	8	21
Provisions utilised	-	-	-5	-9
Unused amounts reversed	-	-	-	-
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>-</b>	<b>19</b>	<b>64</b>	<b>76</b>

**E. Provision for development fund**

Carrying amount at beginning of year	150	45	150	45
Provisions for the period	-	-	-	-
Provisions utilised	-105	-18	-105	-18
Unused amounts reversed	-	-	-	-
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>45</b>	<b>27</b>	<b>45</b>	<b>27</b>

**F. Other provisions**

Carrying amount at beginning of year	60	9	223	123
Provisions for the period	-	-	16	8
Provisions utilised	-50	-	-115	-8
Unused amounts reversed	-1	-	-1	0
Reclassification	-	-	0	-
<b>Closing provision</b>	<b>9</b>	<b>9</b>	<b>123</b>	<b>123</b>

<b>Total opening balance</b>	<b>1,097</b>	<b>912</b>	<b>1,613</b>	<b>1,557</b>
<b>Total provisions for the period</b>	<b>28</b>	<b>99</b>	<b>331</b>	<b>191</b>
<b>Total utilised</b>	<b>-198</b>	<b>-46</b>	<b>-359</b>	<b>-178</b>
<b>Total unused amounts reversed</b>	<b>-15</b>	<b>-14</b>	<b>-28</b>	<b>-15</b>
<b>Reclassification</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>Total closing balance</b>	<b>912</b>	<b>951</b>	<b>1,557</b>	<b>1,555</b>

Comparison figures for 2016 have been adjusted as a result of corrections/adjustments, see notes 19 C and 19 D.

**Municipality****A. Landfill**

This provision refers to the restoration of the City's 17 closed landfills. 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. 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 lowering of the E45 highway. 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 25 (10) 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 analyses.

**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 for future initiatives, in particular social initiatives. The fund's assets will not replace the committees' ordinary responsibility, but will mainly be used to deal with joint problems that the committees cannot reasonably manage in the ordinary budget. According to the City Council decision, dissolution of the fund will be recognised as items affecting comparability in the respective year's income statement. The fund has been recognised in the balance sheet as a provision. It does not meet the criteria for a provision set out in recommendation RKR 10.2 Provisions.

**F. Other provisions**

Other provisions refer to expected damages.

**Combined accounts:****A. Landfill**

Aside from the Municipality's provision (closing balance SEK 21 million), the provision for restoration of landfill refers to the restoration of Torsviken dredging depot (closing balance SEK 20 million), which is expected to be carried out between 2016 and 2019, and the restoration of landfill sites within the Renova Group (total closing balance SEK 28 million, of which Tagene accounts for SEK 21 million).

**B. Infrastructure**

See the Municipality.

**C. Measures in the construction sector**

Aside from the Municipality's new provision (closing balance SEK 69 million), the provision for measures in the construction sector refers to future obligations in construction projects within Älvstranden Utveckling AB; primarily Kvillebäcken (closing balance SEK 29 million), Stora Torp (closing balance SEK 34 million), Västra Eriksberg (closing balance SEK 45 million), Lindholmshamnen (closing balance SEK 135 million) and Skeppsbron (closing balance SEK 13 million). The item also includes a provision for warranty commitments relating to poorly sealed windows within Förvaltnings AB Framtiden (closing balance SEK 105 million) and warranty commitments within Higab AB (closing balance SEK 16 million).

**D. Environmental measures**

Aside from the Municipality's new provision (closing balance SEK 19 million), provisions for environmental measures refer primarily to provisions within the Göteborg Energi group linked to confirmed future environmental measures, such as land restoration (closing balance SEK 25 million). The remaining portion primarily relates to Liseberg AB which reports a provision for contaminated land in a subsidiary company (closing balance SEK 20 million).

**E. Development fund**

See the Municipality.

**F. Other provisions**

Aside from the Municipality's provision (closing balance SEK 9 million), other provisions largely comprise costs for outstanding claims within Försäkrings AB Göta Lejon (closing balance SEK 110 million). The remaining provisions partly refer to severance pay at the Greater Gothenburg Rescue Services (closing balance SEK 1.2 million) and restructuring costs at Göteborgs Spårvägar AB (SEK 1.1 million).

**14. Long-term liabilities**

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
Liabilities to banks and credit institutes	26,734	31,790	27,984	34,080
Deferred income	2,593	3,216	2,680	3,305
Liabilities to Group companies	64	436	-	-
Other long-term liabilities	376	-	188	101
<b>Total long-term liabilities</b>	<b>29,767</b>	<b>35,442</b>	<b>30,852</b>	<b>37,486</b>
<i>Itemisation: Deferred income, regulated over several years</i>				
Connection charges	204	282	291	390
Investment subsidies	1,492	1,833	1,492	1,834
Payments for street costs	897	1,101	897	1,081
<b>Total deferred income</b>	<b>2,593</b>	<b>3,216</b>	<b>2,680</b>	<b>3,305</b>

Comparison figures for 2016 have been adjusted as a result of applying RKR 18.1, see note 19 A.

**15. Current liabilities**

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
Liabilities to Group companies	2,621	2,031	-	-
Liabilities to banks and credit institutes	5,832	5,546	10,747	6,920
Accounts payable	1,957	2,315	2,830	3,248
Employee taxes	282	300	330	352
Accrued expenses and deferred income*	3,799	3,958	5,936	6,009
Other current liabilities	267	569	741	1,149
<b>Total current liabilities</b>	<b>14,758</b>	<b>14,719</b>	<b>20,584</b>	<b>17,678</b>

*This item includes the Municipality's defined-contribution pension including employer's contribution of SEK 848 (798) million. Comparison figures for 2016 have been adjusted as a result of corrections/adjustments, see notes 19 C and 19 D.*

**16. Guarantees**

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
<b>Guarantees for loans and pension obligations</b>				
Gothenburg Port Authority	498	467	-	-
Göteborgs Energi AB	236	235	-	-
Higab AB	1,197	1,197	-	-
Göteborgs Stadshus AB	1,526	1,776	-	-
Other companies	333	306	-	-
<b>Total guarantees City companies</b>	<b>3,790</b>	<b>3,981</b>	<b>-</b>	<b>-</b>
<b>Other guarantees</b>				
Private houses – government home loans	2	1	2	1
Foundations	502	501	502	501
Associations	176	163	176	163
Other	57	57	57	57
<b>Total external guarantees</b>	<b>737</b>	<b>722</b>	<b>737</b>	<b>722</b>
<b>Total guarantees</b>	<b>4,527</b>	<b>4,703</b>	<b>737</b>	<b>722</b>
<b>Other contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>232</b>	<b>166</b>
<b>Pledged assets</b>	<b>-</b>	<b>-</b>	<b>1,349</b>	<b>580</b>

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 288 municipalities that were members of Kommuninvest Cooperative Society on 31 December 2017 have entered into identical guarantee commitments. Kommuninvest's total obligation amounted to SEK 342 billion and its total assets to SEK 349 billion on 31 December 2017. Gothenburg's share of the guarantee liability is 1.79%, SEK 6.1 billion.

A recourse agreement has been concluded between all members of Kommuninvest Cooperative Society

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 771 million at the end of the year. Gothenburg Municipality redeemed guarantee commitments totalling SEK 6.7 million in 2017.

**17. Pension obligations not recognised as liabilities or provisions**

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
PA-KL pension obligations, active	3,780	3,524	3,787	3,530
PA-KL pension obligations, retired	4,765	4,840	4,858	4,931
Pension obligations, annuity	369	363	369	363
<b>Total PA-KL pension obligations</b>	<b>8,914</b>	<b>8,727</b>	<b>9,014</b>	<b>8,824</b>
Pension obligations, managers' agreements	4	-	4	-
Other pension obligations	11	10	11	10
Guarantee commitments, FPG/PRI	-	-	5	5
<b>Total pension obligations</b>	<b>8,929</b>	<b>8,737</b>	<b>9,034</b>	<b>8,839</b>
Special employer's contribution	2,166	2,120	2,188	2,142
<b>Total pension obligations and special employer's contribution</b>	<b>11,095</b>	<b>10,857</b>	<b>11,222</b>	<b>10,981</b>

Comparison figures for 2016 have been adjusted as a result of corrections/adjustments, see note 19 E.

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 56 (33) million on 31 December 2017.

**18. Leasing expenses**

MSEK	Municipality		Combined accounts	
	2016	2017	2016	2017
<b>Operational lease agreements</b>				
Lease fees paid for the year	297	312	182	217
<b>Contracted future lease fees</b>				
Fall due within 1 year	98	104	55	52
Fall due within 1–5 years	123	149	135	127
Fall due in more than 5 years	1	1	88	82
<b>Financial leasing agreements</b>				
Lease fees paid for the year	297	352	-	-
<b>Contracted future lease fees</b>				
Fall due within 1 year	323	345	-	-
Fall due within 1–5 years	604	588	-	-
Fall due in more than 5 years	156	146	-	-

The comparison figure for 2016 has been adjusted from SEK 155 million to SEK 297 million for errors in the operational lease fee paid.

The Municipality's fees for financial leasing refer to the actual payments made for the agreements classified as financial leasing. These fees are then eliminated at central municipal level to satisfy RKR recommendation 13.2. Read more under the section on accounting principles.

Financial leasing is 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. Effects on the 2016 comparison year as a result of applying RKR 18.1 for investment income (A), and corrections/adjustments regarding sales (B), provisions (C, D) and contingent liabilities (E, F)**

		Municipality			Combined accounts		
MSEK	Note	2016	+/-	2016	2016	+/-	2016
INCOME STATEMENT, extract							
A. Operating income, Other receipts (dissolution)	1	10,328	17	10,345	26,088	17	26,105
A. Operating expenses, Depreciation, buildings and plant	4	-1,227	-17	-1,244	-4,052	-17	-4,069
Net earnings for the year, Connection charge and Leasing		938	0	938	2,323	0	2,323
ASSETS, extract							
NON-CURRENT ASSETS, extract							
A. Property, plant and equipment, Acc. cost	5	-	1,283	-	-	1,283	-
A. Property, plant and equipment, Acc. depreciation	5	-	-40	-	-	-40	-
B. Property, plant and equipment, Acc. cost	5	-	-	-	-	17	-
Property, plant and equipment		23,138	1,243	24,381	79,075	1,260	80,335
EQUITY, PROVISIONS AND LIABILITIES, extract							
EQUITY, extract							
B. Adjustment entry, Sales	11	-	-	-	21	17	38
Equity		-	-	-	28,387	17	28,404
PROVISIONS, extract							
C. Other provisions, Provision for measures in the construction sector	13	-	42	-	-	42	-
D. Other provisions, Other	13	-	-	-	-	96	-
Other provisions		870	42	912	1,419	138	1,557
Long-term liabilities, extract							
A. Long-term liabilities, Investment subsidies	14	-	736	-	-	736	-
A. Long-term liabilities, Payments for street costs	14	-	507	-	-	507	-
Long-term liabilities		28,524	1,243	29,767	29,609	1,243	30,852
Current liabilities, extract							
C. Current liabilities, Other current liabilities	15	-	-42	-	-	-42	-
D. Current liabilities, Other current liabilities	15	-	-	-	-	-96	-
Current liabilities		14,800	-42	14,758	20,722	-138	20,584
Guarantees, pension obligations and contingent liabilities not recognised as liabilities or provisions, extract, Provision							
E. Pension obligation and employer's contribution	17	-	-	-	11,272	-50	11,222
F. Memorandum item, leasing	-	1,305	-1,083	222	-	-	-
Guarantees, pension obligations and contingent liabilities not recognised as liabilities or provisions		16,927	-1,083	15,844	13,868	-50	13,818

# Auditor's Report for 2017

## **concerning the City of Gothenburg Executive Board and Committees and the combined annual accounts Gothenburg Municipality, reg. no. 212000-1355**

We, the auditors for the Executive Board and Committees of Gothenburg Municipality, are appointed by the Gothenburg City Council. By means of lay auditors appointed to Gothenburg Municipality's wholly-owned companies and subsidiaries, the activities and internal control of these companies have also been examined.

The 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 presented in a corresponding way in the audit reports and audit statements 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.

Criticism has been directed at the Committee for Intracervice in its entirety in the form of a qualification. The audit shows a lack of appropriateness and shortcomings in internal governance and control when it comes to trips outside of Sweden, the use of consultants, information security and decision-making data. Criticism has also been directed at the Sports and Associations Committee in its entirety in the form of a qualification. The audit reveals shortcomings in internal control regarding the committee's awarding of subsidies to associations. In their audit report, the lay auditors have directed criticism at the board of directors and Managing Director of Got Event AB in the form of a qualification. The audit reveals, among other things, serious shortcomings relating to procurement and purchases as well as project management. It is otherwise our opinion that the Board and Committees of Gothenburg Municipality have conducted their business in an appropriate and financially satisfactory manner, and that internal control has been adequate.

We judge that the accounts in all essentials provide a fair and accurate picture.

We do not consider it possible to express an opinion on whether the results are consistent with the financial goals decided by the City Council because there are no financial goals in the budget for 2017. Furthermore, we do not consider it possible to assess goal achievement for the operational goals decided by the City Council based on the evaluation in the annual accounts.

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 2017 with the exception of the Committee for Intracervice. As regards the Committee for Intracervice, our exception also encompasses the Committee members who resigned their positions on the Committee during the financial year. We do, however, recommend that the City Council grant discharge from liability to the members and deputies who have joined the Committee since October 2017.

We recommend that the 2017 Annual Report for the City of Gothenburg be approved.

Gothenburg, 11 April 2018

  
Lars Bergsten

  
Hans Aronsson

  
Carina Henriksson Johansson

  
Claes-Göran Lans

  
Bengt Bivall

  
Sven Jellbo

  
Lars-Ola Dahlqvist

  
Ann-Britt Svensson

  
Vivi-Ann Nilsson

  
Annika Hofmann

  
Stefan Dahlén

  
Lars-Gunnar Landin

  
Gun Cederborg

  
Susanne Zetterberg Jensen

  
Peggy Svensson

  
Torbjörn Rigemar

  
Ulf Rothmyr

  
Mai-Britt Wilhelmson

  
Gerhard Annvik

  
Tove Adlerberth

  
Sven R. Andersson

[illegible]

[illegible]



**Production:** Welcom **Cover photos:** Lo Brigeresson **Photo:** Apelboga, Scandinau bildbyrå s 33, Asbjörn Hanssen s 63, Bodil Johansson, Scandinau bildbyrå s 33, Justen Johansson, Scandinau bildbyrå s 13, 87, Lena Dahlström s 2, Lo Brigeresson s 7, 9, 11, 25, 28, 29, 33, 36, 37, 38, 39, 40, 43, 51, 54, 55, 59, 63, 71, 72, 79, 83, 90, 91, Mikael Svensson, Scandinau bildbyrå s 33, Per Hansson, Scandinau bildbyrå s 95, Peter Svensson s 11, 57, 88, 95, Scandinau bildbyrå s 61, 95, Sören Håkansson s 47