

CITY OF GOTHENBURG  
ANNUAL REPORT

2016



Göteborgs  
Stad



2016 was in many ways a positive year for Gothenburg. Amid favourable economic conditions, most arrows pointed in the right direction. The City advanced its positions in several of the central challenge areas such as equal opportunities, safety and security, construction, business climate and equivalency in schools.

## The City Executive Board Chairman summarises 2016

### Good times

Bearing in mind the general economic trends, 2016 was a good year for Gothenburg and the Gothenburg region. Growth was high. Exports grew. Trade and industry flourished. Unemployment decreased rapidly, also among young people. At the end of the year, the Gothenburg region had had lower unemployment than the Stockholm region for more than a year. Another positive trend related to the economy, but also the result of systematic work on several fronts in the city, was the continued fall in the volume of income support. It was particularly pleasing to see many people who had long been dependent on income support managing to improve their life situation.

### Improved equal opportunities

Reducing inequalities is a central priority. Improving equal opportunities is not only a question of decency. It's also one of rationality. Equal opportunity is a win-win for the whole of society. The broad, far-reaching Equal Gothenburg initiative made great progress during the year, and all five focus areas gained an increasing foothold in the organisation. Giving all children a good start in life is an important key to success. Specific initiatives to this end include being the city where we read to our children, consolidation of the family-centred working method (the ambition being for all city districts to have at least one family centre), and systematic work to increase school attendance.

### Intensified work on safety and security

Safety and security measures were escalated during the year on both the national and local level. The government decided that the police will be given greater resources, and also took several initiatives to combat organised crime. The Court of Appeal's verdict in the Vår Krog & Bar case, resulting in long prison sentences for the perpetrators in the bar shooting, sent out an important message.

Collaboration in the Trygg i Göteborg/Safe in Gothenburg model, which is now in place in all city districts, developed very positively. This is a close collaboration between the police, the district administration and other bodies that are key to safety and security in the local environment.

### Schools moving upwards

The new PISA (Programme for International Student Assessment) study indicated a break in trend in Swedish schools. The results are no longer falling, but are apparently on their way up, which is positive. Like other studies, however, PISA also showed that equal opportunities have continued to deteriorate, which is problematic.

In Gothenburg, we are now facing a reform in the school's organisation. Towards the end of the year, a political consensus was reached to move responsibility from the city districts to a central Schools Committee and a central Pre-Schools Committee. An important focus area in this reform will be to increase equivalency.

### Increased construction

There is more construction in Gothenburg than for the past 40 years, and the pace is about to increase considerably.

In infrastructure, the Hising Bridge was given a definite go-ahead during the autumn, after a drawn-out legal process. Construction was then able to begin just before the end of the year.

In housing, 2,680 homes were completed during the year. This is the highest number since the 'Million Programme' was finished in the mid-1970s. At the end of the year, new construction of 3,665 homes was under way. It should however be noted that reaching the desired levels has been quite a slow process, especially as production capacity in the construction sector has been a problem. Moving forward, the signs are that the situation is set to improve. One important factor is that Framtiden group is escalating its construction considerably, with the long-term aim of finishing at least 1,400 homes per year across the city.

### Broader enterprise agenda

In a climate where many companies performed extremely well, the City's work on trade and industry policy took important steps in a more ambitious direction. The strategic enterprise dialogue that aims to increase collaboration between the political, business and academic spheres kicked off with a first meeting in October. The city increasingly developed as a test arena for new innovations. While initiatives like Drive Me and Electricity continued, innovative new initiatives were taken in areas such as sustainable home building (HSB Living



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

Photo: Lena Dahlström

Lab and Brf Viva/Positive Footprint Housing). Activities as part of Green Gothenburg, the aim of which is to increase interest in the green solutions developed in the Gothenburg region, grew during 2016. Efforts to create a forward-looking strategic trade and industry plan began just before the end of the year.

### Active job initiatives

As unemployment fell, employers began finding it increasingly hard to find the right skills. The average number of newly advertised vacancies in the Gothenburg region rose by around one-third between autumn 2015 and autumn 2016. To continue to reduce unemployment, particularly by better matching job-seekers with available jobs, a range of measures were taken in the city during the year. Work on a skills provision strategy began. The process of starting up four new Skills Centres continued, and will be finished in spring 2017. Under a new model (termed 'the gradual job and education boost'), anyone not in work will be able to move all the way into a permanent job by combining education and work experience.

### New arenas under way

After many years of exhaustive deliberation, during the spring a broad political majority finally agreed that Scandinavium should be replaced by a new arena. The process of a thorough enquiry based on the needs and interests of Gothenburgers was begun, and will be finished in autumn 2017, after which the details of the continued process will be hammered out. Also in this context, a

broad consensus was reached on a replacement for the Lisebergshallen venue, which is being demolished for the building of the West Link Project.

### Valuable establishments

In May it was announced that RISE Research Institutes of Sweden will be moving its headquarters to Gothenburg. It will be an important asset to have such a pivotal organisation here in the city. With Gothenburg and the Gothenburg region being the epicentre of Swedish industrial research, there is a clear logic in the move. In December, it was confirmed that the new Gender Equality Authority will be based in Gothenburg. This will stimulate local equality-related work, as well as the local job market. This is a kind of employer that Gothenburg lacks at the moment.

### East Indiaman stays at home

Also in December, it was confirmed that the Swedish Ship Götheborg, a replica of an 18th century East Indiaman, will remain in its home city. The private sector will provide most of the financing, and four of the City's companies are involved. The ship will be located at Masthugget quay. A visitor's centre will be built around the ship, linking to Gothenburg's long history as an international trading and maritime city.

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



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 Annual Report

## 1 Administration Report, pages 9–26

The first block contains the Administration Report, which must be included in the Annual Report in line with the Municipal Accounting Act. It comprises a summary of the Annual Report 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 a strategic analysis looking at what these mean for the City of Gothenburg. There

is also a presentation looking at how well the City Council's goals appear to have been accomplished, and a follow-up of the City Council's assignments. 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 27–58

This block reports parts of the activities conducted by the City of Gothenburg's 30 or so committees and its 20 or so groups and companies in 2016. 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 59–72

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 Combined accounts – Financial analysis, pages 73–88

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 sponsorship in the City of Gothenburg during the year, and in the 'Financial monitoring and risk management' section, an analysis is made of financial commitments in the form of borrowing etc.

## 5 Municipality accounts and combined accounts, pages 89–109

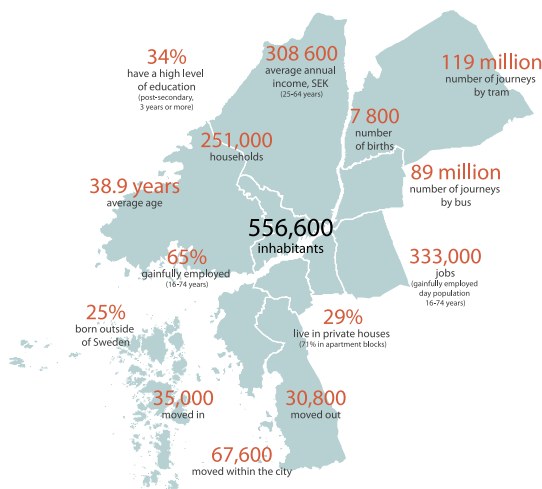
The final block looks at the Municipality's and the combined income statement, balance sheet and cash flow

statement, including 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.

## City of Gothenburg: 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. Three science parks which link research with industry and politics bring advanced skills and strengthen the region's attractiveness.



**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. Gothenburg will grow into a close city – one with all the advantages a major city has to offer but, with the benefits of short distances, closeness between people and an open, welcoming environment.

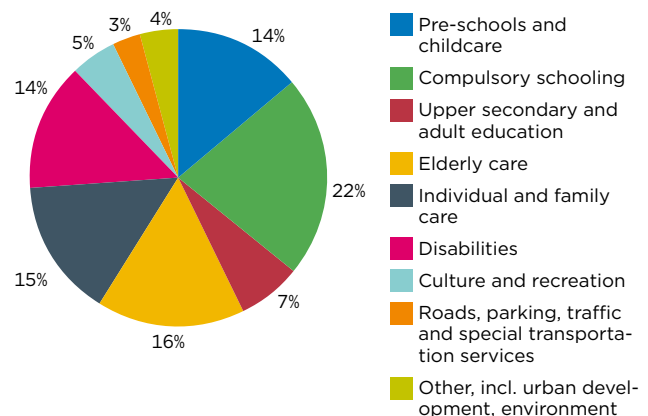
One precondition for a sustainable city is social cohesion. Differences in people's health and living standards must be evened out. As the population grows, so too does

the Municipality's responsibility to provide public and professional services to its residents, visitors and business community.

**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, 56,000 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 4.1 million visits. Liseberg received 3.1 million guests and 800,000 visits were made to our museums. Every day 170 million litres of clean water is produced, and the city's hire bikes were used 666,000 times in 2016.

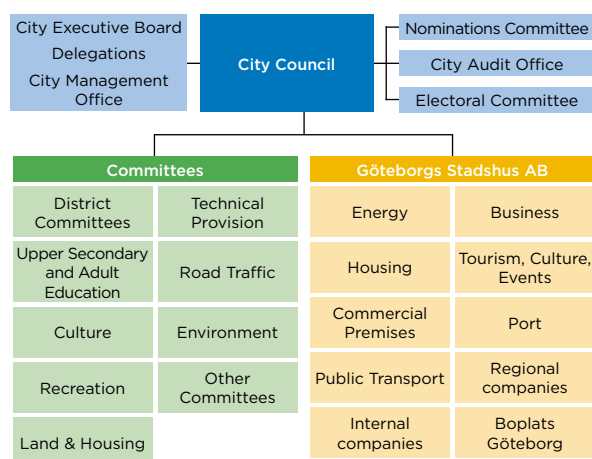
**How SEK 100 of tax money is spent:** Health-care, schools and social care account for around 85% of Gothenburg Municipality's net costs.



**Our organisation:** The City of Gothenburg is governed by politicians, and the current mandate period is 2015 to 2018 inclusive. The Social Democrats, Green Party, Left Party and Feministiskt initiativ comprise the City's governing minority.

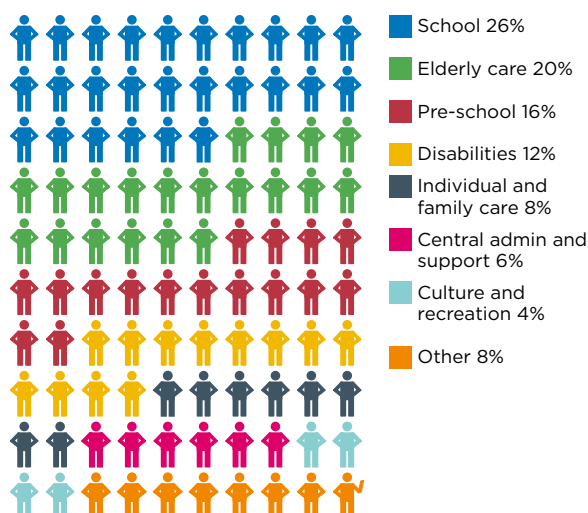
The City Council is the supreme decision-making body. The Council is made up of politicians elected by the citizens. Under the City Council is the City Executive Board, which leads and coordinates operations. The City of Gothenburg is an organisation comprised of administrations and companies. The City Council decides which administrations and companies there should be and elects members to its committees and boards, which are responsible for the day-to-day work.

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:** Gothenburg Municipality is the largest employer in Gothenburg with 46,500 employees. 54,200 people work in the City of Gothenburg in more than 100 different professions in city districts, specialist

### Full-time equivalents in Gothenburg Municipality administrations



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 46 years. The proportion of employees born outside of Sweden in the administrations is 25%, which roughly reflects the composition of the city's population as a whole.

**Our governance:** The City of Gothenburg's system of governance 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 tasks. We have express 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.

### 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'.

The City of Gothenburg is working on having process ownership for the various goals in the budget. The 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.

### EU directive on sustainability reporting

The City of Gothenburg's company sector is affected by the EU directive on sustainability reporting, which comes into force in 2017. The EU directive means that companies should include sustainability factors as part of their annual financial reporting.

**What is sustainability reporting?** In brief it involves measuring, following up, describing and communicating an organisation's influence on sustainable development. It is a public report to stakeholders on the organisation's ambition, activities and contributions to sustainability from an economic, ecological and social dimension. 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.

**Why report on sustainability?** Customers and stakeholders have increased expectations on insight into how companies work with sustainability, and the issue is becoming increasingly relevant to companies and their credibility. Experiences from organisations that report sustainability indicate a better reputation, greater confidence among consumers and employees, and less incorrect information on the company's social involvement. The reporting supports the company in reaching out with its vision, and it contributes to higher profitability.

### Sustainability challenges

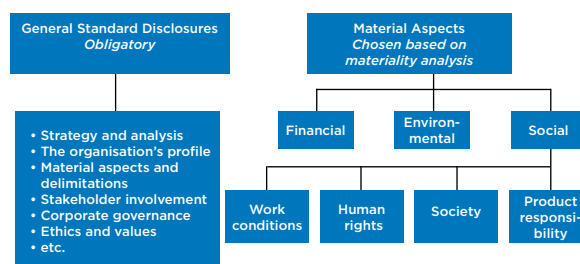


### Conditions for sustainability work

One basis for different models for sustainability work is that there are internal guiding documents, expressed values for the organisation, rules of conduct and working methods that lay the foundation for effective, quality-assured work. The City of Gothenburg's organisation is well provided with policies, guidelines, programmes and instructions that guide both strategic planning and the operational work.

The Göteborgs Stadshus AB group has chosen to use the GRI model (Global Reporting Initiative) for its sustainability reporting. The GRI is a non-profit networking organisation. Sustainability reporting primarily exists so that individual companies can clarify the effect their value chain has on sustainable development, and based on that knowledge drive the development of values, processes and actions to promote sustainable development. This work improves the conditions for achieving the goals in the City of Gothenburg budget.

### Global Reporting Initiative



In this context the municipal sector, which does not fall under the EU directive, is deemed as a whole to work for sustainable social development. All reporting within the framework of monitoring the City of Gothenburg's budget takes place in this sector.

### Sustainable development at the societal level

Developments in Gothenburg are affected by the various players in the city, 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 on <http://statistik.goteborg.se/HU>.



# City Executive Board members 2016



Ann-Sofie  
Hermansson  
(Social Democrat)  
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

## **11 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.

## **12 Strategic analysis and projections**

The aim of this section is to describe a number of events and developments in the wider world, which could affect social development in Gothenburg and the region and also to describe how these changes affect the City of Gothenburg and how they can be tackled.

## **15 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.

## **21 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.

## **24 Summary financial analysis**

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

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

# Important decisions and events

## Decisions

- A collective strategic enterprise plan for Gothenburg will be drawn up.
- The Road Traffic Committee says yes to continued planning for a cableway between Järntorget and Lindholmen.
- The Swedish Ship Götheborg will remain in Gothenburg.
- The collaboration between City of Gothenburg and the police will be extended, for increased security.
- Inquiry into the development of the events area in the future.
- A decision will be made regarding transferring pre-school and compulsory schooling to two new committees.
- A system of choice for home-help services will be introduced in 2017.
- Swedish parliament exempts Backa from the congestion charge.



- The government decides that the Gender Equality Authority will be based in Gothenburg.
- The Swedish Transport Administration establishes the railway plan for the West Link Project.
- Go-ahead to build the Hising Bridge.
- A selection of programmes and plans that were adopted: Communication Programme, Action Plan for work on human rights and a Plan against violent extremism.

## Events

- Largest population increase since the 1950s.
- Free WiFi being tested and evaluated at 24 locations in Gothenburg.
- Free swimming for young people and senior citizens introduced.
- Almost 60,000 children and young people take part in 170 different summer holiday activities.
- Euro championships in EuroSkills held in Gothenburg, becomes a success with the public.
- More people able to support themselves.
- Reading initiative launched: The City Where We Read to Our Children.
- The Gothenburg Award for Sustainable Development goes to Seoul's mayor, for the South Korean capital's investment in the sharing economy.
- Homes are organised for almost 1,000 refugees who become Gothenburgers.



- Gothenburg invests in more family centres.
- Stenpiren Travel Centre opens.
- Gothenburg is released in Minecraft, a video game that lets the player explore and transform the city.
- Almost 50% of meals served in City of Gothenburg operations are organic.
- Design and programme proposal for the Jubilee Park is presented to the people of Gothenburg.
- Gothenburg's green bonds win UN climate prize.
- City of Gothenburg wins the 2016 Psynk Award for its work on giving newly arriving young people better conditions for successful integration.
- Gothenburg is ranked the world's most sustainable conference city in the Global Destination Sustainability Index.
- Enterprising Västra Hisingen receives EU award.
- Planning work for Frihamnen wins Swedish architectural prize.



A growing global economy and a strong Swedish labour market increased employment in the whole of Sweden. The world carried on working on the new climate agreement, but the results of the US presidential election raised questions about the future. A still severe refugee situation worldwide, with the war in Syria in focus. The Brexit vote in the UK shook the EU as an institution.

## Strategic analysis and projections

### Continued migration pressure

The international refugee crisis continued in 2016. The EU's migration deal with Turkey, border controls in the Balkans and internal controls in the Schengen area have all made it harder to travel to and through Europe. But the pressure on Europe remains, and there are large groups of people from several African countries looking for better lives. The European Commission is now in talks with several countries not only to reach agreements on border controls, but also to improve living conditions with trade agreements and aid money, for example.

Sweden's measures to reduce the flow of refugees and the introduction of border controls at the beginning of 2016 contributed to a dramatic decrease in immigration by asylum seekers. Migration by asylum seekers to Sweden is now lower than it has been for five years. Moving forward, introduced measures such as limited opportunities for family reunions, temporary rather than permanent residence permits and stricter requirements on self-support could affect the number of asylum seekers coming to Sweden. The forecast for asylum seekers to Sweden in 2017 and 2018 is estimated at between 25,000 and 45,000 people.

### Lower percentage of new arrivals to Gothenburg

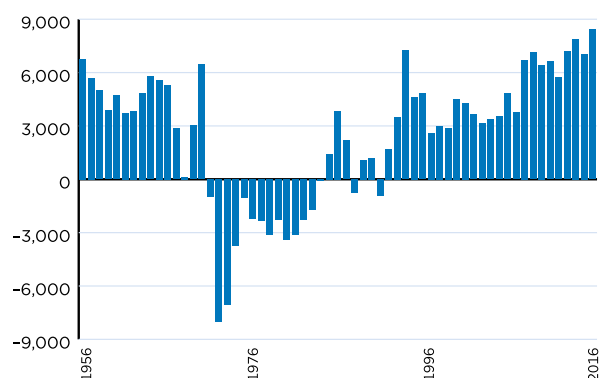
Gothenburg received 3,300 new arrivals, which equated to 4.7% of all new arrivals in the country. This is a lower percentage than the national average. Many small municipalities that have long had shrinking populations have bucked the trend in recent years due to incoming refugees and asylum seekers. It is however uncertain whether the new arrivals wish to or can stay in these municipalities. Historically, many have moved to larger towns and cities within a few years, particularly Sweden's three largest city regions. The issue of housing availability is even more important bearing in mind the number of new arrivals coming to Gothenburg.

### Largest population increase of the modern age

Sweden's population growth set a new record, and the national population passed 10 million just after the beginning of 2017. Based on the large number of asylum seekers in 2015, the need for municipal housing is expected to culminate in 2017. Gothenburg's own population growth of 8,400 was also the biggest in modern times.

Having said that, the growth was higher as a percentage during the Balkan war of the mid-1990s. Immigration by refugees is the main explanation, both nationwide and in Gothenburg. Gothenburg has had rapid population growth for several years, and since 2008 it has grown by 7,000 people a year on average. The large increases are due both to high birth rates and to migration into the city.

### Population development in Gothenburg – 1956-2016



### Continued recovery in the global economy

The economic recovery in the wake of the 2008 financial crisis is continuing. In the USA, unemployment has decreased dramatically and employment has increased for 82 months. The USA's new president is expected to conduct a stimulus-focused financial policy leading to higher growth. Emerging countries are expected to contribute to the slowly increasing GNP figures around the world, even though they are quite a way below the growth rates before the financial crisis of 2008.

### Global GNP forecasts – annual change in %

Institution	2015	2016	2017	2018
Swedbank	3.2	3.1	3.4	3.3
Nordea	3.2	3.1	3.3	3.4
SEB	3.2	3.1	3.5	3.6
Nat. Inst. of Economic Research	3.2	3.2	3.5	3.5

The table above indicates relative consensus among Swedish forecasters that the increase in global GNP

would end up at just over 3% in 2016, rising slightly to 3.5% in subsequent years. For the first time in a decade, the European Commission's first forecast for 2017 foresees growth in all Member States in the years to come. Growth is particularly strong in the eastern Member States. These forecasts are however uncertain bearing in mind the US presidential election, British Brexit negotiations, and the important elections in Member States the Netherlands, France and Germany in 2017. The newly elected US President Trump has promised an economic programme consisting mainly of stimulus measures, tax reductions, deregulation, and possibly protectionism that will protect American producers. With the exception of the protectionist measures, the other proposals are intended expressly to increase economic growth and corporate profits, which could prolong the US boom. When it comes to trade policy and an ambition to reduce global trade in world commerce, it could on the contrary lead to lower growth.

### Swedish economy in the years to come

Sweden has enjoyed excellent growth in recent years, as has the Gothenburg region. The nation's growth of 3.5% in 2016 can be compared to, say, the UK and Germany, which had growth of around 2%. Over the next few years, Swedish growth is expected to fall to levels of around 2%. For the municipal sector, this means that the increase in hours worked is expected to decrease from 2% a year to below 1%, and this will affect the City's tax revenue.

It is hard to say how the Gothenburg region's high growth rate will develop moving forward. In addition to the uncertainties in the global economy there are also local capacity shortfalls, especially the shortage of labour and problems with matching, which risk limiting growth. Even now there is a slowdown due to the difficulty of finding the right skills. The housing shortage in Gothenburg is also a factor. Recruitment difficulties can also be found in the City of Gothenburg, and this is expected to continue since some of the jobs are in shortage occupations. Skills provision in urban construction is affected by the increasingly stiff competition in the building and infrastructure operation, since even nationwide construction is running high at the moment.

The UK's decision to leave the EU affects an important export market for Sweden, Västra Götaland and Gothenburg. Västra Götaland county exports goods worth over SEK 10 billion a year to the UK, and if trade is impeded it will have adverse effects. One positive effect is that multinational, and British, companies are more likely to choose EU nations as production locations to gain access to the internal market. Sweden may not be able to automatically assume it will get a large proportion of the increased investments, but there will certainly be opportunities if there is an active 'sales strategy' in place. This is particularly true for western Sweden, which is well advanced in sectors where new investment is expected, such as automotive and life science.

### Strong Swedish labour market

Employment increased and unemployment decreased in 2016, although the trend varies for different groups of jobless people. Unemployment was 31% among people born outside of Europe, compared to 4% among those born in Sweden. There are groups of unemployed people who are in a vulnerable position on the labour market, and they are expected to account for an increasing proportion in the years to come.

Youth unemployment was at its lowest since 2008 and was 8.9% among women and 13.9% among men. There is a clear link between unemployment and education, and unemployment figures were considerably higher for those without an upper secondary education. Even so, unemployment was higher among people born abroad regardless of education level, and particularly those born outside of Europe. Unemployment rose among people born outside of Europe, which can be linked to the high level of immigration.

Unemployment decreased more quickly in Gothenburg than in Sweden as a whole, including for young people. Unemployment in Gothenburg is now at the same level as it is nationwide.

### Registered unemployed, % of workforce

All, 16–64 years old	2014	2015	2016
Stockholm	6.6	6.4	6.1
Gothenburg	8.8	8.4	7.8
Malmö	14.9	15.0	14.9
Sweden	8.0	7.8	7.6
Young people, 18–24 years old	2014	2015	2016
Stockholm	8.6	7.5	6.6
Gothenburg	13.1	10.9	9.1
Malmö	23.3	21.6	20.3
Sweden	15.0	13.3	11.7

Source: Swedish Public Employment Service

The integration of migrants on the labour market is key if Gothenburg is to deal with the labour shortage and decrease segregation and polarisation. This applies also to groups that are far from the labour market.

### Digitalisation and automation a challenge

Sweden is in the process of converting to an industrial internet – 'Industry 4.0'. The effect on society is double-edged; there is a risk of greater polarisation. Professions and jobs will disappear, but it could also lead to new professions and other jobs. The need to move industrial production to low-wage countries is expected to decrease. Digitalisation is changing what we do, how we do it and what it is possible to do, and this development entails a revolutionary change and transformation of society. The trend also means that operations in the City of Gothenburg are developing in line with the new preconditions.

### Greater unease in society

The terror attacks in Europe resulted in fewer fatalities than in the 1970s and '80s, but there were more victims in 2015 and 2016 than in the previous 10 years. Sweden remains on a heightened terror threat level. Sweden's National Centre for Terrorist Threat Assessment does not believe Sweden is a high-priority target for major, coordinated terrorist attacks ordered by a particular organiser. The annual SOM surveys indicate that pollution and climate change remain the leading areas of concern for Swedes, but terrorism today is perceived as a threat equal to pollution. The 92 arson attacks on actual and planned asylum housing centres in 2016 are also cause for alarm.

There were also shooting incidents in the three main cities during the year. Some districts of Gothenburg were particularly severely affected. There were 39 shooting incidents in Gothenburg, compared to 35 in 2015. They often occurred in 'gang' contexts, but the number of shooting victims decreased.

The City of Gothenburg has a close collaboration with the police when it comes to promoting security and preventing crime, and with other players in society. This work has contributed to a fall in youth criminality in Gothenburg. The City of Gothenburg also takes part in efforts against violent extremism.

Last year was a tough year for the police, with fewer crimes being solved. Shooting incidents, work at border controls and around asylum housing centres, along with great internal turbulence due to restructuring, had an adverse effect on the police service's results.

### Mistrust of the establishment

A British 'leave' vote in the EU referendum in June and the election of a new president in the US surprised most analysts. Both the campaigns and the results imply a partially new political landscape, with increased polarisation when it comes to values. An increased mistrust of the establishment in the form of the powers that be and the media is being expressed. Both votes have prompted many questions in Europe and in the EU, regarding its significance in the 2017 elections in France, Germany and the Netherlands. The campaigns and results of these elections could influence the 2018 election campaigning in Sweden.

### The climate continues to break the wrong records

The climate issue dominated the environmental year globally. In Paris in December 2015, the world's nations agreed on a framework convention on climate change.

Consequently, the November Climate Change Conference in Marrakesh, COP22, was a meeting that focused on action and decisiveness. The Paris Agreement came into effect in record time when a large number of nations signed it at the conference. The City of Gothenburg took part in the conference and received the UN climate prize for its international leadership in green bonds. There was, however, a great deal of concern at the conference about how the new US president will act on the climate issue. There are many indications that US support for the UN's global climate work will change. Several other important nations such as China do, however, pledge to keep their promises, and China is now emerging as an increasingly strong power in climate issues and renewable energy. China's input is expected to reduce the price of renewable energy, something that will also benefit developing countries. Developments in the EU in the coming year will also be important for the global climate cooperation. If the US wants to leave the Paris Agreement, it will take almost four years.

The average global temperature set a new record high for the third consecutive year. If this trend continues, it is expected to have global consequences. Sweden and Gothenburg need to continue their work to deal with these consequences, even though we are relatively well equipped by global standards. Drought and elevated sea levels will have serious consequences, and this is expected to cause more people to flee from affected areas. Biodiversity and the oceans will probably also be affected. The most alarming reports during the year have been news of record-low ice levels in the Arctic, and widespread coral death in areas like the Great Barrier Reef. Ocean-related issues are relevant on a global and national level, and also for Gothenburg locally. The issue of maritime waste will be highlighted at the international summit which Sweden is arranging alongside Fiji in spring 2017.

The question of clean air in cities is closely linked to emissions of greenhouse gases. Several cities are struggling with severe problems, and it is no longer restricted to mega cities in countries like Mexico and China. Paris has been forced to take drastic measures during the year to reduce emissions from cars, and several cities have decided to ban diesel cars in the near future. In Gothenburg too, emissions from diesel cars are thought to be the reason why we are unable to reach approved air quality levels at certain measuring points. Road traffic and vehicle emissions will remain a major issue both locally and globally in dealing with environmental consequences, but are also an important consideration if urbanisation is to continue at the current rate.



# City Council's goals and assignments

## Goal follow-up in summary

In their annual reports, committees and boards have assessed anticipated goal achievement during the mandate period for the City Council's goals. The assessment is based on the committee/board's contribution to the City's overall goal achievement. The following assessment grounds were used:



Where the committee/board made no assessment or stated that the goal did not come within its remit, it has been marked in grey in the figure below.



Based on committee/board reports and other available information, the City Management Office (CMO) has made an overall assessment of goal achievement for the city as a whole.

When interpreting how well committees and boards deem that the goals will be achieved, it is important to consider that different committees/boards have a different level of impact on the different goals. With the compensatory goal of schools, for instance, the district committees and the Education Committee have the decisive impact on how well the goal has been achieved, and it is of little relevance that the majority of departmental committees and company boards have not taken up the challenge of achieving this goal.

District committees, departmental committees and company boards have also assessed goal achievement based on slightly different preconditions. In somewhat generalised terms, there is a pattern whereby the district committees have assessed the anticipated achieved effect, while primarily the company boards have assessed whether any activities are being carried out. Clear examples of areas where this leads to a large difference in the assessment can be found in the goals 'Gothenburg shall be an equal city' and 'All of the City's operations shall be permeated by human rights and promote equal treatment'.

Another example where the assessment has been based on different preconditions is the goal 'Unjustified differences in pay between men and women shall be eliminated'. Most of the committees and boards deem goal achievement to be good and that there are no unjustified differences in the administration/company. Some expect only a certain degree of goal achievement and base their assessment instead on a City-wide perspective. They deem that the differences that exist between comparable professions working in different administrations/companies will not be eliminated within the mandate period. The latter is also the assessment of the City Management Office for the city as a whole.

One goal where the City Management Office's assessment deviates from that of the committees and company boards is the goal of 'Gothenburg shall reduce its climate impact'. In this, the majority of committees and

boards deem that their efforts are reducing the organisation's impact on the climate, while the City Management Office judges the goal from a societal perspective, and therefore considers developments to be moving in the wrong direction.

### Summary of the assignments

The City Council allocated 47 assignments to committees and boards in the run-up to 2016. Of these, 16 were also included in last year's budget, and 9 of these had exactly the same wording while the others were partially reformulated.

Eight of the assignments targeted all of the committees and boards, 16 targeted a varying number of committees and boards, and 23 assignments were delegated to only one committee or board. In the budget for 2017, 15 assignments remain from previous years (marked with an asterisk in the table below), albeit slightly reformulated in some cases. Of these, 4 apply to the entire mandate period.

Of the assignments, 29 have been completed while 18 have not been completed. All have, however, begun and several are largely complete. In several cases, assignments that require investigation or the drawing up of plans have taken longer than expected and are planned to be completed in 2017.

For assignments allocated to all or the majority of committees and boards, the challenge lies in the fact that all of them have to complete their own part before the assignment can be regarded as complete. For some assignments, it has been impossible for smaller committees and boards to complete them, since they have not recruited the necessary managers or procured the necessary services, for example.

Some of the assignments have been carried out in alternative ways, as they were deemed impossible to complete in the described manner.

Of the assignments that have not been fully completed, 6 are carried forward into the 2017 budget.

# Follow-up of assignments

The number of households able to support themselves shall increase, so that long-term dependence on income support decreases.	Yes	During the year, the number of households with income support decreased by 1,360, and the costs were SEK 61 million less than in 2015. The number of households with long-term dependence on income support decreased by 679 to 8,425.
The Sports and Associations Committee will look into the possibility of offering free swimming lessons.	Yes	A report will be presented to the Sports and Associations Committee in early 2017. A pilot project started in autumn 2016 at a number of swimming pools. A further two pilot projects will be carried out in spring 2017. The scheme is due to become permanent in autumn 2017.
The City shall offer free swimming for children of 16 and under.	Yes	The City's swimming pools have offered free admission to children and young people since February 2016. Free swimming has also increased visitor numbers and accounts for 25% of all visits.
The possibility of giving paperless families with children the right to financial assistance shall be looked into.	Yes	This matter has been studied by the CC in connection with a decision on new guidelines for financial assistance.
The results of the survey of conditions for LGBTQ people shall be translated into a programme of measures for the City.	Yes	In January 2017, the City Executive Board (CEB) established proposals for improving the living conditions of LGBTQ people. The plan will be discussed in the CC in the near future.
All committees and companies shall draft equal treatment plans in relation to all bases for discrimination. The work shall apply from both a personnel and a resident perspective.*	No	Four committees report clearly that they have formulated plans from both a personnel and a resident perspective. Five say that they have not drawn up any plans for either of the perspectives. It is otherwise hard to determine whether plans are in place for both the personnel and the resident perspective.
Norm-critical expertise shall be raised in the City's operations.*	No	All district committees and most departmental committees and boards have taken measures raise norm-critical expertise.
The City's model for allocating association grants shall be reviewed. This applies both to the bodies that award grants, and to what extent the funding has the desired effect.	Yes	An interim report will be presented to the CEB in March to check the status and decide on the way forward. The work will continue in 2017.
Democracy-strengthening measures shall be taken in areas of the city with the lowest voter turnout.*	Yes	Funds have been allocated to the three city districts with the lowest turnout. The funds are awarded to projects aiming to increase trust and influence in partnership with civil society, associations and the general public.
The City shall have a coordinating function and contact with external players in matters relating to work on violent extremism.	Yes	The Committee for Allocation of Social Welfare is the coordinating function and has contact with both the municipal operations and other authorities, civil organisations and the public.
All simply remedied obstacles in the Municipality's public premises and public spaces shall be removed during the mandate period.*	No	The assignment has been partially completed and work is in progress in the responsible committees.
The si of child groups in pre-school shall decrease	No	The assignment has largely been completed. The three districts that have not completed it say it has not been possible, primarily due to premises which do not allow smaller child groups.



## FOLLOW-UP OF ASSIGNMENTS

Information activities shall be implemented to increase pre-school attendance for children of long-term unemployed parents.	No	The assignment has largely been completed. Nine districts have completed the assignment. One district deems the matter irrelevant and has therefore not taken any measures.
Schools shall offer courses in feminist self-defence.	Yes	The assignment has largely been completed. Nine districts have completed the assignment. In one district, the assignment has been partially completed.
An action plan shall be drawn up on how teachers' administrative tasks can be reduced and simplified.	Yes	The plan has been formulated and referred back by the CEB for definition of certain terms. The districts' action plans will be analysed, and needs for City-wide measures proposed accordingly.
The pupil health teams' preventive work on physical and psychosocial ill health shall be strengthened.	No	The majority of districts have completed the assignment. Through the central pupil health system, the Education Committee has initiated a development process to strengthen preventive efforts. The work will continue in 2017.
The City shall trial running an upper secondary school via internal contracting.	Yes	The assignment has been completed. Angered upper secondary is now run by internal contracting.
Free admission to swimming pools shall be included in the senior citizen public transport pass.	Yes	The task of including free admission in the public transport pass was not technically feasible. The Sports and Associations Administration opted for a different model. The committee has also decided to class people on disability sickness as senior citizens.
LGBTQ diplomas for at least one elderly-related activity shall be implemented.	No	Örgryte-Härlanda district committee has reformulated the assignment and replaced diplomas with a norm-conscious working method, so that it can be applied to other groups encompassed by the bases for discrimination. The model has been implemented at the Dicksons Hus facility and will be an ongoing process.
More living solutions categorised by e.g. languages and LGBTQ shall be looked into.*	Yes	Örgryte-Härlanda district committee has produced two reports for the 'elderly' target group. One for LGBTQ living solutions, and one for language-based living solutions.
During 2016, the action plan for the environmental programme shall be reviewed.	Yes	A proposed revised action plan has been sent for referral in the City. A decision from the CEB and CC is expected during the year.
The target level for climate impact from the City of Gothenburg's procurement of goods and materials shall be reviewed.	No	An inquiry into the climate impact from the City's procurement of goods and materials is under way. The Environment Administration is working with the National Agency for Public Procurement. The first half of 2017 will see proposals for target level and an action plan, which will serve to support the City in reducing its purchasing-related emissions.
Compliance with the phthalate ban and the phasing-out of hazardous substances in chemical products that carry a labelling requirement shall be looked into.	Yes	The Environment Administration has produced a report entitled Följer Göteborgs Stad förbudet om ftalater i varor? (Is the City of Gothenburg following the ban on phthalates in goods?).
There shall be an investigation into the conditions for turning Ganlet into a nature reserve.	Yes	A report has produced for the area around Ganlet. A report has been submitted to the Planning and Building Committee. No decision on initiating a nature reserve process has yet been taken.
A model for building apartments with low rent shall be produced and used*	No	A model is being developed.

An anniversary initiative shall be taken, with the aim of 7,000 new homes over and above the standard homebuilding being finished by the anniversary year of 2021.	Yes	The majority of the projects are in the planning phase, and at this point the timetable indicates that the target figure of 7,000 completed homes by 2021 will be achieved during the project period.
A playground shall be built in central Gothenburg.	No	The project is delayed due to under-staffing and the implementation of Gothenburg Green World. Planning for the playground in Vasaparken has now finished, but construction will not begin until spring 2017. Planning for a play sculpture in Lorensbergsparken is under way and is expected to be completed in 2017.
A pedestrian programme shall be drawn up.	No	The project directive has been decided on and established in the cross-departmental directors' group for the Real Estate Administration, the City Planning Administration and the Traffic & Public Transport Authority. The timetable has been put back. Referral version planned for May 2017 and programme adoption in late 2017.
The possibility of carrying out an additional purchase for free bus services shall be investigated, in consultation with Västtrafik.	No	Basic data for discussion with the Road Traffic Committee has been produced and is planned for presentation to the committee in March 2017.
The City of Gothenburg's model and other work for social consideration in public procurement shall continue to be developed and used to a greater extent to create employment for people far from the labour market.*	Yes	The model was established in February through the CC's decision to revise the purchasing and procurement policy. Procurement company Upphandlingsbolaget reports that its new support function has helped about 80 jobs be created via service procurements.
The number of holiday jobs in the city shall increase.	Yes	The inter-municipal initiative encompasses 3,428 jobs, an increase of 153. In addition there are local initiatives in the city districts.
An enterprise block shall be started in Gothenburg.	Yes	There has been a temporary solution in Gamlestaden since late September. Drivhuset and Framtidsfrön enterprise organisations, along with employees of Business Region Göteborg, share premises in the Gamlestaden factories. The hope is to sign a long-term lease during 2017.
An action plan shall be drawn up for how the City can develop innovation projects.	Yes	In September 2016 the CEB declared the assignment complete. A decision was also taken to approve the action plan for drawing up a strategy for the City's innovation work. The proposal for the City of Gothenburg innovation programme 2017-2022 is with the CEB for a decision, for referral to committees and boards.
Free WiFi shall be tested in Gothenburg.	Yes	Free WiFi has been implemented and reported to the CEB. The assignment to continue is being transferred to the Committee for Intracservice for operational implementation.
All compulsory school pupils shall be offered at least one performing arts visit a year*	Yes	The assignment has been completed.
Culture School shall be expanded so as to eliminate waiting lists*	No	One district committee has completed the assignment. Main reasons include difficulty in recruiting the right expertise, and a lack of premises that are fit for the purpose. Capacity has increased in several districts, but not fast enough to meet the higher demand. Several of the city's Culture Schools have developed their collaboration with the school system, which means that far more and broader groups have been reached in other ways.

## FOLLOW-UP OF ASSIGNMENTS

A maximum of 5% of the hours worked in the City of Gothenburg shall be carried out by hourly employees.	No	The proportion overall for the administrations has decreased by 0.4 percentage points to 6.9%. Only for individual companies does the proportion exceed 5%.
The percentage of non-Nordic individuals and women at managerial level shall increase.*		
- non-Nordic individuals at managerial level*	Yes	The number of non-Nordic managers for the whole municipality increased by half a percentage point to 6.7%.
- regarding women at managerial level	Yes	Based on an already high proportion of women among managers, this has increased further.
A review shall be made of the recruitment process based on the City's recruitment needs. This shall also reflect the composition of the city's population.	Yes	A review has been conducted. Used correctly, the recruitment process ensures recruitment based on competence in a non-discriminatory way.
The possibility of establishing a development unit for social services as a resource for managers and employees shall be looked into.	Yes	An investigation has been conducted and reported to the CEB.
An initiative shall be taken for the employees with the lowest pay.	Yes	All city districts have taken initiatives for the lowest paid employees.
More social workers shall be recruited.	Yes	All city districts have completed the assignment.
An action plan to improve the working environment for groups with the most sick leave shall be drawn up, focusing on the groups who did not identify themselves as women or men in the employee survey.	No	The assignment has not been completed. This is because the organisation cannot identify those who do not identify themselves as women or men. Other reasons are that action plans already encompass all employees, the work is under way without action plans, or the organisation has a low level of sick leave.
The possibility of introducing a health and fitness hour shall be looked into.	No	The assignment is closely linked to another project on physical activity and health during paid work hours, which has been postponed and which affects the implementation of this assignment. The assignment will be carried out in 2017.
At least 50% of the City's service procurements shall be carried out with social consideration*	No	Most committees/boards have the procurement goal as a priority, but only a few have fully completed the assignment. Several have not had any procurement, or have used new competitive tendering during 2016.
The percentage of organic food shall be at least 40%*	Yes	In total organic food accounted for 48% of the City of Gothenburg's food purchases under framework agreements during the year. The proportion of organic meat was just under 71%, MSC and KRAV-labelled fish products 74%, and organic beans and lentils just under 75%.
Pilot procurements in line with the 'Vita jobb' ('White Jobs') model shall be conducted.*	No	Procurements with demands on labour law conditions have been conducted and followed up, although not with union involvement. The union organisations have not had the resources to take part.

\* 15 assignments have been carried forward to the City of Gothenburg's 2017 budget.



Despite extensive recruitment, the City of Gothenburg's administrations and companies still have serious recruitment needs. It is a major challenge to recruit staff both for the City's core operations, and for the intensive urban development which is under way and being planned. Many feel that the workload has increased. Moreover, the work tempo is often high. Action plans including preventive measures have been adopted during the year.

## Significant personnel-related conditions

### Staff volume

The staff volume (time worked) within Gothenburg's administrations and municipal companies amounted to 45,800 full-time equivalents in 2016. In the administrations the staff volume increased by 1,500 full-time equivalents to 39,100, which is an unusually dramatic rise even in relation to the increase in the workforce; see below. This is because the large increase in employees also during the autumn of 2015 made its full impact on time worked in 2016. The increase for the city districts was 900 full-time equivalents, and just over 600 in other administrations. Of the increase, 600 full-time equivalents are in compulsory and upper secondary education, and 400 in individual and family care. The increase in the companies was almost 100 full-time equivalents to 6,700. The increase can be found mainly in Liseberg AB and Framtiden AB, while in Göteborg Energi AB and Renova AB, for example, there was a decrease.

Much of the increase is due to the number of newly arrived pupils at compulsory and upper secondary school, as well as the Administration for Allocation of Social Welfare's assignment and responsibility for lone children and young people. The city districts have also increased staff volumes in social services for children and young people. The urban development administrations' and companies' staff volume continued to increase, due to increasing assignments.

One assignment in the City Council's budget was that a maximum of 5% of the hours worked should be carried out by hourly employees. In 2016 the proportion in the administrations was 6.9%, a decrease of 0.4 percentage points on 2015. The corresponding figure for the city districts was 7.6% (-0.6 percentage points).

### Employees nearing the 55,000 mark

In 2016 the number of employees in the City increased significantly, albeit slightly less than the previous year. In December the number of employees in the administrations totalled 46,500, an increase of 1,500 during the year. Including municipal companies, the City had 54,200 employees at the end of the year. Permanent employees in the administrations increased by 1,300 and fixed-term employees by 400, while the number of

hourly employees decreased. The increase in permanent employees is mainly evident in the professional groups of teachers, school staff, social workers, social care staff, engineers/architects, and key workers and administrators. There has been a fall in pre-school teachers, assistant nurses and care assistants.

The number of employees in the companies has increased slightly, including in Framtiden AB, Älvstranden Utveckling AB and the Tourism, Culture & Events company cluster (the increase of 200 is also due to a new way of counting seasonal workers at Liseberg AB). Permanent employees increased by around 30, which is primarily due to an increase in Framtiden AB. The workforce in Renova AB and Göteborgs Spårvägar AB fell slightly.

The number of employees and managers in the City is shown in the table below. It also shows the gender equality distribution among managers, which closely reflects the proportion among employees.

### Number of employees and managers

	Number of employees	Women %	Men %	Born outside of Sweden %
City district administrations	37,200	82	18	26.8
Specialist administrations	9,300	60	40	15.7
Companies	7,700	40	60	
<b>Total</b>	<b>54,200</b>	<b>72</b>	<b>28</b>	<b>24.5</b>

	Number of managers	Women %	Men %	Born outside of Sweden %
City district administrations	1,220	81	19	9.7
Specialist administrations	590	61	39	8.6
Companies	520	39	61	
<b>Total</b>	<b>2,330</b>	<b>67</b>	<b>33</b>	<b>9.3</b>

### An attractive employer

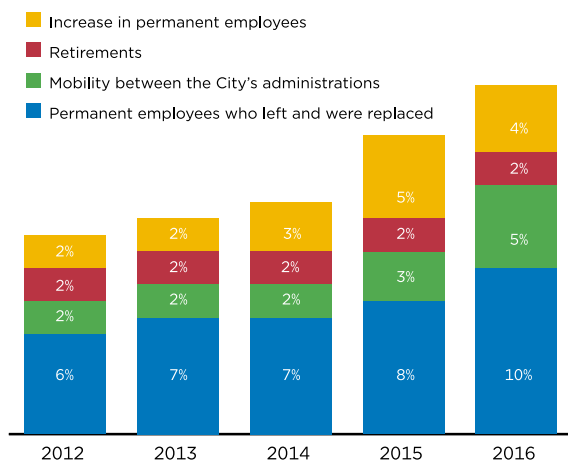
For many years we, the City of Gothenburg, have striven to be an attractive employer, and have for example taken some unconventional initiatives in our marketing. We

have visited year 9 pupils just before they chose an upper secondary school, in an attempt to arouse interest in our various professions early on. Another method we have tried is commercials at cinemas where our employees talk about their jobs. The main challenges are finding staff both for the City's welfare and education areas, and recruiting for the intensive urban development which is under way and being planned. Successful marketing is therefore key. We received confirmation of our sound branding when we won the Most Attractive Municipality category in Universum's annual survey of which employers young professionals prefer.

### Large recruitment need

There have been major recruitment needs during the year, partly due to greater activity in the administrations and some companies, but also to the increasingly tough competition for professionally qualified labour in the region. There is a wide range of positions to apply for. The bar chart shows how replacement and new recruitment in the administrations has developed over the past five years.

#### Replacement and new recruitment in the administrations – 2012–2016



The administrations describe the recruitment situation as very problematic. The companies too are very much affected by the stiffer competition, particularly in the building and infrastructure operation. The number of advertised jobs has more than doubled in the past five years, while the average number of applicants for each post has roughly halved from 27 to 15 over the same period. In 2016, just over one in three advertisements has been withdrawn or re-advertised, as there were no applicants with the right competence. Despite these difficulties, the City recruited a total of 14,400 people in 2016. Just over 5,300 of these were permanent posts, and 4,800 of those were in an administration. All in all this is 1,100 more recruitments than in 2015.

### Personnel mobility

The City of Gothenburg is a large employer, and during the year 1,500 members of staff have applied for new jobs

in another administration or company. This mobility between administrations was 5%, 2 percentage points more than in 2015. During the year almost 4,000 permanent employees stopped working for the City. Staff turnover in administrations and companies was 10%, which again is an increase of 2 percentage points on 2015. Mobility has increased dramatically among social workers, nurses and pre-school teachers, and this poses a major problem for the operations. During the year just under 800 employees retired. Of these, 38% were over the age of 65 when they retired.

### Management planning

Around 400 new managers were employed in the administrations during the year (304 women and 93 men), which is slightly more than in 2015. Most of the operations are growing and the number of managers in service increased by 115 compared to 2015. During 2016, turnover among managers decreased slightly, but remains high in individual and family care, elderly care, and among head teachers in compulsory schools. There are internal management planning programmes for prospective managers at all levels, which are designed to secure the emergence of 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 2016, 90 participants took part in 'The Manager of Tomorrow', and a further 90 will be finished in spring 2017. Twenty-five participants have been chosen for 'The Manager of Tomorrow for Managers'.

### Working environment and health

There are many different factors and circumstances that affect health and the working environment for employees and managers. Extended assignments and raised ambition levels are part of the reason why many people are experiencing a higher workload and a higher work tempo. Consequently, the working environment in several of the City's operations is strained. The Swedish Work Environment Authority's regulation on the organisational and social working environment came into force on 31 March 2016. Targeted training activities for how to work with the new regulation in systematic working environment management have been carried out. Roughly 460 managers, union representatives and HR specialists have taken part. In order to improve the working environment, during the year the City drew up three general action plans in the elderly care, pre-school, and individual and family care operations. Work is under way to formulate proposals for City-wide measures.

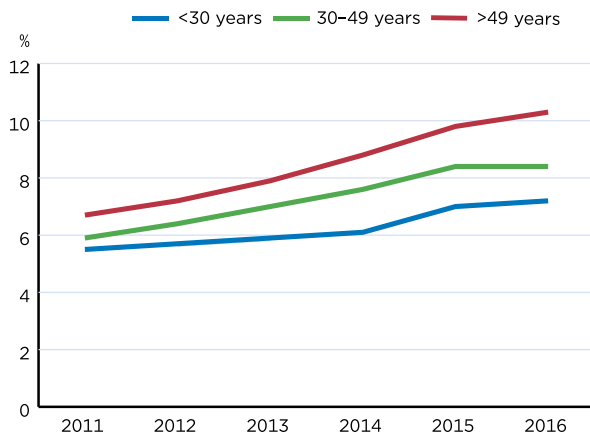
### Sick leave

In recent years sick leave in the administrations has increased, although the increase this year is far lower than in previous years. The lower rate of increase is primarily due to the fact that the length of absences has not increased significantly. Sick leave was 9.0% in the administrations in 2016, which is an increase of 0.3

percentage points on 2015. Sick leave is unchanged in the districts' elderly care, and has fallen slightly in individual and family care. For employees aged over 49 sick leave has increased, as it has for employees under 30. In 2016, sick leave cost the City SEK 531 million (SEK 486 million in 2015) in terms of sick pay and accrued holiday time alone. Sick leave is largely unchanged in the companies, and has fallen in some companies.

### Sick leave in the administrations

– divided into three age categories



### Wage setting

The focus is 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 administrations to continue measures to increase pay for professional groups in welfare and education in relation to other sectors. The challenge 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 2.8%. When calculating women's average pay in relation to men's average pay, the 2016 pay review and the pay rises resulting from the government's initiative to raise teachers' salaries contributed to a 1.3 percentage point levelling out of pay, and women's average pay (irrespective of occupation) is now 94.5% of men's in the City's administrations.

Remuneration for unsocial working hours was also raised during the year.

### Staff in the administrations in 2016

	Women	Men	Total
<b>Total number of employees</b>	<b>36,250</b>	<b>10,279</b>	<b>46,529</b>
<b>Permanent employees</b>	<b>27,846</b>	<b>7,345</b>	<b>35,191</b>
<b>Fixed-term employees</b>	<b>3,633</b>	<b>1,367</b>	<b>5,000</b>
<b>Hourly employees</b>	<b>4,771</b>	<b>1,567</b>	<b>6,338</b>
<b>Percentage of permanent employees born outside of Sweden</b>	<b>25.1</b>	<b>22.4</b>	<b>24.5</b>
<b>Number of managers</b>	<b>1,357</b>	<b>458</b>	<b>1,815</b>
<b>Percentage of managers born outside of Sweden</b>	<b>9.4</b>	<b>9.0</b>	<b>9.3</b>
<b>Average age of permanent employees</b>	<b>45.7</b>	<b>45.5</b>	<b>45.6</b>
<b>External recruits</b>			
for permanent employment	3,674	1,131	4,805
for fixed-term employment	6,668	2,396	9,064
<b>External departures, permanent employees</b>	<b>2,680</b>	<b>721</b>	<b>3,401</b>
of whom with a pension	602	147	749
of whom of own volition	1,890	491	2,381
<b>Staff turnover, %</b>	<b>9.9</b>	<b>10.3</b>	<b>10.0</b>
<b>Internal mobility, %</b>	<b>13.0</b>	<b>11.2</b>	<b>12.7</b>
<b>Sick leave</b>	<b>9.9</b>	<b>5.8</b>	<b>9.0</b>
60 days or more	6.1	3.0	5.4
29 years or younger	7.7	5.3	7.2
30-49 years	9.4	5.1	8.4
50 years or older	11.2	6.8	10.3
<b>Percentage of permanent employees with min. 3 years' higher education</b>	<b>43.4</b>	<b>43.7</b>	<b>43.5</b>

### Future issues

- Meet staffing requirements in the welfare, education and urban development sectors
- Create new professional roles in areas where the education system is not meeting our needs
- Improve conditions for managers in their leadership

Gothenburg Municipality reported net earnings of SEK 938 million in 2016. Structural earnings were SEK 502 million, which means the financial margins increased slightly on the previous year. The City of Gothenburg Group reported net earnings of SEK 2,323 million. During the year there were investments of SEK 7.6 billion, of which SEK 2.5 billion in the Municipality and SEK 5.1 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 938 million in 2016. Structural earnings, which indicate the ongoing operating earnings in the organisation, were SEK 502 million. This figure does not include the non-recurring item or capital gains from property transactions. The ongoing operating earnings equate to 1.7% of the combined tax revenue and municipal financial equalisation. The figure improved slightly thanks to the year's net earnings, but indicates a falling trend over time as earnings have decreased while the scope of the operation has increased.

Net earnings for the year of SEK 938 million represented a surplus compared to the budgeted break-even. The main reasons for this were a surplus reported by the committees, non-budgeted capital gains, and state subsidies that were larger than budgeted. Because of the earnings figure, the budgeted dividend of SEK 611 million from Göteborgs Stadshus AB was not required.

#### Balanced budget requirement

Gothenburg Municipality achieved the statutory balanced budget requirement in 2016, with earnings excluding capital gains of SEK 502 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 212 million, which thereby increased the earnings equalisation reserve to SEK 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. However, since capital gains have been a significant element of net earnings in recent years, structural earnings have weakened over time. 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 2.5 billion. This was a lower volume than planned for in the 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 2.2 billion. The majority of the year's investments, 56%, were in premises and housing. Investments in infrastructure accounted for 21%, water/sewage-related activities accounted for 11% and sports and recreation facilities for 5%. Development activities which had a turnover of almost SEK 1.0 billion report a negative cash flow of SEK 85 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 30% at the end of the year.



## Gothenburg Municipality in figures

MSEK	2014	2015	2016
Gross costs*	33,096	35,318	38,190
Total assets*	57,732	61,969	66,927
Net earnings for the year excl. extraordinary items	138	824	938
Net earnings for the year excl. items affecting comparability and extraordinary items	610	625	938
Net earnings for the year	392	824	938
Volume of investment	2,190	2,214	2,514
Volume of investment including investment income	1,733	1,996	2,247

\* Comparison figures for 2015 have been adjusted, see note 19.

## Gothenburg Municipality/financial key figures

per cent	2014	2015	2016
Net earnings for the year excl. items affecting comparability and extraordinary items/tax revenue	2.4	2.3	3.2
Degree of self-financing of investments incl. investment income*	58	99	96
Equity-assets ratio*	32	31	30
Acid-test ratio	70	81	111
Net financial assets (MSEK)*	-6,074	-8,021	-9,349
Municipal tax rate	21.12	21.12	21.12

\* Comparison figures for 2015 have been adjusted, see note 19.

## COMBINED ACCOUNTS – GROUP

## Net earnings and investments for the year

The City of Gothenburg Group reported net earnings of SEK 2,323 million in 2016. Compared to 2015, earnings were just over SEK 1,100 million higher, the main reason being that the company sector had a large cost of SEK 850 million for writing down the GoBiGas biogas plant in 2015. The Group's investments totalled SEK 7.6 billion in 2016, an increase of SEK 1.6 billion on 2015. The company sector's share of the volume of investment was SEK 5.1 billion, while the Municipality accounted for SEK 2.5 billion. Compared to the budget for the year, investments were SEK 2.2 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 93%. 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.

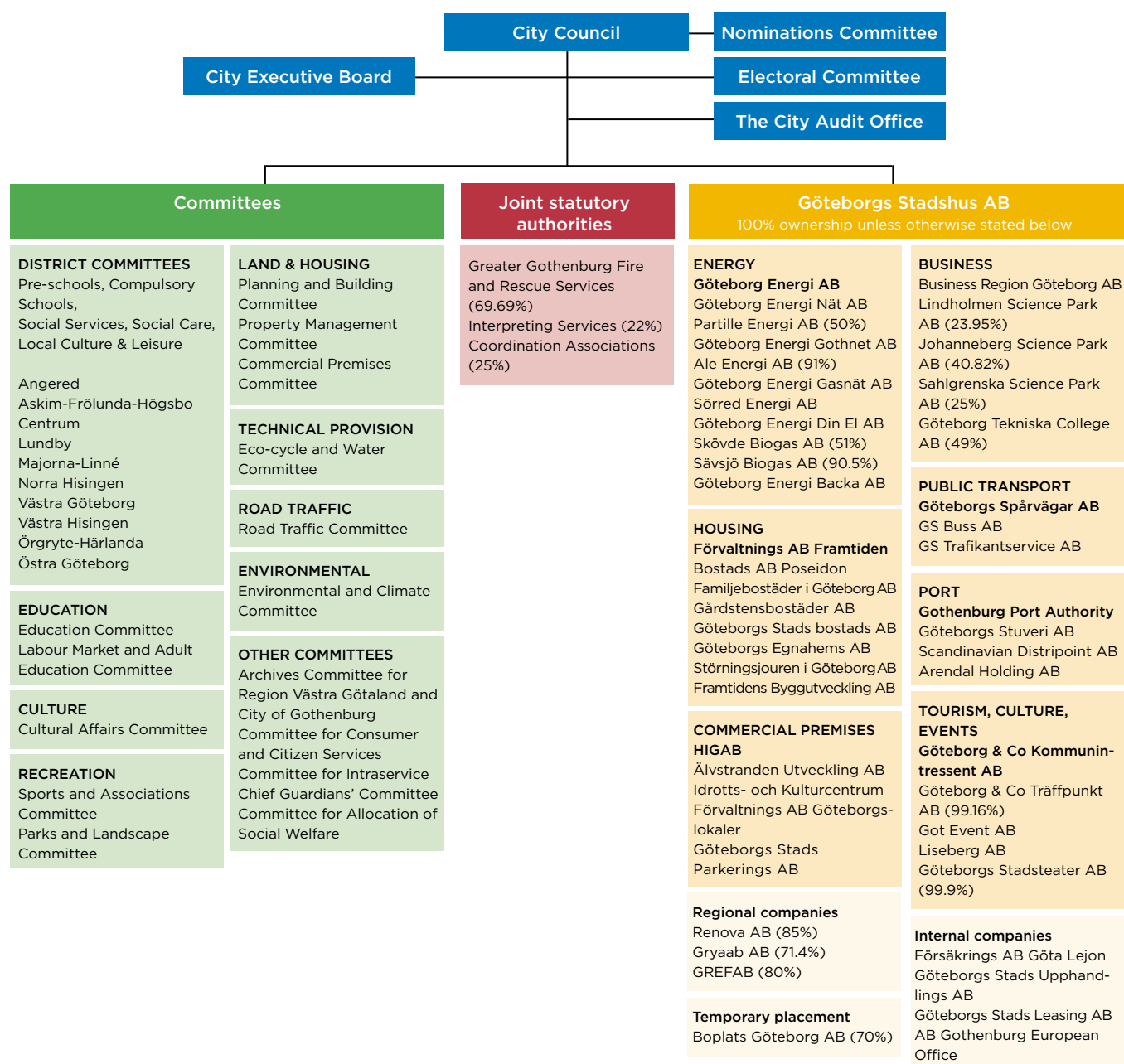
The City of Gothenburg is in dispute with a supplier of trams, which will be discussed in arbitration in spring 2017. No provision has been made for any risk involved, because the City does not expect to pay any damages at the end of the dispute.

## Combined accounts in figures

MSEK	2014	2015	2016
Receipts*	48,470	50,743	55,191
Total assets*	81,468	83,572	87,837
Earnings after financial items*	561	1,206	2,675
Net earnings for the year*	433	1,181	2,323
Volume of investment	6,248	5,955	7,648
Equity-assets ratio	30	31	32

\* Comparison figures for 2015 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, and a company sector under the parent Göteborgs Stadshus AB.

There were some organisational changes both ahead of and during the year. As of 2016, the Special Transportation Services Committee comes under the Road Traffic Committee. In the company sector Göteborgs Gatubuss AB merged with Kommunintressent i Göteborg AB in November, now under the company name Göteborgs Stads Leasing AB.

Some further changes have taken place in the company structure and ownership situation during the financial year.

- In the Energy cluster, Rya Nabbe Depå AB, 556459-5113, has merged with the parent (ownership in 2015 was 100%)
- In the Energy cluster, GoBiGas AB, 556778-3701, has merged with the parent (ownership in 2015 was 100%)
- In the Energy cluster, Lidköping Biogas AB, 556801-7577, has been sold (ownership in 2015 was 95%)
- In the Energy cluster, Lerums Energi AB, 556109-3955, has been sold (ownership in 2015 was 100%)
- In the Housing cluster, Rysåsen Fastighets AB, 556711-1520, has merged with the parent (ownership in 2015 was 100%)
- In the Commercial Premises cluster, Idrotts- och kulturcentrum Scandinavium i Göteborg AB, 556125-8616, has merged with the parent (ownership in 2015 was 100%)



## 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, important events and trends are described from different perspectives.





## ACTIVITIES OF THE CITY OF GOTHENBURG

### **29 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.

### **34 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.

### **36 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.

### **38 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.

### **40 Culture and recreation**

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.

### **42 Road Traffic**

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

### **44 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.

### **47 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.

### **50 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.

### **52 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.

### **54 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.

### **56 Public health**

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

### **57 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.

### **58 Foundations**

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



During the year, the education area has worked extensively on improvement areas based on the Swedish Schools Inspectorate's inspection. The focus has been on preventive health work for pupils, and on monitoring and developing the operation. Other focus areas in 2016 are access to qualified staff and the working environment in pre-schools. The EuroSkills championships were organised to increase interest in vocational training, and the event attracted 500 young competitors from 33 different countries.

## Education

The education sector affects approximately 100,000 Gothenburgers from children in pre-school to students in upper secondary school. The number of children, pupils and students increased during the year, and is expected to continue increasing in the years to come.

### Focus on working environment in pre-schools

Following rising levels of sick leave in pre-schools for several years, primarily among pre-school teachers, the City Management Office was tasked with conducting a status analysis of the working environment and producing an action plan to reduce sick leave in pre-schools.

A status analysis and action plan have been formulated, and they contain measures relating to staffing and work organisation in pre-schools, physical risks in the working environment, and conditions for educational leadership. Most of the measures in the action plan are being dealt with locally in each administration, while some are managed and organised centrally.

### Pre-school – some key figures

	2014	2015	2016
Net cost (MSEK)	3,494	3,632	3,789
Net cost development (%)	6.1	3.9	4.3
Number of children in pre-school	29,549	29,774	29,680
Percentage in municipal pre-school	83.2	83.1	82.9
Percentage in independent pre-school	16.8	16.9	17.1
Demand as a percentage of the population aged 1-5	86	86.2	85.7



The proportion of children in independent pre-schools rose marginally to 17.1%. Photo: Lo Birgersson

Net cost increased by 4.3% during the year, which can be attributed to an increase in full-time equivalents and to price and pay increases. The net cost rose in Angered by 7.4%, and fell in Norra Hisingen by 0.6%. The proportion of children in independent pre-schools rose marginally to 17.1%. Total demand for pre-schools and educational care fell slightly to 85.7%. The strongest demand was in Västra Göteborg at 89.2%, and the lowest in Centrum at 79.1%. This can be explained by the far higher number of one and two year olds in Centrum than in other districts.

### Swedish Schools Inspectorate inspected City of Gothenburg

During 2016, the Swedish Schools Inspectorate conducted regular inspections in the City of Gothenburg. The inspections looked partly at school units, which were deemed to have extensive development requirements, and partly at the principal's responsibility for the operation. A total of 100 schools were visited. The selection included all compulsory special needs schools and upper secondary special needs schools, 58 compulsory schools and 10 upper secondary schools.

Each school visit resulted in a decision, in which the Inspectorate communicated its assessment of the operation. There were no shortcomings at eight compulsory special needs schools and 10 compulsory schools. The other schools were issued with orders in one or more areas. Ten of the compulsory school decisions and four of the upper secondary school decisions included fines, and the shortcomings had to be rectified within three months. The most common shortcomings were too little focus on preventive health work for pupils and encouragement work, and incomplete work in monitoring and developing the operation. As for the fines, most of the criticism centred on extra adaptations and special support and/or safety and study peace. In the inspection areas Teaching & Learning and Assessment & Grading, very few shortcomings were observed.

The Schools Inspectorate's follow-up showed that most of the shortcomings have been rectified, but in some cases this was not true. Therefore, for six schools the Inspectorate has submitted an application to the administrative court to demand that the fines be paid. Further fines have also been issued to these schools.

The Inspectorate also submitted a decision for each



During 2016, the Swedish Schools Inspectorate conducted regular inspections in the City of Gothenburg, with 100 schools being visited in all. Photo: Lo Birgersson

school form with regard to the overall responsibility for education within that school form; there were seven school form decisions in total. Shortcomings have been indicated in all of the school forms. Gothenburg Municipality was given until 30 September 2016 to take measures to remedy the indicated shortcomings. The measures taken have been reported to the Schools Inspectorate.

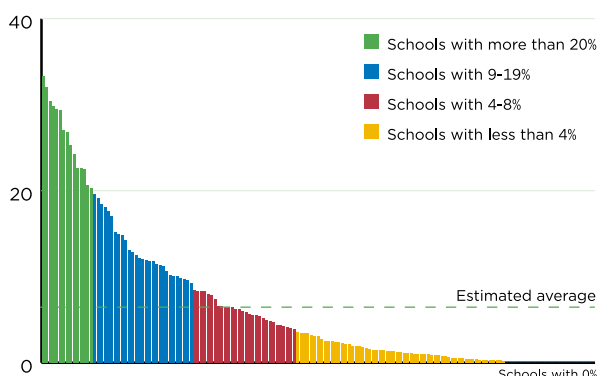
### Newly arrived pupils at more schools

Housing segregation has meant that newly arrived pupils are unevenly distributed among the city's schools. Several measures were taken in 2016 to promote more even distribution and improve the conditions for integration. The focus was on extending collaboration between the city districts during school placement, transferring the handling of school placement from school level to district level, and making space for more pupils at schools with few new arrivals. A coordinator at City level was appointed, and tasked with creating an overview of available school places at all schools.

Developments moved in the right direction, if slowly. There were challenges in working on this issue. Districts with a high proportion of new arrivals needed to act differently, and motivate new and existing pupils to choose a school outside of their own district.

### Proportion of new arrivals

– municipal schools, September 2016



If the newly arrived pupils in Gothenburg were evenly distributed, roughly 6% of pupils at each municipal compulsory school would be new arrivals. The graph shows the actual distribution. It shows that one-third of schools accounted for the section above the average. Of the total of 161 school units, the new arrivals represented more than 20% of pupils at 16 school units, while there were no new arrivals at all at 39 school units. So the distribution remained uneven, but compared to autumn 2015 things are developing in the right direction. Half of the schools that were above average had reduced their share, and three-quarters of the schools that were close to the average had increased their share. Moreover, the share has decreased at more than half of the schools where new arrivals accounted for at least 20% of the pupil group.

It was still most common in 2016 that a newly arrived pupil started at a school close to home, although more new arrivals lived in housing areas outside of the three districts with most new arrivals. The distribution was more even due in part to the above-mentioned efforts, but also because newly arrived families were offered homes in different parts of Gothenburg via Framtiden AB, and because most homes for lone children were located in areas with few residents from a non-Swedish background. It was therefore noted that even though the distribution is now more even, it was still uneven and more efforts need to be tried.

### Academic results in year 9

In City of Gothenburg municipal schools, pupils' academic results improved in 2016 compared with previous years. The proportion of pupils who met the targets in all subjects increased by 2.4 percentage points to 69%, the proportion of pupils who qualified for a vocational programme at upper secondary increased by 2.3 percentage points to 80.5%, and the average merit rating increased by 4.2 points to 218.5 (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, and the difference was even

greater compared to 2015. The proportion of girls who met the targets in all subjects increased by 5.2 percentage points, while the proportion of boys who met the targets in all subjects was unchanged. So it was only the girls' academic results that improved, and served to increase the city-wide average.

Nationwide (municipal schools) the proportion of pupils who met the targets in all subjects increased by 1.1 percentage points to 76.4%. Developments in the other cities were comparable to those in Gothenburg.

### Proportion of pupils with complete grades in year 9

#### Percentage of pupils who met the targets in all subjects

		2014	2015	2016
All principals	All	73.1	71.6	73.8
	Girls	75.1	72.9	77.8
	Boys	71.3	70.3	70.0
Municipal schools	All	68.8	66.6	69.0
	Girls	70.5	68.1	73.3
	Boys	67.4	65.2	65.2
Independent schools	All	82.9	82.9	83.5
	Girls	85.0	83.9	86.2
	Boys	80.8	81.9	80.8
Malmö municipal schools	All	65.4	64.3	66.9
Stockholm municipal schools	All	77.0	77.9	80.2
Sweden municipal schools	All	75.9	75.3	76.4
Sweden – all principals	All	77.4	77.0	78.1

Source: SIRIS (the National Agency for Education's online information system on results and quality) 2014-2015: all pupils, 2016: all pupils excluding pupils of unknown background (with temporary social security numbers or protected identity).

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

	2014	2015	2016
Net cost (MSEK)	5,284	5,762	6,341
Net cost development (%)	5.3	9.0	10.0
Number of pupils in compulsory school	51,334	53,370	55,860
Percentage in municipal school	79.0	78.5	77.9
Percentage in independent school	21.0	21.5	22.1
Number of pupils in compulsory special needs school	499	455	479
– of whom individually integrated	53	69	72
Number of children in after-school recreation centres	20,236	21,349	22,597
Percentage in municipal after-school recreation centres	85.6	85.0	84.8
Percentage in independent after-school recreation centres	14.4	15.0	15.2
Demand as a percentage of the population aged 6-9	80.8	80.9	82.1
Demand as a percentage of the population aged 10-12	14.0	16.6	16.5

Net cost increased by 10% during the year, which can primarily be attributed to the continued increase in pupils in compulsory schools, as well as to price and pay increases. The number of pupils in pre-school and years 1-2 fell slightly compared to the previous year. In other compulsory school years, the number of pupils increased.

The number of pupils attending after-school recreation centres increased once again by almost 1,000 during the year.

Demand for recreation centres for children aged 6-9 increased to 82.1%, and again in 2016 the figure varied greatly from district to district. The lowest demand was



The number of students increased in upper secondary school, and this increase was relatively evenly distributed between independent schools, the Municipality's own schools and other municipalities' upper secondaries.

Photo: Lo Birgersson



in Angered, 63.1%, and the highest in Västra Göteborg, 91.7%. The varied demand in the lower age groups can mainly be linked to the parents' frequency of work. Demand for recreation centres for children aged 10-12 decreased and totalled 16.5%. The lowest demand was in Askim-Frölunda-Högsbo at 5.0%, and the highest was in Centrum at 34.5%.

The percentage of pupils in independent compulsory schools increased marginally to 22.1%. The highest percentage of pupils in independent schools was 44.6% in Centrum and the lowest was 8.2% in Västra Hisingen. This can be explained by the fact that Centrum has several independent schools in its district, whereas Västra Hisingen has none.

### EuroSkills – focusing on vocational training

To reverse the trend of decreasing interest in vocational training, the government decided, in association with the Swedish Trade Union Confederation (LO) and the Confederation of Swedish Enterprise, to make 2016 into the year of vocational training. The largest event during the year was EuroSkills in Gothenburg, Europe's biggest competition in professional skills for young adults up to age 25.

There were competitions in 33 different professions, as well as in nine 'presentation professions'. All in all 500 competitors came to Gothenburg to compete, from 33 different countries.

One important aim of the event was to spread awareness of future career paths and raise interest in and the status of vocational training. Alongside the competitions there was therefore also a wide range of taster activities, and many employers and industrial sectors showcasing different careers.

A teacher's guide was produced to help prepare pupils and teachers ahead of their attendance at EuroSkills. Guided tours in e.g. Arabic and Somali were also available. All in all EuroSkills was attended by 65,000 unique visitors, and around 12,700 pupils from compulsory schools, upper secondary schools and adult education in Gothenburg were registered for the event. The City of Gothenburg contributed in many ways by showcasing different careers, study and career guidance counsellors provided information for visitors, and many training professionals served as officials for the competitions.

The main organisers of EuroSkills were Göteborg & Co and the Swedish Exhibition & Congress Centre, on behalf of WorldSkills Europe via WorldSkills Sweden.

### More students graduating upper secondary in three years

The aim of upper secondary school is for education in a national programme to lead to a graduation diploma. An upper secondary diploma contains a number of quality requirements, which vary depending on different pro-

gramme goals. The proportion of students who successfully graduated increased in the City of Gothenburg's municipal upper secondaries, while the grade average for student graduates fell slightly compared to the previous academic year. In the vocational programmes the grade average decreased from 12.6 to 12.4, and on higher education preparatory programmes from 14.8 to 14.6. Boys still had a lower grade average than girls, both in vocational programmes and in higher education preparatory programmes.

In the national programmes, the proportion of students who graduated from upper secondary school within three years increased from 70.8% to 74.0%. The rise was strongest in the vocational programmes, where 67.6% of students graduated within three years, an increase of 4.4 percentage points.

### Academic results, upper secondary school

	Gothenburg (Municipal schools)		Sweden (Municipal schools)	
	2015	2016	2015	2016
<b>Grade average</b>				
National programmes	14.1	13.9	13.9	14.0
Vocational programmes	12.6	12.4	12.9	13.0
Higher education preparatory programmes	14.8	14.6	14.5	14.6
<b>Percentage of pupils (%) eligible for university</b>				
National programmes	72.2	70.1	70.8	71.3
Vocational programmes	31.2	25.8	32.1	32.2
Higher education preparatory programmes	92.9	92.9	91.3	91.2
<b>Percentage of pupils with an upper secondary diploma within 3 years</b>				
National programmes total	70.8	74.0	74.5	75.0
Vocational programmes	63.2	67.6	70.8	71.7
Higher education preparatory programmes	73.9	76.5	76.2	76.5

### Upper secondary school – some key figures

	2014	2015	2016
Net cost (MSEK)	1,501	1,557	1,642
Net cost development (%)	2.5	3.7	5.5
Gothenburg pupils in upper secondary school	16,085	16,220	17,104
Percentage in municipal school	49	49	49
Percentage in another municipality's school	9	8	8
Percentage in independent school	42	43	43
Gothenburg pupils in upper secondary special needs school	357	340	326

The net cost for upper secondary and upper secondary special needs school amounted to SEK 1,642 million,





EuroSkills featured competitions in 33 different professions, as well as in nine 'presentation professions'. All in all 500 competitors came to Gothenburg to compete, from 33 countries. Photo: Frida Winter

and increased by 5.5% between 2015 and 2016.

The number of students increased in upper secondary school, and this increase was relatively evenly distributed between independent schools, the Municipality's own schools and other municipalities' upper secondaries.

There were also 3,000 or so students from other municipalities studying at the city's upper secondary schools, but these students are not included in the table's figures. This means that during 2016, there were just over 11,500 students at the city's upper secondary schools. Of these, almost 3,000 were on introductory programmes. Of the introductory programmes, language introduction was biggest with 1,800 students.

The number of students in upper secondary special needs school is continuing to decrease. The greatest

reduction was in the individual programmes of upper secondary special needs school.

The trend of increasing numbers of students of upper secondary age will continue for the next 10-year period.

### Future issues

- Satisfy the need for education places in all school and related forms when the number of children, pupils and students increases
- Recruit and retain qualified staff

Good economic conditions have reduced the need for income support. This means that more Gothenburgers can now support themselves and their families independently. The housing shortage has continued to be a challenge. More people have sought the support of social services to help resolve their housing situation. The situation of lone children has remained in focus.

## Individual and family care

### Financial assistance

Good economic conditions on the labour market explain a large part of the positive development of income support during the year. Compared to the previous year, 1,360 fewer households were granted assistance. The district committees with the biggest decreases were Angered, Östra Göteborg, Askim-Frölunda-Högsbo and Lundby. These represented 87% of the total decrease of SEK 61 million. It is worth noting among the others that Norra Hisingen reported an increase of 2%, and Majorna-Linné, Västra Hisingen and Örgryte-Härlanda achieved marginal decreases. The districts that showed the biggest reduction also had the biggest decrease in what are known as long-term dependent households.

The districts do to some extent have different conditions for drawing advantage from the strong economy to reduce dependence on income support. However, work in all city districts is characterised by the shared ambition. During the year, the Labour Market and Adult Education Committee established two new Skills Centres that will work with social services to make it easier for the unemployed to find work.

The costs for financial assistance stopped at SEK 1,024 million for 2016, and affected just over 18,800 households in all. The proportion with long-term dependence on income support decreased by 679 to 8,425 households.

### Housing shortage

The costs of social housing solutions have continued to increase, but at a lower level than before. The costs for adults have risen by 9%, which is 7 percentage points lower than the cost increase in previous years.

Due to the housing shortage, people have turned to social services to help resolve their housing situation. These are primarily emergency housing solutions for families with children that have no roof over their heads, and people who need support and protection from violence in close relationships. This has resulted in high costs for purchased housing solutions, and a heavy workload for staff in the sector. A housing shortage and overcrowding are also risk factors that could lead

to people needing other support from social services in addition to help with housing. In an initiative via AB Framtiden, the City has decided to produce 500 homes for homeless families with children by the end of 2017/beginning of 2018. This solution resolved the housing situation for 200 families with children in 2016 who were offered housing with a master lease, and this affected just over 400 children.

A strategy and plan on homelessness 2015-2018 was drafted in a broad collaboration between companies, administrations and the ideas-borne sector. A follow-up was conducted in 2016 and it shows a negative trend; an action plan containing measures for higher goal achievement has been formulated. 'Bostad först' ('Housing First') has continued to be developed as a scheme for combating homelessness. It means that the homeless person must first have their housing situation resolved before they can be expected to deal with other problems, such as substance abuse. To date, approximately 60 people have been given a home through the scheme.

### Proposed plan for work against established abuse and dependency 2018-2020

The City Management Office was commissioned by the City Executive Office in 2015 to formulate a plan at strategic level for efforts against heavy substance abuse. In 2016 the Committee for Allocation of Social Welfare worked on producing a proposal, which was sent for referral in December 2016 to the district committees, dependency care provided by the healthcare services, the prison and probation services, the local network for user and ideas-borne organisations and other collaboration partners. The plan encompasses the Municipality's operations and aims to clarify the areas of responsibility within the City and in relation to dependency care.

### Social child welfare

The number of reports of mistreated children increased on the same period last year, and this increase has been ongoing for several years. Meanwhile, the committees have found it hard during the year to meet the legal requirement which says that investigations affecting

children and families may not run for more than four months. The number of delayed investigations did, however, decrease during the latter part of the year, and the committees have worked purposefully to increase case-handling speeds, partly by reinforcing support for case workers and by restructuring the work process.

The number of lone children referred to Gothenburg has decreased dramatically since autumn 2015, as a result of a change in government migration policy. During 2016, roughly 200 lone children were received, compared to 2015 when the figure was roughly 1,500. The reception of lone children in autumn 2015 also affected work in 2016. The reduction in the number of children has entailed comprehensive adjustment work in the relevant operations.

Intensive efforts to improve care for the most vulnerable children were carried out throughout 2016. Retaining skills and creating stability within social services will continue to be a focus area for a long time to come.

### 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 2016. Social workers are often young and inexperienced, and a shared in-depth introduction for case workers has therefore been developed. Many districts have also intensified the local introduction.

The large proportion of inexperienced staff increased the burden on the more experienced case workers. The difficult recruitment situation made it harder to take a long-term approach to efforts to improve the working environment. All in all, these difficulties entail risks for the operation's quality and effectiveness. In November the City Executive Board decided on an action plan for a better working environment, including measures. These measures include developing complementary competencies and a more in-depth introductory phase.

### Quality report for the first time

For the first time, a quality report for the operation has been produced in the city districts and the Administration for Allocation of Social Welfare. The aim of the report is to guide the operation so that the right measures are taken at the right time. The report is based on different quality areas defined by Sweden's National Board of Health and Welfare, such as self-determination, accessibility, and the operation being knowledge-based. The area reports aim to support the operations in assuring quality. Special emphasis has been placed on shared work processes, and this has made a tremendous impact. It is important that the report is used to bring about improvements, while also highlighting, bolstering and spreading things that are being done well.

### Individual and family care – a few key figures

Population frame	2014	2015	2016
Net cost development (%)	6.5	4.2	7.0
Of which net cost:			
– children and young people	1,116	1,208	1,468
– adults	759	834	854
– income support	1,125	1,085	1,024
– other costs	283	294	314

The net cost for individual and family care increased by 7.0% in 2016. The costs increased at a higher pace than the previous year, even though income support continued to decrease. Income support represented just under one-third of the net costs in individual and family care.

The main area of net cost increase was among children and young people, which was up 22% on 2015. The single largest increase in net costs arose in foster care under the Social Services Act, which increased by 42% or just over SEK 130 million. Case administration costs also rose considerably by around 30% or just over SEK 100 million. There were also major net cost increases in efforts relating to institutional care under the Swedish Care of Young Persons (Special Provisions) Act and youth housing. The number of care days, housing days and the number of children and young people in foster homes increased considerably. The higher figures can largely be explained by the number of lone children arriving in the city. State compensation for children without a guardian did not fully cover the costs involved in dealing with the situation.

Net costs for efforts for adults increased by 2%, which indicates a lower cost development than in previous years. One of the reasons behind the lower cost rate is that the placements for institutional care under the Social Services Act decreased considerably by 24%, or SEK 32 million. Social housing, on the other hand, had a continued high net cost development, albeit on a lower level than in 2015.

### Future issues

- Increase people's ability to support themselves
- Increase users' opportunities for participation by introducing welfare technology
- Secure skills provision within the remit as a public authority
- Create good access to housing and alternative housing solutions



The right of people with disabilities to influence and to participate fully in society is an important issue. Issues relating to quality, participation, housing and the staffing situation have been in particular focus during the year. Working in a more knowledge and evidence-based way has helped to improve quality. The housing shortage has led to a large number of short-term places and other temporary housing solutions being used.

## People with disabilities

### Individual support and services

The area of disabilities comes under social services and 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 operation encompasses numerous activities that provide support and services for people with disabilities, such as housing with support and service, daily activities, employment, short-term stays and personal assistance. In 2016, 4,000 people per month received support under LSS and 4,300 per month under SoL. A person may receive support and services based on both acts.

### Influence and participation for users

Work to develop and ensure influence and participation for people with disabilities is continuing. One instrument in this is the user audit, but other surveys into users' perceptions of our operations have also been used. The results have been used as a foundation for dialogue and for developing the activities. The implementation plan is the tool that will secure the user's influence and participation in executing the services. Efforts to develop and improve the documentation continued during the year, as did work to draw up implementation plans together with each individual.

### Developing the area of work and employment

In December 2016, the City Executive Board decided that efforts to introduce a system of choice in services that come under 'daily activities' should begin. The final decision on the Act on System of Choice in the Public Sector (LOV) was made by the City Council in January 2017. This means that the roughly 1,800 people in Gothenburg who have daily activity services under LSS will have greater influence by being able to choose the service provider.

IPS (individual placement and support) is an evidence-based method for laying the foundation for people with cognitive and mental disabilities to find work. In November 2016, the action plan for collaboration with the Swedish Public Employment Service, Försäkringskassan social insurance office, psychiatric services and NSPHiG (the national collaboration on mental health in Gothenburg) was revised. Several work specialists were

trained, and the introduction of IPS continued, if slowly. The process of creating a City-wide organisation for IPS has begun, and is expected to lay the foundation for larger-scale implementation.

### Quality in focus

Based on the quality areas defined by the National Board of Health and Welfare, each district committee implemented a process of describing the quality of the disabilities-based operation in a special quality report. These were the first such reports, and the aim was to guide the operation in the long term to ensure that the right measures are taken at the right time. The results indicated that work on shared work processes in the operations had made a major impact, and had been a strength in the strained staffing situation that prevailed during the year. Areas with a focus on improvement included internal collaboration in the city districts, as well as with external players and the operations' work on deviations. Development in the disabilities area of working more with knowledge and evidence-based methods has helped to improve quality. The report is an important instrument in ongoing efforts to achieve improvements, and it needs to be highlighted and spread.

### Housing shortage

During the year, 60 new homes in buildings with special service (BSS) were completed. This is on a par with last year, and slightly below the average in recent years. There are just under 1,500 apartments under the City's management, and just over 200 places purchased by external suppliers. More apartments have been added, but at the same time the need for housing has risen. The expansion has not happened at the intended rate and the difficulties are due to a lack of sites/projects in suitable locations, among other things. In the plan for housing for people with disabilities 2017-2019, it is estimated that a further 250 or so apartments are needed to strike a balance between supply and demand in 2019. The planned expansion is not expected to satisfy demand. From 2016, the district committees' coordination and planning of housing for people with disabilities have been brought together under a new remit for the Committee for Allocation of Social Welfare in Örgryte-Härlanda. The aim is to increase goal achievement by strengthening management and control of the coordination work.





The City of Gothenburg's programme for full participation for people with disabilities aims to lay the foundation for the City's administrations and companies to help create a city in which all residents are given equal conditions.

The housing shortage has also meant that people who would be able to cope in standard housing are applying for BSS. Access to apartments alone is however not enough for people to be able to live in standard apartments as an alternative to BSS. Other prerequisites are having support available in the building (such as home support), employment opportunities and companionship for those who need it. Housing support has continued to develop in all city districts. During the year, 54 people obtained an apartment via F100 (a scheme whereby the municipal housing companies offer apartments to people with disabilities), which is an increase on 2015.

The housing shortage has led to a large number of short-term places and other temporary housing solutions. Decisions about BSS cannot always be executed within a reasonable time, which results in a risk of special charges. During the fourth quarter, 135 people had received decisions which were not executed within three months. Of these, 26 had declined an offer and 35 had accepted an offer but not yet moved in.

### Programme for full participation

The City of Gothenburg's programme for full participation for people with disabilities aims to lay the foundation for the City's administrations and companies to help create a city in which all residents are given equal

conditions. In connection with West Pride, an open stage at the City Library was let out where people could listen to stories from different lives. The event helped to reflect the diversity of people and ways of life that there are in Gothenburg, and was an effort to raise the programme's profile.

### People with disabilities

– some key figures

	2014	2015	2016
Net cost (MSEK)	3,084	3,281	3,448
Net cost development (%)	4.1	6.4	5.1
Change in volume of staff (%)	4.0	0.9	0.4

### Future issues

- Introduce a system of choice in daily activities
- Develop welfare technology to improve users' participation and influence
- Secure a stable staff situation
- Create good access to housing

Many elderly people are happy with their home-help services and elderly care, but some improvements are needed. More and more people with serious illnesses are receiving care in the home rather than at hospital. A proposal for a new health and medical care agreement has been drawn up. The agreement will promote cooperation between different care providers so as to enable integrated care, regardless of provider. The introduction of person-centred healthcare and social care has been a development process in all city districts.

# Elderly and medical care in the home

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

Quarterly reports have been submitted for home-help services and housing for the elderly. Material for assessing quality comprises data from Sweden's municipal and county council database (Kolada), the 'äldreguiden' service comparison website and the national user survey.

Quality has been assessed based on areas of importance to senior citizens: overall satisfaction with home-help services/housing for the elderly, treatment by staff, an active, meaningful life, safety and security, influence and

participation, and food and mealtimes.

People who live in housing for the elderly are generally satisfied with their housing, treatment by the staff is very good, the results for activities have improved on previous years but this remains an area for improvement, safety and security are good while information and the way suggestions are managed need to be better. Many people are happy with the food, but the results do show that both food and the mealtime situation could be improved.

As for quality in home-help services, senior citizens are generally satisfied with the home-help services, treatment by home-help staff is very good and the foundation for an active, meaningful life is provided by open meeting places/social day activities, as well as day activities for people with dementia. Home-help services provide safety and security, while information and the way suggestions are managed need to improve. Another area for improvement is the ability of senior citizens to influence and participate in their home-help services.

## Cooperation between care providers

More and more people with several, serious illnesses are receiving advanced healthcare in the home rather than at hospital.

Many people receive healthcare simultaneously or alternately from primary care, hospital and municipal home medical care. To help ensure that individual patients feel safe with their care, there are high demands on trustful, open dialogue between care providers, as well as functioning information and communication channels. During the year, the municipalities in Västra Götaland and Region Västra Götaland have been working to formulate proposals for a new health and medical care agreement. The agreement aims to strengthen and promote collaboration between the

People who live in housing for the elderly are generally satisfied with their housing, treatment by the staff is very good.  
Photo: Lo Birgersson





different care providers, so that the results contribute to a safe, independent life for the individual.

### More elderly people waiting for housing

Just under 4,000 people lived in housing for the elderly. Waiting times for people who have decided to move into housing for the elderly have increased in recent years. During the waiting period, senior citizens usually have their needs met through home-help services and home medical care, care from relatives, or in short-term accommodation until an apartment becomes available in housing for the elderly. One consequence of this is that people who need healthcare and social care in short-term accommodation after hospitalisation have had to remain in hospital while waiting for short-term accommodation.

### Choice system for those receiving home help

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). According to the timetable, the choice should be available by the end of 2017, and preparations are under way to enable people receiving these services to choose their provider.

### Project to develop the operation

Adapting the operations to work with person-centred healthcare and social care has been a development process in all city districts. For instance a research study is under way between the Institute of Health and Care Sciences at the University of Gothenburg and two homes for the elderly in the City of Gothenburg. The person-centred approach aims to strengthen the individual's confidence in his or her ability to participate in and influence their health. Good treatment by staff is pivotal in the person-centred approach.

Projects involving a mobile home medical care doctor continue and have led to some positive effects. Greater access to doctors means fewer visits to the accident and emergency department for the individual.

Development work within home-help services ('Attractive home-help services') has taken place based on the objectives that the individual's self-determination and participation should increase, and that the profession should be perceived as attractive. A model for evaluating home-help decisions has been introduced, so that individual valuations of home-help services can lead to improvements in the operation. An IT-based system for planning measures for individuals and monitoring the time taken has been procured and will be introduced in 2017-2018. The purchase of a new alarm-receiving solution creates the conditions to introduce a digital alarm chain with e.g. GPS alarm.

To facilitate and quality assure the introduction of new staff in home-help services and housing for the elderly, there are now web-based introduction films. Marketing material has also been produced to raise interest in working or gaining an education in healthcare and social care.

In some districts, trials are under way in housing for the

elderly to offer service-based work duties for jobseekers/employees who do not have the full training and/or expertise to be able to do the full care job. The role is termed service assistant and has entailed meaningful service-related tasks, while also serving as an introduction to elderly care operations for jobseekers and freeing up work time for assistant nurses to do care work.

### Development of 'Vision Bo Äldre'

The Göteborg Region Association of Local Authorities has led a development process, and 2017 sees the start of AllAgeHub, the aim of which is to develop accessible housing solutions and welfare technology that make it easier for people to participate in society and lead safe, independent lives, whatever their age and level of ability. The centre will form a hub where citizens, senior citizens and user organisations, companies, municipal healthcare and social care, and researchers jointly develop products, processes and services.

In the run-up to this, preparation work has been under way in the City of Gothenburg's 'Vision Bo Äldre' ('Vision for senior living') so that this can be a part of the west Sweden AllAgeHub innovation centre at Johanneberg Science Park. Vision Bo Äldre has been a key component of the City of Gothenburg's strategy of offering welfare technology services and strengthening the senior perspective in urban development.

### Elderly and medical care in the home

– some key figures

Population frame	2014	2015	2016
Net cost of elderly care (MSEK)*	4,063	4,311	4,544
Net cost development of elderly care (%)	3.3	6.1	5.4
Net cost of elderly care (MSEK)**	389	419	465
Net cost development of home medical care (%)	5.7	7.7	11
People receiving home-help services (average/month)	8,724	8,636	8,339
People in housing for elderly excl. short-term (average/month)***	3,964	3,968	3,993
Payment responsibility for discharges, year places	19.6	18.4	19.1

\* Including home medical care for people over 65

\*\* Home medical care for all ages

\*\*\* Just over 80 places within the Committee for Allocation of Social Welfare's operation for people aged over 65 years to be added

### Future issues

- Introduce a system of choice in home-help services
- Create more housing for the elderly to meet the population's need
- Deal with a situation where more and more care takes place outside of hospitals
- Developing welfare technology

This year's theme ahead of the anniversary year of 2021, was culture. Culture was brought more into focus in all city districts, including through the Artscape street art festival. Gothenburg Green World offered green experiences in the city environment as inspiration for how Green Gothenburg can be developed. Summer holiday activities and free swimming for children, young people and senior citizens resulted in more people taking advantage of what the city has to offer.

## Culture and recreation

### Year of Culture

The Year of Culture kicked off with Kulturnatta Culture Night, which opened in all city districts. There was also a street art festival called Artscape, featuring 19 new street artworks. The festival attracted broad coverage in the media locally, nationally and internationally. During the Culture Festival, 20 fully booked guided bus tours were arranged, and in the autumn there were museum lessons and bus tours with inter-generational meetings for people to enjoy the artworks.

Göteborg Dance & Theatre Festival was visited by almost 13,000 people, the best result in the festival's history.

### Summer holiday activities

The City was awarded SEK 17.6 million in government funds to provide free summer holiday activities for children and young people aged 6-15 years. This meant that planned summer activities could be extended, or offered free of charge to participants. It has also enabled new activities based on the work in An Equal Gothenburg, in which some 58,000 children and young people took part. According to a survey, 76% of participants had never tried the activity before, and 46% had spent time in a new area of the city.

### Best city for sport 2016

Public broadcaster SVT's Sport division voted Gothenburg the best city for sport 2016, calling it "the city that manages to offer the vital breadth as well as top-level sport". 4,000 people took part in the 2016 Olympic Day, of whom 21% had not been active in a sport previously and 23% found a new sport they wanted to take up.

Free swimming was introduced in 2016 for children, young people and senior citizens. The effect was a dramatic increase in visitor numbers at the large swimming pools in the suburbs.

### Guiding documents, strategies and tools

The strategic work in the culture and recreation sector was strengthened with the drawing up of various guiding documents and strategies.

The Cultural Programme adopted by the City Council in 2013 was further developed in action plans for cultural policy, art policy and culture planning. The Culture Administration had principal responsibility for the process, in

close association with administrations and companies.

Based on the culture house report, work to add culture houses and libraries at strategic locations continued. An architecture competition was held for the future culture house in Bergsjön.

Several libraries tried a new strategy of extended library opening hours with self-service. Some libraries tried out a 'beach library' scheme, whereby the library moved to the seaside to reach people who do not normally use the library.

Other guiding documents that have been drawn up are the Sports and Associations Administration's swimming strategy for developing the City's swimming pools, and the Parks and Landscape Administration's efforts to develop an outdoor programme based on Sweden's 10 national outdoor policy goals.

A decision on Vision Kviberg Park has now been made, with the aim of developing the area through increased collaboration between culture, recreation, the private sector and clubs and associations.

### Urban development focusing on culture and recreation

The culture and recreation operations are actively involved in social planning as Gothenburg develops as a city. Their involvement strengthens the balance between the building of housing, offices, operating premises, and the values offered by meeting places, green spaces and arenas for cultural activities, for example.

### Culture School

A new e-service has been introduced within the framework of welfare processes. The service is based on the user perspective with the objective of greater legal security, participation and influence. The new e-service facilitates applications, timetabling and statistics. Premises that are fit for purpose remain a challenge for Culture School.

### New arrivals

The culture and recreation sector has drawn up a common plan for targeted initiatives for new arrivals. The point of departure has been to strengthen the basic operation with culture, languages and norm-critical expertise. Central and local meeting forums have been set up to enable continuous dialogue with associations and the rest of civil society. Culture School's work in pre-schools and schools has





Culture School's work in pre-schools and schools has been strengthened and extended.

Photo: Lo Birgersson

been strengthened and extended. New and lone arrivals are introduced to the fields of operation with introductory units, a welcome programme and dialogue meetings, and in pre-schools and schools. The library's significance as an integration venue has increased considerably, since most new arrivals are familiar with libraries. Everyone was given a library card, including those without a passport or social security number. During summer 2016, asylum-seeking young people in year 9 and upper secondary school had the chance to take part in summer school, cultural activities, and light practical work over three weeks. Around 650 young people took part and the initiative was highly appreciated.

### User influence and participation

Several committees are working to increase user influence and participation. Cooperation with clubs and associations has intensified, partly resulting in several events that have been very popular.

### Inter-generational meetings

Several city districts worked with inter-generational meetings, which is also an assignment in the City Council's budget for 2017. Centrum district has started a new inter-generational meeting place for the age 13-20 target group, along with people aged over 65. The 'Kulturmöten utan gränser' ('Culture Meetings without Boundaries') research project has also been carried out in collaboration between Centrum and the University of Gothenburg. The project finished off with a conference to spread knowledge about creating quality in senior citizens' everyday lives.

### Gothenburg Green World

Gothenburg Green World was a continuation of the cooperation between the biggest parks in the Nordic

region. Participants from Gothenburg were Liseberg AB, Gothenburg Botanical Garden and the Parks and Landscape Administration. The test involving 17 small parks on Avenyn boulevard showed how Green Gothenburg could be developed.

### Guests/visitors

Thousands	2014	2015	2016
Letting of sports facilities (pitches and halls, hours)	283	278	290
Guest nights at sports tournaments	214	238	254
Swimming baths*	1,099	1,111	1,134
Theatre	179	203	200
– of whom children	25	26	28
Libraries	4,247	4,327	4,138
Museums	803	775	783
– of whom children	170	177	185
Summer holiday activities			58

\* Frölunda baths closed for 3.5 months in 2016

### 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

The planning and implementation of the West Sweden Package and other major infrastructure projects continued at a high rate. A new railway bridge has been opened, and plans for a cableway in Gothenburg have been concretised to a greater extent. The necessary decisions for a go-ahead to build the Hising Bridge have been made. Travel by public transport has increased, but so too has car traffic.

# Road Traffic

## A functioning city during the construction period

Work on the West Sweden Package and other infrastructure projects is now clearly visible in the city. The new railway bridge at Marieholm was opened. Construction on the Marieholm Tunnel continued. At the Central Station area, work is under way to prepare for a new Hising Bridge and lowering and over-decking of Götaleden.

But the project was also about the existing city. During the spring, the lower part of Götaplatsen square was developed. During the summer, the 2015 trial to convert Tredje Långgatan into a pedestrian street was repeated.

## Ideas for future public transport

A proposal regarding what city traffic might look like in Gothenburg, Mölndal and Partille in 2035 has been on referral. Following revisions, the proposal will be decided on by Gothenburg's City Council and the VGR Regional Council, among others.

Planning for a cableway across the river from Järntorget to Lindholmen and on to Wieselgrensplatsen continued, with a view to completion by the 400-year anniversary in 2021.

## State and municipality working together for better public transport

The National Negotiation on Housing and Infrastructure is a government project which entails drawing up agreements to improve public transport and increase homebuilding in Sweden's city regions. The brief is also to enable the rapid extension of new main lines in the shape of high-speed railway between Stockholm and Gothenburg.

Negotiations for the agreements on extending new main lines and measures in the city regions began in February 2016. A final report will be submitted to the government by December 2017 at the latest.

In order to help create sustainable transportation in cities, there are city environmental agreements to which the state contributes. The initiative primarily encompasses investments in public transport infrastructure. In 2016, the City of Gothenburg received funding for public transport measures at Svingeln.

The government has decided on an infrastructure bill, which contains a direction and economic frameworks for investments in transport infrastructure for the plan period 2018-2029. The government is expected to decide on directives for planning the measures in the near future.

Planning for a cableway across the river from Järntorget to Lindholmen and on to Wieselgrensplatsen continued, with a view to completion by the 400-year anniversary in 2021.

Photo: City of Gothenburg



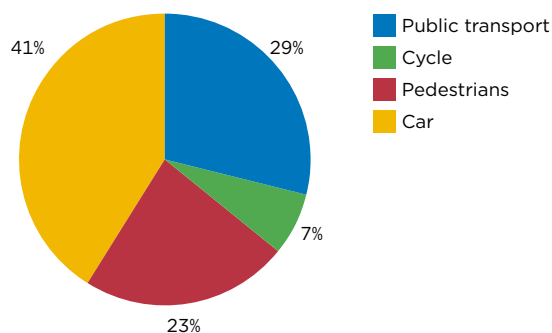
The City of Gothenburg is taking part in planning measures through a collaboration with the Göteborg Region Association of Local Authorities and VGR.

### More people travelling more

Travel by public transport and cycling have increased in the last few years, while car travel has decreased. Compared to 2015, however, car travel increased by 1.3%. The increase for car traffic follows the national trend and is linked to better economic conditions and cheaper fuel. Public transport increased dramatically. Travel by bus increased by 8.3%, boat by 4.2% and tram by 5.2%. Cycle traffic remained largely unchanged.

Just under a quarter of all light vehicles in Gothenburg's traffic were green vehicles. Ninety-one per cent of the City's own fleet of light vehicles were green vehicles.

### Gothenburgers' travel by type



Car traffic now accounts for 41% compared with 44% in 2011.

### Tram deliveries

The supplier of the M32 tram has not rectified its delivery shortcomings and the City of Gothenburg therefore decided to start legal proceedings. Intensive efforts have been undertaken to get the M32 tram fit for service. There has been a distinct improvement in carriage availability.

Procurement of the new M33 tram has been completed. The agreement encompasses 40 trams, with an option to buy a further 60.

### Summer holiday pass

For 2016, the City carried out an additional purchase of summer holiday passes for school pupils in years 6–9 of compulsory school and years 1–2 of upper secondary. The holiday passes give the pupils the same opportunities to travel in the city and region on public transport, and they can get to know their city and the surroundings on their own terms.

### Good progress on cycling programme

The cycle path network has been extended by three kilometres and quality has been raised at several locations to offer better, safer accessibility. The number of cycle racks increased by 400 and now totals 11,000.

The number of journeys made using Styr & Ställ hire bicycles fell for the first time. 666,000 journeys were made in all, which is roughly the same as in 2014. The effect of construction work may have led to the drop in journeys.

Forty-two per cent of Gothenburgers regarded Gothenburg as a cycle-friendly city. This figure has been relatively stable since 2008 when measurements began, but there was a slight drop between 2015 and 2016.

### Rechargeable cars

There is great interest in electric vehicles. During the year Gothenburg gained 14 new quick-charging stations for electric cars. As part of efforts to increase the use of eco-friendly vehicles, the City of Gothenburg is working with Volvo Cars in their testing of electrically powered cars.

Gothenburg is now home to the ElectriCity project – a collaboration in which industry, academic research and the community are developing new solutions for the sustainable public transport of the future. On route 55 between Chalmers and Lindholmen, passengers can travel by silent, exhaust-free buses that pick up passengers indoors at the terminals and run on renewable electricity.

### Commuter car parks being planned

Commuter car parks at the Storås and Olofstorp Västra stops were added. Further such car parks are being planned. Due to a lack of available land, the City has rented parking spaces at Amhult Travel Centre and Radiomotet.

### Safety statistics

Gothenburg is continually working on road traffic safety with physical measures to improve safety on the city's roads, and by improving and developing the City's analysis of traffic safety.

Statistics show that the downward trend with regard to deaths and injuries on the roads turned around several years ago. Much of the increase in injuries in recent years is, however, down to a higher degree of reporting.

### Decreased travel with mobility service

The number of journeys made using the mobility service has fallen rather than risen as expected. There were just over 800,000 mobility service journeys, 16,000 fewer than in 2015. Of these journeys, 26% were made using Flexline services.

The passengers who travel the very most are the ones who have changed the way they travel. This group has shrunk, and makes fewer journeys on average. One likely cause of the change is that the option to apply for extra journeys was removed prior to 2016.

Since 1 December 2016, a new model for allocating extra journeys has been introduced.

### 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



Gothenburg is growing faster than it has in a very long time. The city is being filled with construction cranes and excavators, and by new citizens from near and far. In Frihamnen, several new models are being tested to promote mixed housing. Despite record-high homebuilding, there is still a housing shortage. Building homes at the planned rate and volume is a major challenge for all players involved.

## Building and housing

### Record homebuilding – again

In 2016, 2,680 homes were completed in Gothenburg. This means that more has been built in the city since the ‘Million Programme’ was finished in the mid-1970s.

The city is in the middle of a gradual increase in homebuilding from an average of around 2,200 completed homes a year in 2011–2015 to an estimated 4,500 completed homes a year in 2016–2020. These estimates are based on the amount of homes in different planning stages. At the end of the year, local planning was in progress for around 44,000 homes, 8,700 of which were part of BoStad 2021. The land allocations in 2016 are expected to be able to result in approximately 5,000 homes, of which some are part of BoStad 2021 and are included in the above-mentioned local plans.

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 2016, for instance, the processes for development co-ordination were developed, and work on a joint production plan began. Alongside the building contractors in BoStad 2021, we also systematised the work on parallel urban construction processes.

### Continued housing shortage despite record construction

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 housing. Boplat Göteborg, for instance, has seen an increase in waiting-list numbers, while the number of apartments allocated has decreased. The average waiting time for those who were given a contract in 2016 was just over 1,500 days.

### Initiatives for vulnerable groups on the housing market

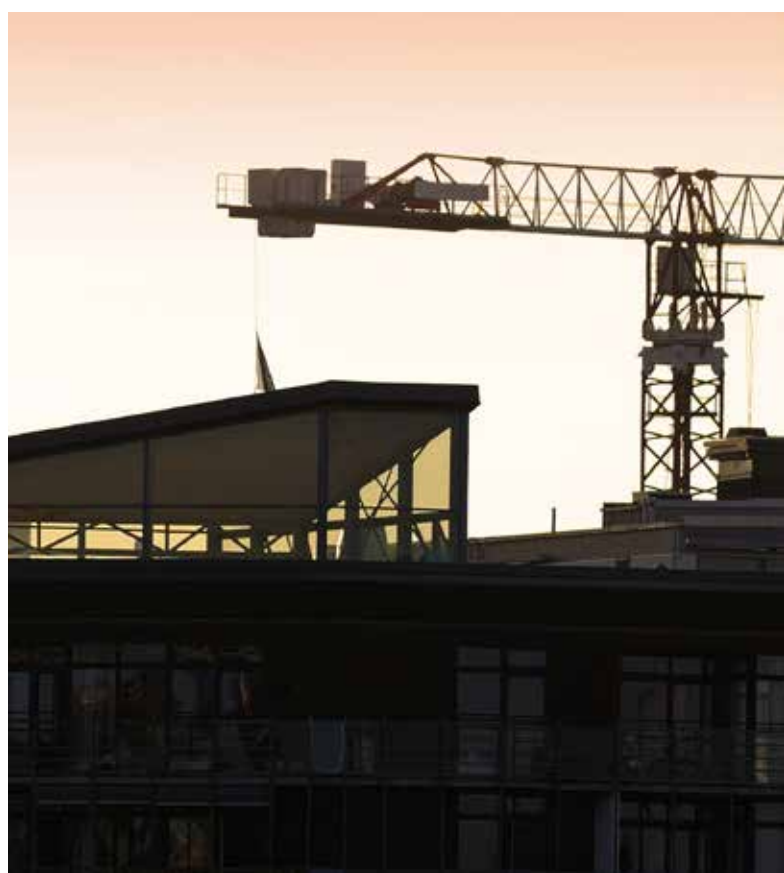
The City has been very active in easing the housing situation for vulnerable groups, and work is proceeding in line with the City Council’s strategy to combat homelessness. In 2016, 435 households moved into apartments, which were allocated following an assessment of social and medical factors. This was an increase of 6% on 2015.

### Number of completed homes 2012–2016

Year	New-build	Renovation	Total
2012	1,894	216	2,110
2013	2,303	265	2,568
2014	1,793	224	2,017
2015	2,298	255	2,553
2016	2,401	279	2,680

### Number of planned homes 2012–2016

Homes in	2012	2013	2014	2015	2016
Started local plans	1,600	3,700	7,200	10,750	2,600
Adopted/approved local plans	2,800	3,200	3,570	3,450	3,735
Land allocations	1,390	1,045	1,303	2,950	3,500





The public housing sector is responsible for 90% and the private property owners for 10% of the allocated apartments. An important part of the homelessness reduction plan is 'Bostad först' ('Housing First', see Individual and Family Care). The number of apartments has risen to 50, from the previous 20-30 per year. Pressure with regard to homes for vulnerable groups on the housing market increased during the year.

### Simple obstacles hard to rectify

There is a clear structure for the job of inventorying, actioning and informing about the City's operating premises based on simply rectified obstacles. The simple obstacles in public spaces have proven to be so extensive that it is hard to remedy all of them within the mandate period. Accessibility in apartment blocks is inventoried on an ongoing basis. In the longer term, the inventory will give an idea of how accessible the properties are in each primary area.


We provide different kinds of housing forms for people with disabilities such as subsidies for sheltered housing, home adaptation grants, apartments under the F100 scheme through property owners and the Real Estate Administration, and buildings with special service (BSS). Availability has increased in several categories, apart from buildings with special service where the number of new homes has not met demand. For 2017, the City Council has issued a new assignment to secure access to buildings with special service.

### Intensive work for incoming refugees

The year has been strongly characterised by providing homes for the 880 new arrivals who have been referred to the Municipality under the Act on the Receipt Of Some Newly Arrived Immigrants for Settlement. The act came into force on 1 March 2016, and obliges municipalities

to arrange homes for people who have been granted residence permits and been living in the Migration Agency's temporary housing, or who have arrived as quota refugees. The City has managed the challenge by having Framtiden AB produce around 230 apartments in the standard tenant stock, and the Property Management Committee has rented 80 residential caravans, equating to about 200 living spaces, at Lilleby Camping as a temporary housing solution. At the end of the year, however, the City's contingency plan had to be activated and spaces were created in dormitories. Intensive efforts are under way to produce housing to continue to manage the assignment in line with the Act on the Receipt Of Some Newly Arrived Immigrants for Settlement; for instance, temporary housing has been prepared in Askimsviken and Frihamnen. There has been a great need of information to and dialogue with Gothenburgers, and the City has held several meetings in different districts throughout the year. The majority of the new arrivals received in Gothenburg, however, were living with someone for the time they were waiting for news of their residence permits. There has been a special initiative in 2015-2016 focusing on families with children that have particularly difficult housing conditions. A number of newly arrived families with children have received help with their housing through this initiative.

Around 1,700 lone children were referred to Gothenburg in 2015, and the City is responsible for their housing and care. However, far fewer lone children arrived in 2016. Various structural changes took place during the year, which reduced the need for housing. A comprehensive adjustment process has been initiated by the Administration for Allocation of Social Welfare and the districts, in order to adapt the City's housing operation for lone children to new circumstances.



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.

Photo: Göran Assner

### Trade and industry's land requirement increasing

Land for trade and industry is a strategically vital resource, and the City strives to offer a broad range to suit the needs of different types of business. During the year the number of land enquiries rose slightly compared with 2015, and we have initiated a new process to identify further areas that can be offered to the market. The highest proportion of vacant land is in the north-east, where there is less demand from the business community. At present the City has a limited amount of land available with completed local planning for commercial operations.

Demand for office space has been high, but several major planning jobs regarding offices are under way so the need for office space is likely to be met in the next few years.

### World's Best City when it Rains

An area that remains important to the city is the management of increased amounts of rain and rising sea levels linked to climate change. There is great potential in managing storm water on the surface, where it can create positive values in the urban environment in a robust, sustainable way. This will, however, require the City to think in new ways. Several projects have been working in various ways to create a climate-adapted city. The award-winning urban development project Frihamnen has fully integrated climate adaptation in its planning, and the anniversary project 'Världens bästa stad när det regnar' ('World's Best City when it Rains') is working to develop creative, attractive solutions for sustainable management of torrential rain across the city.

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.

### International research and local development

During the year, Mistra Urban Futures has drawn attention to such themes as energy efficiency, eco-system services and urban greenery, sustainable lifestyles, knowledge and working methods for socially sustainable cities in ongoing projects, seminars and conferences. The centre has also established a collaboration with Malmö/the Skåne region during the year. In September, the first international conference was held in Gothenburg since Mistra Urban Futures was formed. Around 200 delegates from 11 countries came together to discuss how we can realise fair, sustainable cities through co-production in action. In 2016, Mistra Urban Futures was one of three winners of the EU's European Foundations Award for Responsible Research & Innovation.

The 'Fastighetslabb' ('Property Lab') project began in 2016. It is a unique initiative that adds a whole new dimension to the way the sector is marketed to young people. The project is located in Opaltorget square in Tynnered. Framtiden AB, along with the Gothenburg region/the school and working life, invite school classes from Gothenburg to a lab, where they can try out and experience different professions in the property sector.

The City of Gothenburg is at the leading edge of digital communication in urban construction. For a long time

the City has made images, films, animations and 3D models of development projects. At the 2016 Gothenburg Culture Festival we also made it possible to walk through a computer simulation of the new Central Station area using VR goggles. The 'Min stad' ('My City') app, which was launched during the year, makes it possible to give opinions and suggestions on the city's development, and also contains information from the anniversary project 'Göteborg berättar' (Gothenburg Stories) and historic images from the City's archives. Gothenburg was also launched in Minecraft during the year.

### Award-winning architecture

During the year, two of Sweden's most prestigious architecture awards went to projects in Gothenburg. The Kasper Salin Award for best building went to an apartment block at Stora Torp in Örgryte. The panel of judges deemed it to be well-designed everyday architecture with enduring qualities. The planning award, for good social planning or urban construction, went to Älvstaden and its plan for Frihamnen. The judges felt that an innovative approach had been developed for inviting citizens, businesses and municipal administrations to work together on developing a more social and ecologically sustainable city.

The tower blocks in Backa Röd have been upgraded with energy-efficient homes and colourful new façades. The housing area was awarded the Swedish Association of Public Housing Companies prize for best renovation project of the year. The reasons for the prize included extensive dialogue with residents, with a clear focus on the future.

### Challenges

The Swedish government has not announced any significant changes to the rules on the housing market, and Gothenburg's attractiveness as a place to move to is expected to continue. The housing market in 2017, therefore, is expected to work in much the same way as in 2016. Mobility in the existing housing stock will therefore be even more significant in the supply of housing. Growing groups that find it difficult to find a home on the regular housing market will remain a vital municipal responsibility.

Access to labour to execute the desired urban development will be a critical factor once again in 2017. Greater coordination in resource planning in the City is expected to contribute to rationalisation, but a lack of staff and staff turnover could still limit the execution of the desired urban development. A lack of capacity among consultants and contractors is a problem shared by the City and other building contractors.

### Future issues

- Resolve the housing shortage
- Housing for new arrivals
- A realistic tempo in planning and development
- Adapting the city to the effects of climate change

The City of Gothenburg's work on sustainability was once again in the limelight in 2016. The City's operations have actively continued working on the ambitious programmes and plans that exist in the area. One example is the investment in the Lackarebäck water treatment plant, which treats water using ultrafilters.

## Climate and the environment

The City of Gothenburg's services in the climate and environmental field are extensive: delivery of energy and drinking water, wastewater treatment, waste management, inspection and control, environmental monitoring and strategic environmental work are just a few examples.

### Tools in the City's environmental work

The City's strategic climate programme and environmental programme are examples of tools used to achieve the City's environmental quality goals. Both programmes have been followed up during the year, and this has provided a good overall picture.

The follow-up showed that intensive work is under way, but a lot of work remains if the City is to meet its environmental targets – for instance, the environmental impact of the transport infrastructure needs to decrease, as do waste volumes. Continued work to make the City's purchasing and communication more eco-friendly, in order to influence behaviour patterns in areas like consumption is another example. Cooperation with the private sector to reduce environmental impact is also important. Business Region Göteborg AB has been tasked with starting a climate protocol. This means establishing a long-term, organised collaboration between the City of Gothenburg, organisations and companies, in order to help achieve the City's climate objectives.

The follow-up also revealed that using an environmental management system in administrations and companies

has a positive effect on the implementation of measures. The City offers an environmental diploma, which is an environmental management system in accordance with the Swedish Environmental Base standard. During the year, 197 operations were awarded an environmental diploma, and 14 of these were events.

### Gothenburg on the sustainability scale

The City of Gothenburg received the UN's Momentum for Change climate award in 2016 for its green bonds. The City of Gothenburg also received a Swedish Recycling Award in the prevention category for its work on preventing waste. Gothenburg was awarded a top score in the new ICCA (International Congress and Convention Association) Global Destination Sustainability Index, which measures sustainability work in conference and event cities. The City of Gothenburg is in ninth place out of 290 in sustainability organisation Aktuell Hållbarhet's ranking of municipalities. The City is first both in the county and among Sweden's three main cities.

### Waste volumes shrinking

Gothenburgers left 2% less residual waste per capita in their rubbish bins, and one reason for this is higher separation of food waste. An average of 40 kg of food waste was left per person per year, which is an increase of 2 kg on last year. The City is close to reaching its goal that half of all food waste should be collected by 2020. The collected food waste becomes biogas and biofertiliser, and last year biogas equivalent to 2.2 million litres of petrol was produced. The amount of bulky waste per person also decreased, which was a break with the trend.

A pilot project at Sekelbo housing for the elderly managed to reduce its waste volume dramatically thanks to various measures, saving 10 tonnes of carbon dioxide a year. The acclaimed project was visited by the government investigator into the circular economy. Sekelbo was awarded the City of Gothenburg's award for best carbon reduction of the year.

Something that is not decreasing is the total volume handled and treated by regional waste company Renova AB. The company collected large amounts of different types of waste during the year, which has led in part to lower imports of waste for combustion. The increase in waste in the region is linked to the dramatic development and the many projects under way in western Sweden. The increase in volumes of soil and stone materials, for instance, has been particularly notable.



City Council Chairman Lena Malm and Head of Treasury Magnus Borelius receive the UN's Momentum for Change climate award at a ceremony in Marrakesh, Morocco.

Photo: Momentum for Change



## Water and sea

According to a Statistics Sweden survey, Gothenburg is slightly above the national average for satisfaction with water and wastewater services. The City's own survey of customers in detached houses indicates that 90% are satisfied with water and wastewater services, and 83% with waste services.

The biggest ultrafilter plant in the Nordics has now been finished at Lackarebäck water treatment plant. An official opening ceremony was held on World Water Day in March. The aim of the extension is to increase production capacity at the plant, so that Lackarebäck alone can supply Gothenburg with drinking water. The Swedish Agency for Marine and Water Management decided that all raw water plants and both treatment plants in Gothenburg are of national interest to Sweden's water supply.

The Eco-cycle and Water Committee's symbol and the Kranmärkt brand were registered with the Swedish Patent and Registration Office. Only events where tap water is served, rather than transported bottled water, may carry the Kranmärkt ecolabel.



Donsö treatment plant has been closed down and replaced by 20 kilometres of pipes that lead the wastewater to the Rya works. This contributes to a better ocean environment and less eutrophication. The Rya plant treats wastewater from the owner municipalities and where possible makes use of what is valuable in the water. Despite ongoing construction at the plant, Gryaab AB fulfilled all the environmental requirements. In 2016, approximately 124 million cubic metres of water was treated at the Rya works, which is slightly below a normal year. Of this, roughly 52 million cubic metres is wastewater, while the rest is classed as other water. Of a total of around 55,000 tonnes of sludge, 23,500 tonnes was approved for agricultural use in line with REVAQ certification.

With the aim of encouraging shipping lines to reduce their environmental impact, Gothenburg Port Authority offers discounts for environmental initiatives. Last year a total of 75 ships, one-third of the ships in the Port of Gothenburg, received an environmental discount on the port dues, an increase of 83% on the year before.

## Charge and refuel renewably

There have been both positive and negative developments in the field of renewable energy. Framtiden AB for instance has invested in more solar panels in Gårdesten, which now generates 150,000 kWh of solar energy a year. The infrastructure for electric vehicles has been improved since Göteborg Energi AB installed 13 public charging stations during the year and Familjebostäder

AB installed a further 10 in its areas. The Majorna-Linné district together with Gatubolaget has particularly focused on electrifying the operation's car pool.

Göteborg Energi's production of biogas and wind power decreased during the year, mainly because biogas plants were sold and the wind turbines have had operational issues. Even so, the total amount of biogas produced in Västra Götaland continues to increase.

## Production of renewable electricity and biogas – 2013-2016 in GWh

Operation	Result 2013	Result 2014	Result 2015	Result 2016	Budget/target value 2016
Production of renewable electricity	117	124	141	120	132
Production of biogas	119	137	210	141	260

Climate emissions from Framtiden's homes come primarily from district heating, since the electricity they buy is ecolabelled. Göteborg Energi has taken an initiative to reduce climate emissions from district heating by up to 95,000 tonnes a year, which equates to the emissions from 41,300 cars.

Energy use in the Commercial Premises Committee's total stock has increased by 0.6%, which is marginal yet a break with the decreasing trend of recent years. Göteborg Energi AB coordinates the City's work on energy efficiency, but it also works continuously to save electricity in its production plants. In 2013-2016 the company has taken measures equivalent to 8.3 GWh in total.

## Gothenburg takes district heating to the EU

The EU project CELSIUS celebrated the fact that it achieved the goal of having 50 European member cities joining the collaboration, the aim being to see and learn how they can improve their district heating networks under the guidance of Gothenburg. The project continues and now has 65 member cities sharing in the knowledge of the CELSIUS network through workshops, webinars, CELSIUS-wiki and online forums.

## Green and pleasant

The City's updated tree policy supports and helps to carry on the work of replanting trees in parks and along avenues. This lays the basis for ensuring that Gothenburg remains a green city with many trees. The City is creating outdoor classrooms and educational forests which aim to help increase knowledge and involvement. Biotope improvement projects such as bee paradises and floral meadows have also been undertaken to help enhance biodiversity.

## Our lifestyle has an impact

The average carbon dioxide emission per Gothenburger is 7.5 tonnes per year in the form of travel, electricity, heating, food, gadgets, clothes and more. The goal for



the city is two tonnes per person, and ideally even less. This means that the average Gothenburger uses resources as if there were four Earths!

The City wants to help work towards a sustainable lifestyle for Gothenburgers, and schemes such as GreenhackGBG, Smarta Kartan (which focuses on availability rather than ownership) and Mistra Urban Futures' national workshop for sustainable lifestyles can all help in this. In 2016, Gothenburg celebrated five years as a Fairtrade City.

### What we buy

The presence and effects of microplastics in the environment are on the City's agenda. Procurement company Upphandlingsbolaget is working to phase out products that contain microplastics in the City's procurement. Climate and energy-related demands have also been placed on both transportation and products. In total organic food accounted for 48% of the City of Gothenburg's food purchases under framework agreements during the year. The proportion of organic meat was just under 71%, MSC and KRAV-labelled fish products 74%, and organic beans and lentils just under 75%.

### Being vigilant

The Environment Administration is working to control observance of the Swedish Environmental Code and food legislation, and carried out the 'Strategisk tillsyn' ('Strategic Scrutiny') project during the year in order to achieve the environmental goals. Scrutiny with effects on several different environmental goal areas was intensified. According to the Insikt survey, the Customer Satisfaction Index for the City's environmental scrutiny is 65%, which is right in-between the results for 2014 and 2015. The corresponding figure for food control is 72%, which is an increase on previous years. Gothenburg is one of the five municipalities in Sweden that have made the most decisions on environmental penalties.

The City of Gothenburg is working with other cities on product scrutiny, and the 2016 themed areas were swimming and swimming pool products, leather products, children's make-up, and toys sold as second hand. The scrutiny project focusing on chemicals in products led to second-hand shops removing toys containing phthalates from their range.

### Environmental challenge as the city grows

The pace of construction in the city has increased and will remain high for many years. There is a challenge in creating good living environments with good sound and air quality in new areas that are emerging. Some construction is taking place on old industrial land, which calls for extra care and the right handling and protective measures with regard to polluted areas and masses.



The infrastructure for electric vehicles has been improved since Göteborg Energi AB installed 13 public charging stations during the year and Familjebostäder AB installed a further 10 in its areas.

Photo: Jeanette Larsson

### Programme for environmentally sound construction – 2012-2016

Per cent	2012	2013	2014	2015	2016	Target value
Percentage of completed housing in land allocations under the programme for environmentally sound construction	21	53	77	80	73	100

The percentage of completed housing in land allocations under the programme for environmentally sound construction has progressively increased since the programme was introduced. The decrease on 2015 is due to the fact that several group homes and homes in older plans have been completed which were not part of the programme for environmentally sound construction.

### Future issues

- Achieve the local environmental quality goals by 2020
- The EU is working on proposals in the fields of energy and waste, which will affect the organisation
- Global environmental problems need to be resolved in global contexts

Unemployment has fallen in Gothenburg during the year. It is particularly evident that young adults aged 18-24 years are in work. It is still difficult for those born outside of Sweden, people with disabilities and jobseekers without an upper secondary education to enter the labour market. New work models developed for labour market initiatives are producing results.

## Adult education and labour market initiatives

The labour market in Gothenburg and its surrounding region has developed strongly during the year. This has meant that unemployment has generally continued to fall, which is clearly reflected in falling youth unemployment. Nevertheless, groups of jobseekers born outside of Sweden, people with disabilities and jobseekers without an upper secondary education are still experiencing problems. There are also a lot of employers who are looking for new recruits but have difficulty finding the right expertise. The challenge moving forwards lies in matching citizens who may have the work skills and talent but a less formal and, in many cases, worse linguistic educational background. To enable these people to enter the labour market, employers must give these individuals the opportunity of a 'first job' from which they can gradually progress based on their circumstances and level of education. A model, termed 'the gradual job and education boost', has been developed for this kind of working method and it began to take shape and be applied more broadly within, for example, elderly care, the real estate industry and the automotive industry.

### More Skills Centres established

A further two Skills Centres began operating in 2016. Skills Centres are intended for people who receive some form of social services in the city districts, and who need further support to find work or start an education programme. Skills Centres take an individual and solution-oriented approach based on participants' needs and goals. Three of the four planned Skilled Centres are now up and running. Follow-up of the first Skills Centre, which opened in autumn 2015, shows that almost 100 long-term recipients of income support have now found work and are able to support themselves.

### Adult education and the labour market in collaboration

The merger of the City's adult education and labour market initiatives resulted in the creation of the administration organisation in 2016 to cope with the extended assignment. In addition to the organisational aspect, efforts during the year were characterised by development work in terms of identifying work models that produce the effects the merger was designed to bring about.

### Education volumes and academic results

In adult education the number of students corresponded

to the planned volume, with the exception of Swedish for Immigrants (SFI), where the expected sharp increase based on the flow of refugees in 2015 failed to materialise. The increase will likely come in 2017 instead. As regards results the vocational programme worked well with few drop-outs, a high percentage of passes and many of the participants in work after their studies. The drop-out frequency in courses preparing students for university, however, was unsatisfactorily high. A study into the reasons for this showed that half of students quit due to causes beyond the control of adult education. As regards other drop-outs from studies, it was obvious that the preparation before and the introduction to the studies are the most critical points. A pilot project has commenced during the year with the aim of testing an improvement model and the results so far are promising.

### Adult education – some key figures

	2014	2015	2016
Net cost (MSEK)	391	394	372
Net cost development (%)	7.2	0.8	-5.6
Number of full-year places purchased	12,507	12,737	12,318
- of which basic adult education	1,718	1,763	1,623
- of which upper secondary adult education	4,400	4,551	4,430
- of which special needs education for adults (särsvux)	69	68	57
- of which Swedish for Immigrants (SFI)	6,320	6,355	6,208
Vocational higher education	1,314	1,368	1,524

*The calculation basis for a full-year place in basic adult education, SFI and 'särsvux' (special needs education for adults) is 540 hours. The calculation basis for a full-year place at upper secondary school level is 800 points.*

### Future issues

- Manage the establishment of new arrivals and those with lower levels of education on the labour market
- Manage skills provision to industries in need of skills



The vocational programme worked well with few drop-outs, a high percentage of passes and many of the participants in work after their studies.  
Photo: Marit Lissdaniels



**Strong economic growth. The business climate in Gothenburg has improved slightly but the goal has not been met. The hospitality sector continued to grow, which contributes to employment, greater taxable capacity and consumption.**

## Industry and tourism

The Gothenburg region's economy has enjoyed strong growth during the year. Unemployment has been the lowest out of Sweden's city regions and during the year the number of bankruptcies decreased sharply in the region (13%). The City of Gothenburg plays an important role in developing the region's economy.

The City has chosen to primarily follow up its business-oriented service/public authority remit relating to business through the Swedish Association of Local Authorities and Regions' insight survey. The survey results for 2016 will be presented in April but preliminary figures for 2016 showed a slight improvement during the year. Work within the City to improve the business climate has been ongoing throughout the year, and will continue until the set goals are achieved.

During the year the City Council decided that a review is needed of Business Region Göteborg AB's (BRG's) ownership directive and that the City Executive Board and BRG will produce a strategic business plan for how the city will create a strong foundation for trade and industry to develop. Furthermore, a strategic business dialogue has been initiated whereby the business community and academic sphere pursue strategic dialogues with the City Executive Board's working committee.

### Declining container volumes for the Port of Gothenburg

Gothenburg Port Authority is tasked with creating the foundation for a strong, efficient and sustainable Scandinavian goods hub. For the past couple of years

the company has granted external operators use of the majority of its port operations through licences.

The port's total goods handling in tonnes increased by 7% compared with 2015. The increase in volume can mainly be attributed to increased handling of energy products. The Port of Gothenburg, however, continued to lose market share on the Swedish market. Railway volumes, measured in containers transported by rail to and from the port, decreased by 8% and accounted for 49% of the total volume. The shipping industry is developing increasingly large ships, which is a limiting factor because the depth of the shipping lane into the Port of Gothenburg does not permit fully laden ships. This, combined with weak global market growth, was the main reason for the downward trend. The number of ro-ro units handled increased by 2% to 538,000 units during the year. This growth in volume can mainly be explained by increased exports of Volvo cars.

### Continued strong growth for hospitality sector

The hospitality sector is labour intensive and has a high refinement value, which means it contributes to employment, taxable capacity and consumption. It also contributes by employing people with shorter education backgrounds. The hospitality sector has enjoyed strong growth during the year. Preliminarily, the number of guest nights increased by 5% compared with the previous year. The number of foreign visitors now accounts for 30% of the total number of visitors. The positive results in 2016 were partly due to a continued strong economy and increased global travel, as well as to collaboration between the conference, events and tourist city segments. Initiatives at the Swedish Exhibition & Congress Centre and Liseberg played a major role in the positive trend.

2016 was a successful year in terms of events. Got Event AB held more than 400 events with a total of 1.8 million visitors, which is an increase of 23% on 2015. Six fully booked concerts at Ullevi contributed to the positive trend.

In total Liseberg attracted 3.1 million visitors during the year, which is on a par with 2014 and 2015. Visitor figures have therefore stabilised at a higher level after the major programme of investment carried out in 2014 and the launch of the Helix roller coaster. Christmas at Liseberg was very popular with the public and attracted 525,000 visitors, which is 100,000 more than the previous year.



The port's total goods handling in tonnes increased by 7% compared with 2015. Photo: Peter Svensson





Visitor figures at Liseberg have stabilised at a higher level after the major programme of investment carried out in 2014 and the launch of the Helix roller coaster. Photo: Stefan Karlberg

## Future challenges

The Port of Gothenburg operates on a market that is open to international competition. Swedish industry is demanding more destinations and higher frequency. The industry trend is towards increasingly large, deep-draught ships. If the Port of Gothenburg is to retain its market position the shipping lanes need to be deepened. The Port of Gothenburg also needs to develop nearby land to satisfy market demand for new storage and logistics buildings. The ability to quickly reload goods is becoming an increasingly important part of the port's offering.

If Liseberg is to be able to maintain its attractiveness, annual investments are needed in new attractions and facilities that equate to 12-16% of the park's gross turnover. In order to deal with altered strategies among competitors, Liseberg has drawn up a development plan with the aim of maintaining its profit margin, reducing seasonal dependency, broadening the customer experience and enabling a higher number of annual visitors. The plan, which was approved by the City Council in January 2017, means that Liseberg Park will be extended to include an adventure pool and themed accommodation. The investment, which totals SEK 1.9 billion, is expected to be complete in the anniversary year of 2021.

## Guests/visitors

Thousands	2012	2013	2014	2015	2016
Containers – TEU	900	858	837	820	798
Ro-ro – units	534	557	549	532	538
Guest nights – hotels	3,600	3,800	4,100	4,500	4,700
Visitors Liseberg Park	2,800	2,800	3,100	3,100	3,100
Visitors Old Ullevi	318	341	303	407	347
Visitors Scandinavium	680	607	660	601	670

## Future issues

- Improve the business climate
- Strategic business plan for the city and region
- Nurture a competitive port
- Develop Liseberg's competitiveness on the international market



The City has intensified its systematic work on human rights and equal opportunities. All Gothenburgers shall have their human needs met. A coordinated approach to receiving refugees that makes it easier for new arrivals to establish themselves in society is a strategic issue for the City.

## Equal opportunities and human rights

One aspect of our systematic work has been the drawing up of central action plans regarding human rights. In June, the City of Gothenburg had its first general plan for how to put human rights into practice in the municipal operations. The City's first LGBTQ plan was presented in December and there was ongoing work to develop a central equal opportunities plan during the year.

### High-tempo work on human rights

There have been a wide range of initiatives within the City to develop working methods, systematic methods and measures to raise expertise. The City has striven to ensure that its operations are characterised by openness and inclusion by carrying out norm-critical analyses and by being aware of norms in its work. In five city districts, operations relating to the elderly have led the way by developing a model to ensure that norm awareness is naturally integrated into their day-to-day work. The administrations have also worked on developing support material and tools for managers and employees.

The Committee for Consumer and Citizen Services was nominated, on behalf of the City, to take part in a development project concerning human rights in govern-

ance and management at the invitation of the Swedish Association of Local Authorities and Regions. During the year the human-rights perspective has been incorporated into the administration's planning and monitoring process, and in the long term tangible goals based on human rights with indicators will be drawn up.

Collaboration with the City Executive Board's various councils and the city's citizens has developed during the year. There has also been a clear focus on increased collaboration with, for example, An Equal Gothenburg.

### Continued development of LGBTQ work

During the year, administrations and companies prepared the city's first LGBTQ plan in partnership with the City of Gothenburg's LGBTQ council. The plan is based on the City having open, inclusive workplaces and offering a professional, equal service irrespective of who the user is and with whom he or she finds love. For example the City must also offer men, transgender people, bisexuals and lesbian women places in refuges. As part of the co-creation process which formed the basis for drawing up the plan, a dialogue was also conducted with the public during the West Pride LGBTQ festival.

As part of the co-creation process which formed the basis for drawing up the LGBTQ plan, a dialogue was conducted with the public during the West Pride LGBTQ festival.  
Photo: Julija Sidner/Regnbågsredaktionen



### Charting honour-related violence and oppression

A process of charting honour-related violence and oppression has begun in Gothenburg, Stockholm and Malmö. The process is being carried out on a broad front so as to obtain as comprehensive a picture of the nature and scope of honour-related violence and oppression as possible, and thereby give the City better opportunities to highlight, prevent such action and take adequate protective measures for vulnerable individuals.

### Focus on national minorities' cultures and languages

The City is continuing its work to raise the profile of national minorities, including the celebration of festive occasions by coordinating cultural events for Sami people (6 February), Sweden Finns (24 February), Romani people (8 April), Tornedalians (15 July) and travellers (29 September). There has also been a focus on targeted initiatives to strengthen minority languages. A new application form has been produced for mother tongue teaching in compulsory school, which specifically refers to the extended right to teaching in minority languages. In the area of Finnish-related administration, efforts were also made to promote the Finnish language in Gothenburg's pre-schools through a language package comprising books, games and music in Finnish, and the dialogue with Sweden Finn youth organisations has been strengthened to increase their participation and influence in the city.

Other ongoing activities include regular consultation between the City and all national minorities. RIKC Göteborg (a Romani information and knowledge centre) has commenced its establishment phase through intensive foundation work. New rules have been introduced on consultation with the national minority of Romani people, who for example have shared chairmanship, whereby one is appointed by the City Executive Board and the other by the council's minority representatives.

### Living History works with young people

During the year, Living History carried out activities in collaboration with various networks and stakeholders. Cultural elements in the form of music, theatre, film, exhibitions and literature have been used in its work with young people. Living History has subsidised cinema and theatre tickets, purchased literature for schools and helped to hold study days for teachers.

### Greater systemisation has driven efforts to improve equality

Long-term, systematic work is a prerequisite for providing services on equal terms. This has been shown by our efforts, primarily in the city districts which have improved procedures and work processes in various core areas. Key personnel and managers have been trained in systematic work to improve equality. Specialist administrations, which began systematic work to improve equality in previous years, have continued along this path during the year.

### Positive results

Some pre-schools have been awarded diplomas for their active work to counter gender-stereotypical norms. Children have been given opportunities to test their abilities and explore their interests irrespective of gender, and they have been supported in their development without being hindered by gender-stereotypical norms. These efforts have resulted in children mixing more freely, regardless of gender and age. Children's views of differences relating to family structure and disabilities have been broadened. Their participation and influence in the day-to-day work of pre-school has also increased. Efforts to improve equality at one of the open recreation centre operations have resulted in a more even gender distribution. By combating abuses and threats, the environment has become safer and calmer, and the operation has thereby attracted more girls.

### Coordinated approach to receiving refugees an important success factor

Although more people than ever are fleeing their home countries, migration by asylum seekers to Sweden has decreased significantly. This is because the opportunity for migrants to travel to and onward through Europe to Sweden has been heavily restricted since autumn 2015. This has resulted in a major change, particularly regarding the reception of lone children seeking asylum, which decreased. Comprehensive adjustment work was carried out by the City's housing operation for lone children during the year.

There has also been a strong focus on new arrivals' housing with the introduction of the Act on the Receipt Of Some Newly Arrived Immigrants for Settlement, which makes the Municipality responsible for arranging accommodation for the new arrivals assigned to Gothenburg by the Swedish Migration Agency. Following intense work the City completed the assignment for the 880 people assigned here.

Work has begun on helping new arrivals find work more quickly. In partnership with the Swedish Public Employment Service, the City has implemented a programme whereby new arrivals are given work experience at Förvaltnings AB Framtiden and the Parks and Landscape Administration while also studying Swedish. More administrations and companies will take part in the programme moving forward.

Work is under way to promote a more even distribution of newly arrived pupils between schools. The distribution has levelled out somewhat thanks to a wider spread of housing for new arrivals across more city districts. Around 3,300 new arrivals were received in total.

### Future issues

- Increase knowledge about human rights
- Counter stereotypical gender norms regarding violence, and study and career choices
- More even distribution of arriving refugees across all city districts

A number of activities were initiated and implemented during the year to make Gothenburg an equal city. Efforts relating to children and families were strengthened and the adolescent health clinics extended their work on mental health.

## Public health

Work to improve public health in 2016 mainly targeted reducing the differences in Gothenburgers' living standards and health. The initiatives were carried out in collaboration, either between various administrations within the City of Gothenburg or with other organisations such as Region Västra Götaland (VGR).

### An equal city

There is an ongoing project within the City of Gothenburg called An Equal Gothenburg – the whole city socially sustainable. 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. These focus areas are:

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

In 2016 more committees and boards than before contributed to the An Equal Gothenburg project. It is clear that stakeholders in the social economy are important to companies and administrations in work on An Equal Gothenburg.

### Together for the family

In 2016 the City of Gothenburg teamed up with Region Västra Götaland regarding family-centred working methods (FCWMs) and family centres (FCs). This work was linked to An Equal Gothenburg. A guide was produced for FCWMs and FCs during the year. The guide aims to support the city district administrations in their work. Based on the guide, a statement of intent was created whereby the City Executive Board, Gothenburg Health and Healthcare Committee and Region Västra Götaland agreed on a number of focus areas for work on FCWMs and FCs. Agreements were also negotiated between each city district and Gothenburg Health and Healthcare Committee. The agreements state that staff shall work with FCWMs and expertise development, managers and employees alike.

Together the guide, the statement of intent and the agreements form a sustainable structure for strong collaboration on issues affecting children and their families.

### How are Gothenburgers feeling?

Every other year, the Public Health Agency of Sweden carries out a national survey called 'Hälsa på lika villkor'



Giving every child a good start in life and a foundation throughout the school years are two of the focus areas in the An Equal Gothenburg project. Photo: Lo Birgersson

('Health on equal terms'). The latest survey was conducted in spring 2016. People were asked about their health and ways of life. The survey results were used in work on An Equal Gothenburg. The statistics show that there are major differences between different geographical areas in Gothenburg, as well as between different groups of Gothenburgers.

### Investment in adolescent health clinics

In 2016 the six adolescent health clinics in Gothenburg received just over SEK 7 million from the state for mental-health initiatives. The funds were used to help increase accessibility, education and the number of staff who work with mental health issues.

In autumn 2016, the adolescent health clinics' new model for proactive outreach work in the field of mental health was made permanent. The work was carried out with staff from all six adolescent health clinics, and included educating young people and staff in what mental illness is and teaching them ways of dealing with difficult periods in life.

### Future issues

- Reduce the differences in living standards and health through greater collaboration between external and internal stakeholders



**Article 3 of the UN's Convention on the Rights of the Child states that "In all actions concerning children... the best interests of the child shall be a primary consideration". Society shall support and complement parents in their responsibilities to ensure that the child has the necessary protection and care.**

## Children

### The child's best interests in actions concerning children

The City Council has decided that every committee and board should highlight the child's perspective in their decision data. During the year, decision data that lacked a child's perspective was sent back for reconsideration. In a random sample of the decision data, it was observed that in most cases there was a description of the consequences the proposal would have for children. However, the descriptions were not particularly comprehensive and children had rarely been allowed to give their views on the matter.

The child's perspective may mean that an adult analyses the potential consequences for children, but one central aspect of the child's best interests is children's own perspective, i.e. asking the children themselves. The Gothenburg tool for analysing the consequences for children was further developed in city planning.

Dialogue projects were carried out during the process of producing local plans in Gamlestaden. At an early stage of the process, pupils from Gamlestaden school were asked for their views on different places in their district. Pre-school children in Kyrkbyn gave their views on the pre-school playground in a similar way. The dialogue method is intended to serve as a model for future city planning. Young people's perspectives were also collected via the youth councils. Angered's youth council contributed to the design of a new travel centre and initiated safety work around Angered Arena.

The youth city council's efforts in 2016 included work on goals for city traffic in Gothenburg, Mölndal and Partille for 2035, and giving views on a study into democracy. The Culture Festival's mosaic project was another method used

to find out the views of children and young people. During the project children from different city districts met up and created mosaics together. The mosaics can now be found in Kungstorget square in central Gothenburg.

### Supporting and complementing parental responsibilities

Many children and young people in Gothenburg were in a vulnerable situation in 2016. The number of calls to social services about concerns for children's welfare increased. Social services were tasked with meeting these children and letting the child's best interests determine what measures were taken.

Social services applied a work method that focuses on the child's needs, an approach which strengthens the child's perspective. The method gives social services for children and young people a uniform, evidence-based structure for case handling, implementation and follow-up. The working method was revised in 2016. Work on values regarding the child's perspective was also carried out within social services with the aim of improving equivalency and quality in its work. Training initiatives regarding conversations with children, the Västbus collaboration agreement and work on the 'coordinated individual plan' tool were implemented.

Children in homeless families are a vulnerable group and an initiative by Framtiden AB resolved the housing situation with a master lease for around 200 homeless families with over 400 children.

Children with disabilities are also particularly vulnerable. The City of Gothenburg has developed a programme for full participation for people with disabilities. The programme contains special indicators regarding children and young people for monitoring progress.

Another vulnerable group is children who have come to Sweden without a guardian, i.e. lone children. The City arranged, for example, special summer activities whereby 650 young people seeking asylum were offered summer school, work experience, cultural and recreational activities. The young people helped to spruce up the city by tidying up, painting and doing carpentry work.

### Future issues

- Plan for the possible introduction of the Convention on the Rights of the Child into Swedish law in 2018
- Protect places where children can play and be active as the city grows



Every committee and board should highlight the child's perspective in their decision data.

**The City of Gothenburg manages 88 foundations and five donations. The total fortune totals just over SEK 950 million. The foundations' capital produces a yield, which is shared out annually to causes decided by the donors. The foundations awarded approximately SEK 20 million in 2016.**

## Foundations

The philanthropic attitude of Gothenburgers in times past has made a distinct impression on society today. The fortunes of several Gothenburg families laid the foundation for institutions and operations that live on today. Sahlgren, Röhss, Chalmers, Dickson, Wijk and Lindberg are just some of these many families, who have founded hospitals, museums, schools, homes and parks.

### Administering the foundations

The City of Gothenburg only administers yield foundations, which means that the City manages the foundations' capital and that the yield is shared out according to each foundation's rules. The main aim of the foundations is to assist people in financial need or children with special needs (social focus), to award scholarships and the like to pupils and teachers (education), and to promote the city's museums and public art (culture). In addition there are foundations that award money to organisations for various public interest and charitable causes, often with a social focus.

The foundations are legal entities with their own financial accounts. The foundations' capital is kept in a jointly managed fund, in which each foundation has a share. The vast majority of foundations are tax exempt since the causes are in the public interest. The majority of the foundations' capital, just under SEK 900 million in December 2016, has been invested in three funds. Value growth for this portfolio totalled 7.8% in 2016. A further SEK 50 million has been invested directly in shares to enable the sale of options and thereby increase the dividend yield. The yield, including option transactions, generated earnings of SEK 26.3 million in 2016 which, after deductions for capitalisation in accordance with each foundation's rules and management costs, can be used as a dividend in the foundations in 2017.

### Payments from the foundation funds

In the social area, payments were made to families with children, elderly people and adults in financial need, and to children with special needs or their families. A total of SEK 5.3 million in financial support was awarded to around 1,250 people, mostly in amounts between SEK 3,000 and 6,000. Of the payment recipients, 73% were women and 27% men. The percentage difference between the genders can be attributed to foundations that have a lot of money targeting women to a larger extent.

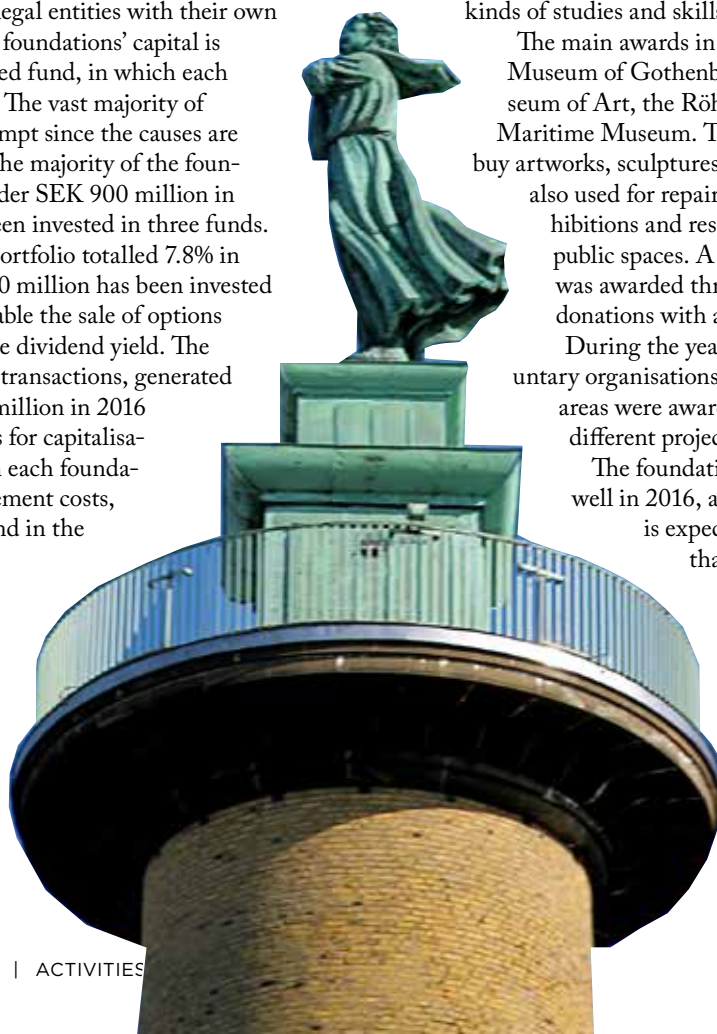
In the field of education, funds were awarded in the form of scholarships and travel subsidies to pupils and teachers, primarily in the municipal compulsory and upper secondary schools. Pupils were also awarded prizes for good school work, and schools were granted financial support for carrying out various activities. A total of SEK 5.9 million was awarded. Approximately 600 pupils received money directly, while many more pupils took part in various activities funded by the foundations. 150 teachers were awarded travel subsidies for various kinds of studies and skills development.

The main awards in culture were to the Museum of Gothenburg, Gothenburg Museum of Art, the Röhsska Museum and the Maritime Museum. The money was used to buy artworks, sculptures and other objects. It was also used for repairs, conservation work, exhibitions and research, and to buy art for public spaces. A total of SEK 4.1 million was awarded through foundations and donations with a cultural focus.

During the year 40 societies and voluntary organisations active in public interest areas were awarded SEK 4.5 million for different projects and activities.

The foundations' capital developed well in 2016, and the dividend in 2017 is expected to be slightly higher than in the previous year.

The foundations will be of benefit to the people of Gothenburg for many years to come.







# 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

## **61 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.

## **66 Good financial management, the balanced budget requirement analysis 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).

## **68 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.

## **69 District committees – financial performance**

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

## **70 Departmental committees – financial performance**

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

## **71 Operational accounts**

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



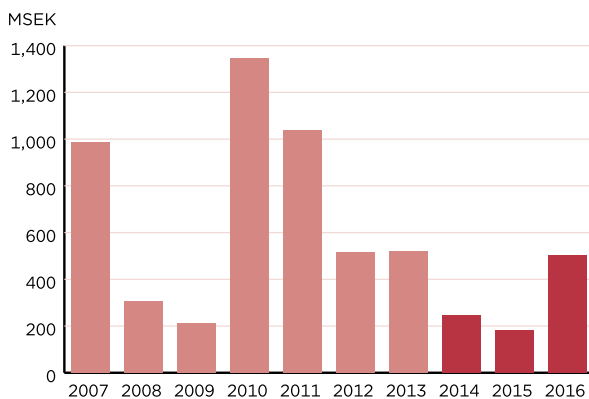
Gothenburg Municipality reported structural earnings of SEK 502 million for 2016. The financial margins, which have shrunk for a number of years, therefore strengthened, but they are expected to remain low, taking into account the financial challenges faced by Gothenburg Municipality. Bottom-line earnings amounted to SEK 938 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. The term municipality refers to the committees' activities and other items within the tax-funded operation. 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



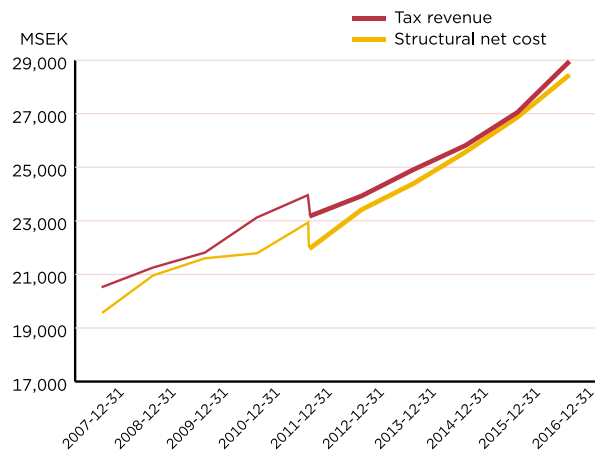
*Structural net cost comprises net operating expenses excl. items affecting comparability and extraordinary items, as well as capital gains. This figure set against tax revenue and municipal financial equalisation produces the structural earnings.*

Gothenburg Municipality reported bottom-line earnings of SEK 938 million for 2016. 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. The diagram above, which excludes non-recurring items, shows that Gothenburg Municipality has reported positive operating earnings over a long period. Structural earnings for the year were SEK 502 million, and this means the financial margins have strengthened somewhat after having decreased for a number of years.

Structural earnings equate to 1.7% of the combined tax revenue and municipal financial equalisation. Over the past five years, this figure has averaged 1.5%.

### Development of tax revenue and net costs

#### Development of tax revenue and net costs



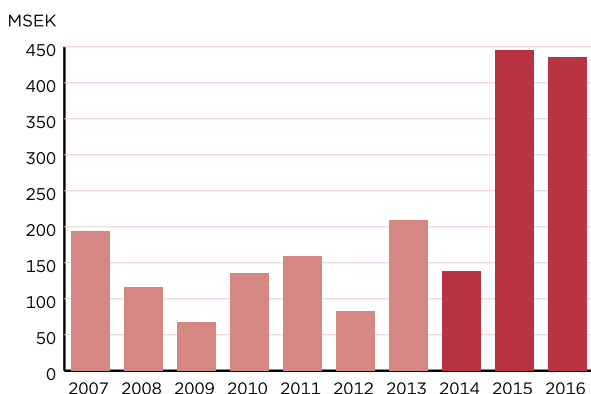
The surplus in the income statement means that the combined net operating costs have been lower than tax revenue and general state subsidies. This revenue increased by 7.0% in 2016, which is the largest increase throughout the entire 2000s. The average development of tax revenue and state subsidies has been 4.5% over a 10-year period. Structural net costs during the corresponding period increased by 5.0% a year on average. The increase in 2016 was 5.9%. The above diagram shows that the difference between tax revenue combined with state subsidies and net operating costs has decreased for several years. This means that the financial margins are low bearing in mind the challenges the Municipality is facing in terms of urban development, with large investment requirements and increased costs due to demographic developments.

### Non-recurring items

Non-recurring items comprise extraordinary items and items affecting comparability, such as capital gains from property sales and dividends from companies.

Within the framework of the development fund created in the annual accounts for 2012, special measures were carried out in 2016 to the extent of SEK 106 million. The fund was decreased by the corresponding amount, which means that earnings for 2016 were not affected by these measures. The corresponding item in 2015 was SEK 120 million. Otherwise there were no further items affecting comparability in 2016. Last year, however, the Municipality received SEK 171 million in repaid insurance premiums from AFA. Furthermore, the provision for the infrastructure project to lower the E45 highway in 2015 was adjusted by SEK 28 million in total through dissolution and indexation.

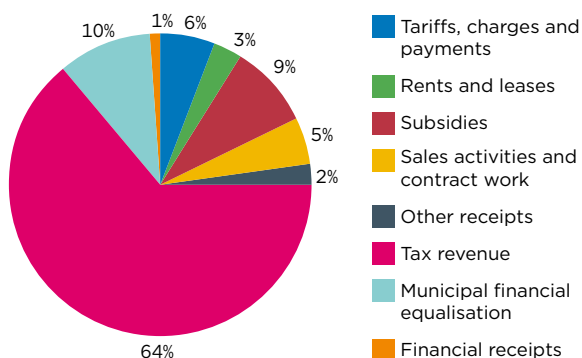
### Capital gains



Capital gains for the year for property transactions amounted to SEK 436 million, which is on a par with the previous year's figure of SEK 445 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

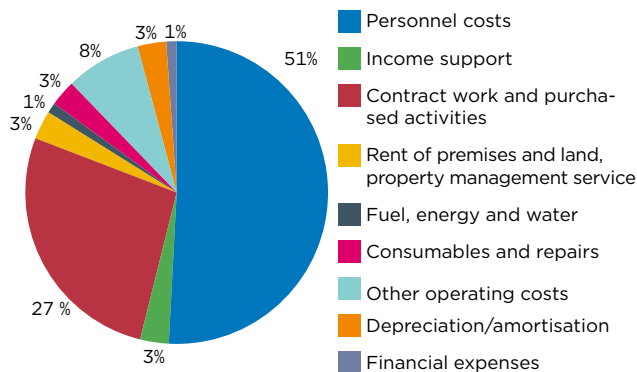


The Municipality's receipts totalled SEK 39.7 billion in 2016, which is an increase of SEK 8.1% on 2015. Tax

revenue and the municipal financial equalisation jointly form the largest receipts item of SEK 29.0 billion, and this figure increased by SEK 1.9 billion (7.0%) between the two years. The operation's other receipts increased by almost 11% and comprise tariffs and charges, rents and leases, and subsidies, for example. The large change can mainly be attributed to increased state operating subsidies from the Swedish Migration Agency. Applied for funding has been assessed with caution in the report, and the receivable will be settled in future years. Other receipts also change from year to year with increased levels of tariffs, charges and payments and due to an increase in the volume of activity.

Municipal tax was unchanged at 21.12% in 2016, while the county council tax to Region Västra Götaland was increased by 0.35 percentage points to 11.48%. The average municipal tax was 21.27% in the region and 20.75% in Sweden.

#### Costs

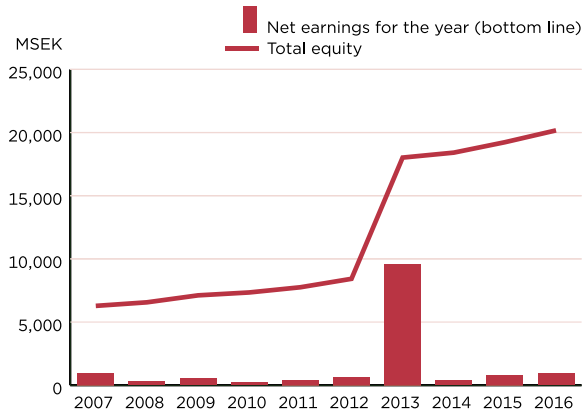


Total costs for the year amounted to SEK 38.8 billion, an increase of 7.9%. Personnel costs, which constitute the single largest item, increased by 7.5% between the years. This is partly the effect of an increase in employees and partly of wage negotiations. In terms of full-time equivalents, a parameter that states time worked, the increase was almost 1,500 full-time equivalents or about 4%. The previous year's increase was just under 1,000 full-time equivalents. Costs for income support decreased further, and costs have decreased by SEK 100 million, 8%, over the past two years. Operating expenses for the operation, which include costs for premises and purchases of materials, services and consumables, increased by just over 3%. Increased costs are partly the effect of population growth which impacted on the scale of the assignments for healthcare, schools and social care, for example. The rate of inflation, measured using the consumer price index, was 1.7% in 2016.

22% 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. The increase in costs between the years was 11%, and in addition to effects of wage negotiations and index, comprise an increase in the volume of activity.

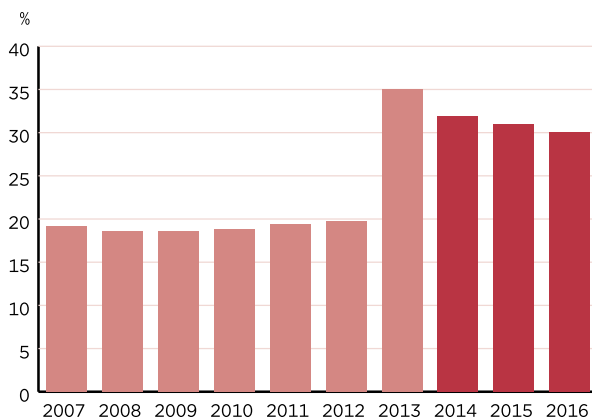
## Development of equity and the equity-assets ratio

### Development of equity



Gothenburg Municipality's equity was strengthened by net earnings for the year of SEK 938 million and amounted to SEK 20.2 billion at the end of the year. 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.

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



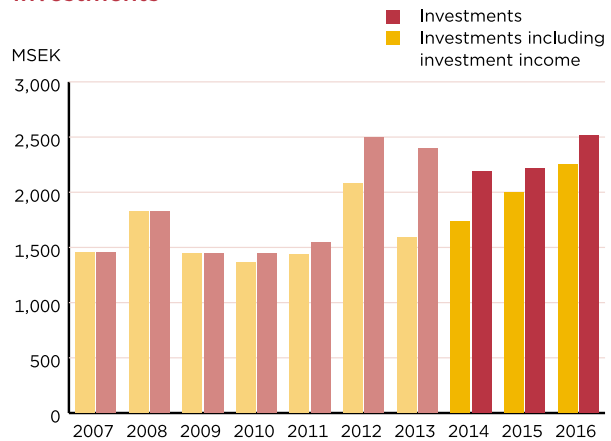
The bar for the comparison year 2015 has been adjusted from 32% to 31% as a result of increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016.

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. Non-current assets and current receivables increased on the asset side while long-term liabilities increased on the liability side. At the end 2016, the equity-assets ratio was approximately 30%.

## Investments

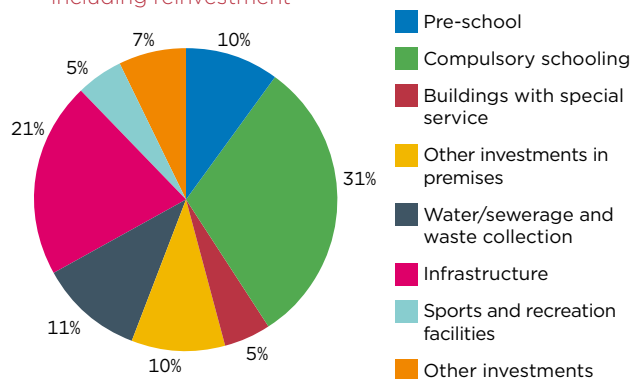
### Investments



Gothenburg Municipality's total volume of investment during the year amounted to SEK 2.5 billion, SEK 2.1 billion lower than planned for in the 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 0.3 billion. This means that SEK 2.2 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 6% of the Municipality's gross costs, which is on a par with the average for Swedish municipalities, which has been 6 to 7% in recent years.

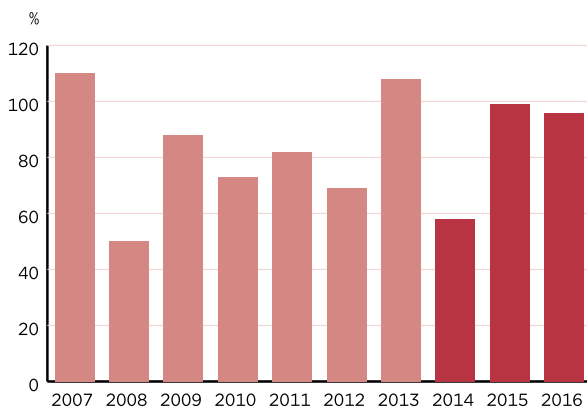
### Investment expenditure in 2016

– including reinvestment



The above diagram shows that just over half of the investments for the year were in operating premises and buildings with special service, of which compulsory school accounted for 31%. Investments in water/sewerage-related activities were 11% and investments in infrastructure related to development activities were 21%.

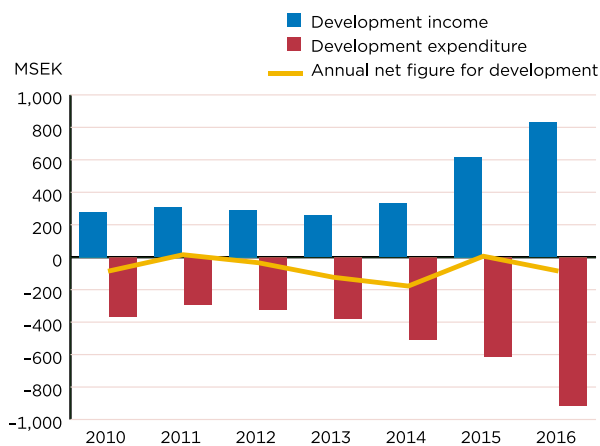
### Degree of self-financing of the year's net investments



The bar for 2015 has been adjusted from 87% to 99% as a result of the increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016.

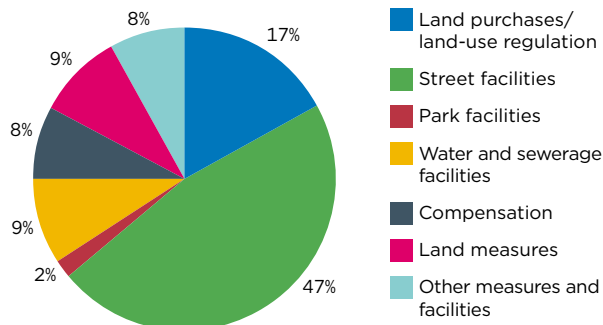
The degree of self-financing of investments during the year measures what percentage of the investments can be financed through the tax revenue remaining after the ongoing operations have been financed. Despite an increase in net investments, the degree of self-financing has been high in recent years: 99% in 2015 and 96% in 2016. The increased capital gains from property transactions in recent years coupled with increased depreciation/amortisation are major contributors to the higher figures.

### Development activities



To date the extensive urban development the Municipality is facing has only partially impacted on the accounts. The diagram reports the increasing finances for development activities, which encompassed almost SEK 1.0 billion in 2016. 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 negative cash flow of SEK 85 million for 2016 and an average per year of SEK 70 million for the reported period of seven years.

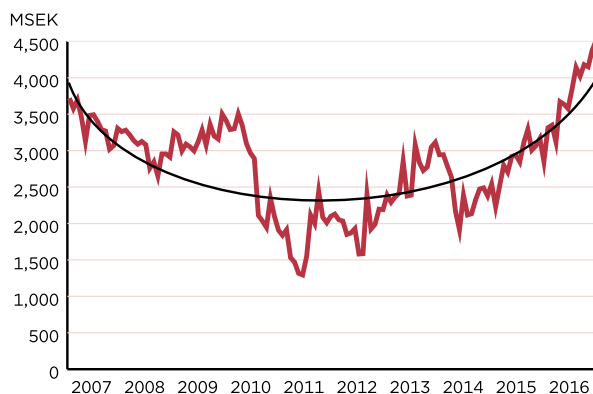
### Development measures in 2016



Measures that fall under development activities include land purchases and constructed street, park and water/sewerage facilities. Expenditure in the form of damages or compensation can arise when, for example, a site leasehold expires and a business 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.

### 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 temporarily 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 major, swift 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. In 2016, net borrowing increased by SEK 1.2 billion to SEK 4.5 billion, mainly due to a high rate of investment and an increased receivable from the state for state subsidies yet to be received.



## Budget performance

MSEK	Budget for 2016	2016 annual accounts
Earnings, committees	-31	202
Earnings, central municipal items	-580	300
<b>Earnings before non-recurring items</b>	<b>-611</b>	<b>502</b>
Items affecting comparability	—	—
Capital gains	—	436
Dividends from companies	611	—
<b>Earnings</b>	<b>0</b>	<b>938</b>

The City Council budgeted for a surplus of zero for 2016. One condition for achieving this result was a dividend of SEK 611 million from company profits. The committees, which had budgeted for a deficit of SEK 31 million, ultimately reported a surplus of SEK 202 million, which resulted in a deviation from budget of SEK +233 million. The operation's positive earnings can primarily be attributed to higher state subsidies than expected and lower capital costs than budgeted for as a result of postponed investments. If this result is set against the committees' total costs of SEK 44 billion (including intra-municipal items) the deviation was 0.5%. The deviation is considered to be moderate in relation to the scope of the committees' assignments.

Central municipal items reported earnings of SEK 300 million. The budget surplus has primarily arisen due to higher state subsidies and tax revenue received. The Municipality's earnings also include capital gains for property transactions amounting to SEK 436 million, which had not been budgeted for. The positive earnings of SEK 938 million in total meant that no dividend from company profits had to be made.

On the whole the forecast accuracy during the year was relatively good, which is an important parameter for the City's governance and control. The interim accounts in August forecast earnings of approximately SEK 600 million, and in the follow-up in October the forecast was raised to SEK 800 million. The main reasons for the difference between this year's net earnings of SEK 938 million and the forecasts were higher final state subsidies

and higher capital gains for property transactions than previously estimated.

## Concluding analysis

Gothenburg Municipality is in the beginning of an expansive phase. The city is growing with more residents, homes and workplaces, 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 Gothenburg 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. The structural earnings trend has been falling and it appears low in relation to the challenges the City faces. The margin between net operating expenses and tax revenue has decreased since 2010 and is on a level that allows limited opportunities to meet increased costs or fund investments to the same extent as before.

The financial challenge for the future is to meet the high investment requirements of upcoming urban development and increased costs due to demographic developments. 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
☑ ⇒	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. To date the Municipality has met the balanced budget requirement every year.
☑ ↘	Development of tax and net costs	The financial margin between structural net costs and tax revenue increased slightly in 2016, but it has decreased over time. The margin is considered to be tight taking into account the extensive financial challenges the City of Gothenburg is facing.
☑ ⇒	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 the degree of financing through tax remains high.
☑ ⇒	Equity-assets ratio	The Municipality's equity-assets ratio is its equity as a percentage of total assets. This parameter is relatively stable and is approximately 30%. If increased borrowing is required to finance the extensive investment requirement in future, the ratio may decrease.

☑ Acceptable value    ✗ Low value/risk

⇒ Constant/varying trend    ↗ Increasing trend    ↘ Decreasing trend

Gothenburg Municipality achieved the statutory balanced budget requirement with earnings excluding capital gains of SEK 502 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 212 million could be reserved for the earnings equalisation reserve (EER).

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

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 how these six focus areas have developed.

**1. Earnings shall amount to at least 2% of tax revenue**  
*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 3.2% of the Municipality's tax revenue and municipal financial equalisation. The average over a five-year period is 2.7%. 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. As a result of the net earnings for the year, no dividend was required from Göteborgs Stadshus AB, which had been budgeted. The focus area of surplus earnings of at least 2% is considered to be achieved both for 2016 and over time.

**2. Volumes of investment shall be compatible with the City's long-term financing capacity.**  
*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 2.2 billion in 2016. It should, however, be noted that several investments were postponed and will instead

burden 2017 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 96%. It can therefore be said that the objective of a high degree of self-financing has been achieved.

### **3. Development within the framework of good financial management**

*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 2016, which turned over almost SEK 1.0 billion, had a negative cash flow of SEK 85 million after deductions against income. A negative cash flow of approximately SEK 70 million a year has been reported on average for the period from 2010 onwards. The development activities have, however, been included within the framework of other parameters which form the basis for analysing good financial management.

### **4. Governance over City companies**

*In the long term, the City shall measure and secure the financial commitments associated with owning the City companies.*

Göteborgs Stadshus AB, with seven underlying clusters, was formed in 2013 with the aim of increasing political governance over the City of Gothenburg's companies. The City's borrowing is brought together in a central finance function, which means that all new borrowing from the City's companies, and for the Municipality, is handled via this function. When determining the budget, the City Council has set an upper limit for the City of Gothenburg's volume of liability. The ongoing volume of

liability has been below this limit. Decisions on the volume of liability and the established working method for measuring it on an ongoing basis ensure good oversight of changes, which strengthens governance. 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 of Sweden's Local Government Act.

#### 5. Assessing financial consequences

*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 2016, 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. Work is under way within the City's organisations to strengthen decision data in order to secure the intentions of the focus area.

#### 6. Earnings equalisation reserve

*In accordance with special legislation, 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 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.

### Concluding assessment of good financial management

The development of the six focus areas for good financial management must be assessed as a whole. Furthermore, the assessment should take place over a period of time as an individual year can give too narrow a picture in relation to the intentions of the focus areas. 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).

*Good financial management is deemed to prevail in Gothenburg Municipality, based on considerations of the interaction between the focus areas and their results over time.*

### Balanced budget requirement analysis

MSEK	2014	2015	2016
<b>Net earnings for the year</b>	<b>392</b>	<b>824</b>	<b>938</b>
Less all capital gains	-392	-445	-436
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>0</b>	<b>379</b>	<b>502</b>
Funds to earnings equalisation reserve (EER)	—	-108	-212
Funds from earnings equalisation reserve (EER)	—	—	—
<b>Balanced budget requirement result for the year after allocation to EER</b>	<b>0</b>	<b>271</b>	<b>290</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 was allocated in 2015. 2016 allowed a further provision of SEK 212 million, which means the total provision amounts to SEK 869 million.*

### Balanced budget requirement

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 2016 with earnings excluding capital gains of SEK 502 million.

### Earnings equalisation reserve

In accordance with special legislation, the Municipality can make use of an earnings equalisation reserve by allocating surpluses which can then be used at a later date to offset the effects of changes in external conditions due primarily to economic fluctuations. A total of SEK 657 million has been allocated to this reserve in previous years. The Municipality achieved the statutory balanced budget requirement in 2016, with earnings excluding capital gains of SEK 502 million. These earnings, set against 1% of the tax revenue and municipal financial equalisation, allow a surplus of SEK 212 million which thereby increased the reserve to SEK 869 million at the end of the year. Gothenburg Municipality has therefore met the balanced budget requirement every year since its introduction in 2000.



# Financial key figures

Per cent	2012	2013	2014	2015	2016
Tax revenue trend	3.3	4.1	3.6	4.8	7.0
Net cost trend excl. items affecting comparability	6.3	3.7	4.2	4.8	6.0
Proportion of running costs	97.2	96.4	99.5	97.0	96.8
– of which operating income and expenses (net)*	93.9	93.5	94.8	93.1	92.0
– of which planned depreciation/amortisation*	3.2	3.3	3.4	4.3	4.2
– of which net financial items*	0.3	0.3	-0.5	0.4	0.5
– of which items affecting comparability	-0.3	-0.7	1.8	-0.7	0.0
Net earnings for the year excl. items affecting comparability and extraordinary items/tax revenue and municipal financial equalisation	2.5	2.9	2.4	2.3	3.2
Net earnings for the year excl. extraordinary items/tax revenue and municipal financial equalisation	2.8	3.6	0.5	3.0	3.2
Net earnings for the year/tax revenue and municipal financial equalisation	2.8	38.5	1.5	3.0	3.2
Degree of self-financing of the year's gross investments*	58	72	46	89	86
Gross investments/gross costs	8	8	7	6	7
Degree of self-financing of the year's net investments*	69	108	58	99	96
Net investments/gross costs	7	5	5	6	6
Net investments/depreciation and amortisation	-269	-193	-200	-173	-183
Equity-assets ratio as per the balance sheet*	20	35	32	31	30
Equity-assets ratio incl. all pension obligations*	-8	11	11	12	14
Total debt-equity ratio and degree of provision	80	65	86	69	70
– of which degree of provision	8	6	6	6	5
– of which short-term debt-equity ratio	25	24	27	25	22
– of which long-term debt-equity ratio	47	35	35	39	43
Primary municipal tax rate	21.12	21.12	21.12	21.12	21.12
Acid-test ratio	108	66	70	81	111
Net financial assets (MSEK)	-5,366	-5,367	-6,074	-8,021	-9,349
Net borrowing (Municipality's interest-bearing debt) (MSEK)*	2,854	2,638	2,518	3,315	4,514

\* The highlighted key figures for the comparison year 2015 have been adjusted as a result of the increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016. Key figures for other previous years have not been adjusted.

The year has been characterised by good financial conditions for the district committees. Despite a high net cost trend, the committees report earnings of just over SEK 50 million.

## 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 2016, the district committees reported earnings of just over SEK 56 million, which was approximately SEK 70 million higher than they had budgeted. Only one committee, Örgryte-Härlanda, reported a negative result. The main cause was increased costs in individual and family care, which the committee was unable to cover through an equivalent surplus in other areas.

### Lower costs for income support, higher costs for services for children and young people

The net cost for income support continued to decrease in 2016. The decrease amounted to just over SEK 60 million in total. This means that over the past two years the costs have fallen by over SEK 100 million, which equates to a decrease of just over 9%. Costs for other individual and family care, however, continued to increase sharply, in particular for foster care and for placing children and young people in institutions.

Costs for schooling also increased relatively strongly in 2016. This increase can primarily be attributed to a large increase in the number of students.

### Decision to change the organisation

The future organisation for compulsory and special needs schools was reviewed during the year, which re-

sulted in the decision to form a Schools Committee and a Pre-Schools Committee.

### Assessment of the future

The sphere of welfare faces major challenges, with increased demands due to population changes while financing is not expected to increase to the corresponding degree.

Another challenge lies in transferring responsibility for compulsory schools and pre-schools to new committees to create a better foundation for children's and pupils' learning, whilst maintaining today's good collaboration with other activities.

### Net earnings for the year

MSEK	Net cost	Municipal subsidies	Net earnings for the year
District committees' population frame	-22,255	22,311	56
Resource committee assignments	-202	202	0
<b>Total DCs</b>	<b>-22,457</b>	<b>22,513</b>	<b>56</b>

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

Change in per cent	2014	2015	2016
Net cost	4.9	6.3	6.7
Payroll expense	5.1	5.1	6.2
Volume of staff, no. of hours worked	2.5	1.3	3.0

### Change in net cost per operation

Change in per cent	2014	2015	2016
Pre-school	6.1	3.9	4.3
Compulsory school, special needs school, childcare	5.3	9.0	10.1
Elderly care	3.3	6.1	5.4
Individual and family care	6.5	4.2	7.0
Disabilities	4.1	6.4	5.1

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, 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 2016 of SEK 145 million, which was SEK 161 million more than budgeted for the year. Net earnings were SEK 16.5 million lower than in 2015. The departmental committees' equity at the end of the year was SEK 541 million.

The departmental committees reported total running costs of SEK 16.5 billion for 2016, which was SEK 1.2 billion higher than for 2015. The majority of departmental committees' assignments have grown year by year, along with the costs. Furthermore, in 2016 their remits were broadened to include assignments related to receiving refugees.

Two-thirds of the departmental committees' financing came from income from services carried out for another committee or company within the City of Gothenburg or from external income, a total of SEK 11.2 billion during the year. One-third is financed through municipal subsidies and tax revenue, which amounted to SEK 5.5 billion.

Several departmental committees reported positive earnings compared with the budget. The Education Committee's deviation can be attributed to there being 200 fewer pupils than assumed in planning before the summer, which brought costs down. This, combined with state subsidies and extra contributions for work with new arrivals, resulted in a large surplus. Planned investments, primarily within the Road Traffic Committee, have not been carried out as planned, which resulted in lower capital service costs. The majority of committees have had job vacancies that it has taken time to fill, partly due to a lack of expertise on the market. Generally speaking, some initiatives in the budget have taken longer to implement than planned, which is why costs during the year were lower than budgeted.

### Investments

The committees' investment outcome totalled SEK 2.5 billion in 2016, an increase of SEK 0.3 billion on the previous year. The committees' investment budget for 2016 was SEK 4.6 billion. The investments were thus not carried out at the rate planned. Several major investments were postponed and will instead burden future years. 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 Commercial Premises Committee and Road Traffic Committee account for the majority of investments for the year.

### Review of departmental committee organisation and expanded administration assignment

In December the City Executive Board decided to continue its focus on the review of the City's departmental committee organisation. The organisation and assignments were examined in order to identify, if possible, a better way of organising the activities. Some departmental committees have overlapping assignments and require strengthened collaboration.

During the year the City Council decided to transfer administration of the Chief Guardians' Committee to the Committee for Consumer and Citizen Services starting in 2017. The decision was also taken to change the organisational form from a company to a committee for purchasing and procurement issues in 2017.

### Assessment of the future

The City's visions and goals for urban development, homebuilding and transport development are extensive. Many committees find that they do not have sufficient resources to implement everything being planned. A shared focus and prioritisation are essential in ensuring planning and implementation.

### Net earnings for the year

MSEK	Net cost	Municipal subsidies	Net earnings for the year
Total for departmental committees	-5,355	5,500	145

### Cost and staff volume trend

Change in per cent	2014	2015	2016
Gross cost	5	7	8
Payroll expense	5	10	10
Volume of staff, no. of hours worked	4	8	9

# Operational accounts

## - Gothenburg Municipality

MSEK	Receipts	Costs	Net costs	Municipal subsidies	Net earnings for the year	Closing equity
<b>DISTRICT COMMITTEES</b>						
Angered	352	-3,356	-3,004	3,009	5	105
Östra Göteborg	332	-2,949	-2,617	2,652	35	64
Örgryte-Härlanda	654	-2,647	-1,993	1,971	-22	20
Centrum	366	-1,910	-1,544	1,550	5	58
Majorna-Linné	584	-2,528	-1,944	1,956	12	45
Askim-Frölunda-Högsbo	537	-3,100	-2,563	2,563	1	43
Västra Göteborg	546	-2,824	-2,277	2,291	13	72
Västra Hisingen	409	-2,980	-2,572	2,574	3	92
Lundby	395	-1,986	-1,590	1,590	0	37
Norra Hisingen	475	-2,626	-2,151	2,155	4	44
Resource committee assignments	47	-249	-202	203	0	15
<b>TOTAL FOR DISTRICT COMMITTEES</b>	<b>4,697</b>	<b>-27,154</b>	<b>-22,457</b>	<b>22,514</b>	<b>56</b>	<b>596</b>
<b>DEPARTMENTAL COMMITTEES WITH A SPECIAL FOCUS</b>						
Planning and Building Committee	195	-316	-121	118	-3	15
Property Management Committee	460	-505	-45	49	4	21
Special Transportation Services (Road Traffic Committee)	157	-339	-182	193	11	28
Sports and Associations Committee	126	-520	-394	405	11	36
Municipality Management Committee for Consumer and Citizen Services	228	-517	-289	297	9	17
Cultural Affairs Committee	55	-94	-39	41	2	6
Commercial Premises Committee	131	-510	-379	379	1	18
Environmental and Climate Committee	2,823	-2,574	249	-248	1	60
Committee for Intraservice	63	-115	-52	54	2	7
Parks and Landscape Committee	683	-711	-29	29	0	11
Committee for Allocation of Social Welfare	464	-697	-233	235	3	28
Road Traffic Committee (exc. special transportation services)	1,346	-1,872	-526	532	6	41
Education Committee	1,677	-2,206	-530	552	22	58
Electoral Committee	1,028	-2,672	-1,644	1,674	31	95
Labour Market and Adult Education Committee	—	-1	-1	1	0	1
Chief Guardians' Committee	206	-698	-492	517	25	50
	3	-17	-14	14	0	1
<b>DEPARTMENTAL COMMITTEES WITH ACTIVITIES FINANCED BY TARIFFS</b>						
Eco-cycle and Water Committee	1,462	-1,433	29	—	29	50



## 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	36	-51	-15	20	5	8
Business Region Göteborg AB	—	-28	-28	28	0	—
Property Management Committee: transfers	0	-72	-72	67	-5	-5
GBG & Co Träffpunkt AB	—	-116	-116	116	0	—
Sports and Associations Committee: Adult Education Associations	—	-31	-31	31	0	—
Auditors' Office	6	-38	-32	32	0	3
Greater Gothenburg Rescue Services	—	-318	-318	318	0	—
Safe Beautiful City	0	-31	-31	32	1	1
Chief Guardians' Committee: fees	42	-63	-21	14	-7	-7
<b>TOTAL FOR DEPARTMENTAL COMMITTEES</b>	<b>11,190</b>	<b>-16,545</b>	<b>-5,355</b>	<b>5,500</b>	<b>145</b>	<b>541</b>
<b>TOTAL FOR COMMITTEES</b>	<b>15,887</b>	<b>-43,698</b>	<b>-27,812</b>	<b>28,014</b>	<b>202</b>	<b>1,137</b>

MSEK	Receipts	Costs	Net costs	Municipal subsidies	Net earnings for the year	Closing equity
<b>JOINT STATUTORY AUTHORITIES</b>						
Greater Gothenburg Rescue Services	603.4	-600.1	3.3	—	3.3	105.1
Acquisition company Gothenburg joint statutory authorities	271.2	-269	2.2	—	2.2	8.8
Minority interest	—	-1.0	-1.0	—	—	-31.9
<b>Total for joint statutory authorities</b>	<b>874.6</b>	<b>-870.1</b>	<b>4.5</b>	<b>—</b>	<b>4.5</b>	<b>82</b>



# 4

## 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.



## COMBINED ACCOUNTS FINANCIAL ANALYSIS

### **75 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.

### **79 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.

### **80 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.

### **85 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.

### **86 Financial monitoring and risk management**

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

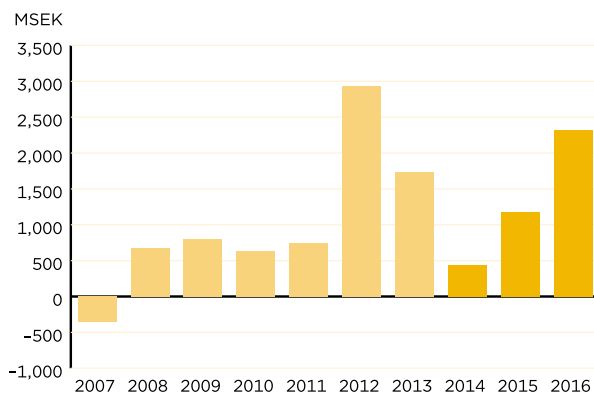
Net earnings for the year totalled SEK 2,323 million, which is an increase of just over SEK 1,100 million on the previous year. The volume of investment increased by SEK 1.6 billion to SEK 7.6 billion in 2016. Financial parameters that describe the short, medium and long-term financial manoeuvrability strengthened during the year.

## Financial analysis – 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 objective is to identify any financial opportunities and problems and thereby clarify whether the City of Gothenburg has delivered good financial management, as stipulated in Sweden's Local Government Act.

### Net earnings for the year

#### Net earnings for the year



Net earnings for the year for the combined accounts totalled SEK 2,323 million, of which the Municipality accounted for SEK 938 million, the companies SEK 1,314 million and the joint statutory authorities SEK 5 million. Adjustments for handling internal transactions, relating to the Municipality and the companies, amounted to SEK 66 million, and mainly comprised external resales of previously realised internal property sales. The increase in net earnings of approximately SEK 1,100 million compared with the previous year is mainly due to costs for writing down the GoBiGas biogas plant, SEK 850 million, which burdened 2015.

### Turnover for the operation

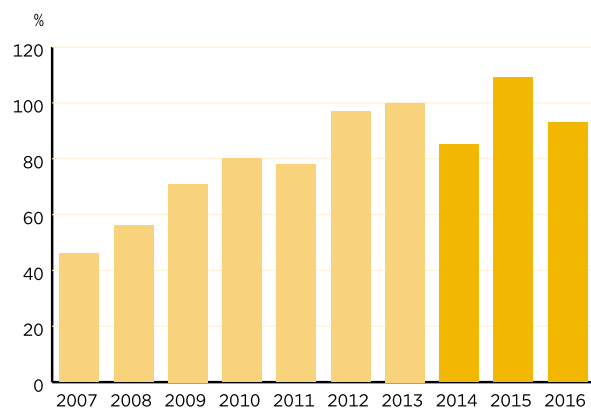
The City of Gothenburg Group reported income of just over SEK 55 billion in 2016, of which just over half comprised tax revenue and municipal financial equalisation. Income increased by SEK 4.4 billion compared with 2015 and tax revenue accounted for SEK 1.9 billion of this increase. Within the Municipality, income increased by 8.1%, or SEK 3.0 billion. In the company sector operating income rose by 9.1% compared with the previous

year. The single largest change between the years can be attributed to Bostadsbolaget's acquisition of property in Hammarkullen, which generated increased rental income.

### Investments

The City of Gothenburg faces major investment challenges, with extensive urban development and growth in the form of a larger population and the expansion of operations. The Group's gross investment increased compared to previous years and amounted to SEK 7.6 billion in 2016, which is SEK 1.6 billion or 28% higher than last year. The total volume of investment, however, was approximately SEK 2.2 billion under budget, the main reason for this being the postponement of projects. The deviation is 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 0.7 billion in the Energy cluster, SEK 0.6 billion in the Commercial Premises cluster and SEK 0.3 billion in the Port cluster. The internal company Göteborgs Stads Leasing AB had a volume of investment totalling SEK 0.8 billion and the regional companies, primarily within waste collection, invested SEK 0.4 billion.

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



The Group achieved a high degree of self-financing of the year's investments at 93%, despite an increase in the volume of investment. The strong key figure can mainly be



attributed to the surplus reported in both the Municipality and company sector. This figure is partly affected by high depreciation costs, which create scope for investment. Over the past five years, this figure has averaged 97%.

### Total assets

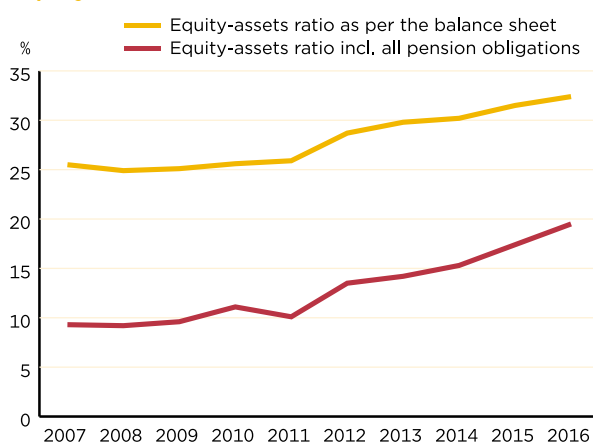
The Group's total assets were SEK 87.8 billion, of which the Municipality accounted for SEK 66.9 billion and the companies for SEK 64.3 billion. Internal transactions within the Group amounted to SEK -44.2 billion. The City of Gothenburg's total assets in participations in joint statutory authorities totalled SEK 0.8 billion. The Municipality's total assets increased by 8% and mainly comprised an increase in current receivables and non-current assets, and an increase in long-term liabilities on the liability side. This is primarily a result of an increased investment rate and an increased receivable from the Swedish Migration Agency.

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 increased by almost 6% compared with 2015. The main reason for this is the previously mentioned property acquisition by Bostadsbolaget of 890 apartments in Hammarkullen. This acquisition affects the size of both the non-current assets and the liabilities.

Return on equity and assets are examples of profitability measures, which describe the earnings in relation to capital investment. Return on equity for the Group increased to 8% (5%) in 2016. Return on assets for the Group also showed a small increase to 4% (3%). The average over a five-year period was just over 3% (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 of the Group.

### Equity-assets ratio

#### Equity-assets ratio



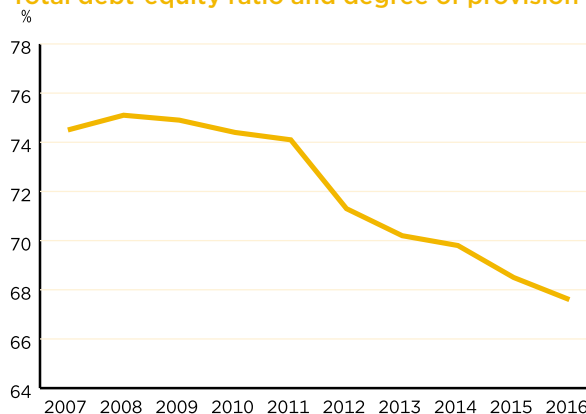
The equity-assets ratio is a measure of long-term financial manoeuvrability. The equity-assets ratio trend depends

on the change in equity and assets. The equity-assets ratio for 2016 was 32%, which was a rise of 1 percentage point compared to the previous year. The equity-assets ratio according to the fully funded model, which includes all pension obligations, increased by 3 percentage points and was 20% in 2016.

There is no general level for how high the equity-assets ratio should be for a Group the size of the City 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 groups 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 approximately 20 and 70%.

### Indebtedness

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

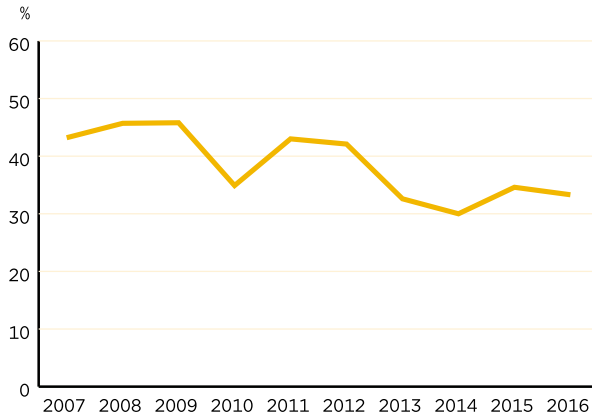


This key figure shows the size of the total indebtedness in relation to total assets. The debt-equity ratio amounted to 68%, a further, yet marginal, reduction compared to the previous year. This was positive for the Group's net financial items, and the reduced indebtedness signifies reduced financial risk for the Group.

The improved debt-equity ratio can mainly be attributed to a high degree of self-financing of investments. In other words, a lower leverage in relation to assets. Total borrowing for the Group was SEK 38.8 billion at the end of the year, which is virtually on a par with 2015. A transfer of Framtiden AB'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

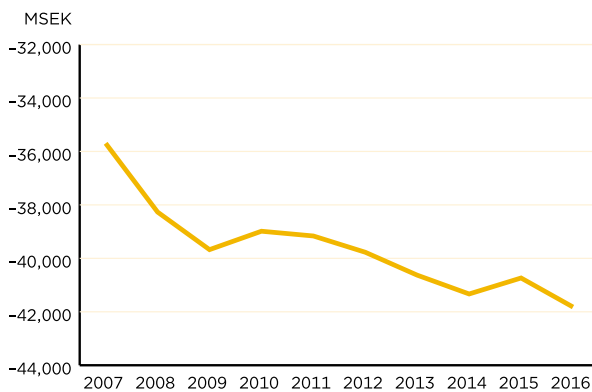
### Acid-test ratio



Short-term manoeuvrability for the year in the form of the acid-test ratio was 33% for 2016, a decline of 2 percentage points compared to the previous year. The Municipality's acid-test ratio increased to 111% (81%), while the companies' fell by 2 percentage points to 28%. The Municipality 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

### 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 after strengthening slightly the previous year. The variations are, however, relatively minor since net financial assets weakened by SEK 1.1 billion or 2.7%. In the company sector, however, the key figure increased, which somewhat mitigated the change for the City of Gothenburg Group.

## Pension obligations

The City of Gothenburg Group's total pension obligations for 2016 amounted to SEK 16.0 billion, a decrease of SEK 0.3 billion compared to the previous year. The main reason for the decrease was pension payments for the year from contingent liabilities. Of the total pension obligation, SEK 11.3 billion related to pension obligations and special employer's contribution that date back further than 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 over SEK 2.3 billion in 2016. 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 Group's equity-assets ratio, which improves its ability to handle any future fluctuations in the earnings trend. The debt-equity ratio has decreased over a longer period, which contributes to lower financial risk. However, the parameter for medium-term financial manoeuvrability, which has gradually weakened over time, declined further slightly.

There is great uncertainty surrounding the development of the global economy and how this could affect finances in Sweden and the City of Gothenburg. This means 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 Municipality, joint statutory authorities and companies

MSEK	Committees	Joint statutory authorities	Companies	Group eliminations	Combined accounts
Operating income	10,328	601	19,391	-4,232	26,088
Operating expenses	-36,963	-565	-13,872	3,963	-47,437
Items affecting comparability	—	—	—	—	—
Depreciation/amortisation and write-downs	-1,227	-30	-3,128	334	-4,052
<b>Net operating expenses</b>	<b>-27,862</b>	<b>6</b>	<b>2,391</b>	<b>65</b>	<b>-25,401</b>
Tax revenue	25,109	—	—	—	25,109
Municipal financial equalisation	3,847	—	—	—	3,847
Financial receipts	406	4	115	-379	147
Financial expenses	-562	-4	-852	391	-1,028
<b>Earnings after financial items</b>	<b>938</b>	<b>6</b>	<b>1,654</b>	<b>77</b>	<b>2,675</b>
Current and deferred tax	—	—	-320	-11	-331
Minority share	—	-1	-20	—	-21
<b>Net earnings for the year</b>	<b>938</b>	<b>5</b>	<b>1,314</b>	<b>66</b>	<b>2,323</b>

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

MSEK	Committees	Joint statutory authorities	Companies	Group eliminations	Combined accounts
Non-current assets	49,923	611	58,167	-28,919	79,781
Current assets	17,004	194	6,109	-15,252	8,056
<b>Total assets</b>	<b>66,927</b>	<b>805</b>	<b>64,276</b>	<b>-44,171</b>	<b>87,837</b>
Equity	20,172	115	18,808	-10,452	28,642
Provisions	3,431	510	5,065	-142	8,864
Long-term liabilities	28,524	0	20,881	-19,797	29,609
Current liabilities	14,800	180	19,522	-13,780	20,722
<b>Total liabilities and equity</b>	<b>66,927</b>	<b>805</b>	<b>64,276</b>	<b>-44,171</b>	<b>87,837</b>

### Financial key figures

Per cent	2012	2013	2014	2015	2016
<b>Return on equity*</b>	<b>13.1</b>	<b>7.2</b>	<b>1.8</b>	<b>4.5</b>	<b>8.2</b>
<b>Return on total assets*</b>	<b>4.3</b>	<b>4.4</b>	<b>2.4</b>	<b>2.7</b>	<b>4.2</b>
<b>Acid-test ratio</b>	<b>42</b>	<b>33</b>	<b>30</b>	<b>35</b>	<b>33</b>
<b>Degree of financing of investments</b>	<b>97</b>	<b>100</b>	<b>85</b>	<b>109</b>	<b>93</b>
<b>Equity-assets ratio</b>					
- Mixed model	29	30	30	31	32
- Full funding	13	14	15	17	20
<b>Debt-equity ratio</b>	<b>71</b>	<b>70</b>	<b>70</b>	<b>69</b>	<b>86</b>
- of which degree of provision	11	10	10	10	10
- of which short-term debt-equity ratio	20	28	24	22	24
- of which long-term debt-equity ratio	41	33	35	36	34
<b>Net financial assets (MSEK)*</b>	<b>-39,772</b>	<b>-40,629</b>	<b>-41,333</b>	<b>-40,735</b>	<b>-41,821</b>

\* Comparison figures for 2015 have been adjusted as a result of the increased application of RKR recommendations, 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

Extensive internal sales of district heating and electricity occur within the City of Gothenburg Group by Göteborg Energi AB to other units. Eco-cycle and water also have 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	Compa- nies	Munici- pality	Joint statutory authorities	Total
<b>Seller</b>				
Companies		3,152	32	3,184
Municipality	732		16	748
Joint statutory authorities	5	318		323
<b>Total</b>	<b>737</b>	<b>3,470</b>	<b>48</b>	<b>4,255</b>

### Interest

MSEK	Compa- nies	Munici- pality	Joint statutory authorities	Total
<b>Recipient of interest</b>				
Companies		3		3
Municipality	367			367
Joint statutory authorities		2		2
<b>Total</b>	<b>367</b>	<b>5</b>		<b>372</b>

### Lending

MSEK	Compa- nies	Munici- pality	Joint statutory authorities	Total
<b>Lender</b>				
Companies		2,240		2,240
Municipality	28,989			28,989
Joint statutory authorities		470		470
<b>Total</b>	<b>28,989</b>	<b>2,710</b>		<b>31,699</b>

### Surety

MSEK	Compa- nies	Munici- pality	Joint statutory authorities	Total
<b>Surety issuer</b>				
Companies				
Municipality	3,675		115	3,790
Joint statutory authorities				
<b>Total</b>	<b>3,675</b>		<b>115</b>	<b>3,790</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
Göteborg Energi AB	—	—	203	—
Gothenburg Port Authority	—	92	161	—
Higab AB	—	62	253	—
Förvaltnings AB Framtiden	—	237	304	—
Göteborg & Co Kommunintressent AB	—	55	76	295
Göteborgs Stads Upphandlings AB	—	—	2	—
GS Buss AB	—	—	—	105
Business Region Göteborg AB	—	5	—	41
Göteborgs Stads Leasing AB	—	—	—	236
City of Gothenburg	5	—	—	—
<b>Total</b>	<b>5</b>	<b>451</b>	<b>999</b>	<b>677</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. All shares are owned directly by the City of Gothenburg. Göteborgs Stadshus AB is also referred to as 'Stadshus AB' below. 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.**

## Companies – financial performance

The regional companies and companies that are internal service providers to the City's companies and administrations are directly subordinate to Göteborgs Stadshus AB. Boplat Göteborg AB has temporarily been placed directly under Göteborgs Stadshus AB pending a review of the operation.

Stadshus AB is tasked by the City Council with carrying out governance of the City's companies within the framework of guidelines and directives for the City's companies. This will 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. An important element of Stadshus AB's role is to conduct owner dialogues with the parent companies of the sub-groups and with other companies that are directly owned by Stadshus AB. Owner dialogues were carried out with these companies during the year. The action plans stemming from the owner dialogues form the basis for the ongoing work.

### Göteborgs Stadshus AB – the Group

The Group's earnings after financial items in 2016 amounted to SEK 1,653 (382) million, which is an improvement of SEK 1,270 million compared with the previous year. Items affecting comparability for the year are small compared with the previous year, when capital gains of SEK 345 million within the Commercial Premises cluster and write-downs of SEK 1,027 million in the Energy cluster affected results. Figures for 2016 include, within the Commercial Premises cluster, capital gains from the sale of limited companies, including property, of SEK 285 (345) million. Total assets have increased by 4% (SEK 2,422 million) from SEK 61,854 million to SEK 64,276 million compared with 2015. As a result of the increase in total assets and the increase in earnings, the equity-assets ratio has increased by 1.1% to 29.3%.

### Energy

The ownership directive states that the purpose of the operation in the Göteborg Energi group is that the City, through its ownership of Göteborg Energi, wants to be

able to integrate and develop the energy operation in urban development and contribute to the evolution of a sustainable Gothenburg community. Furthermore, the aim is also to secure the reliable provision of affordable energy for the city's residents and companies. Göteborg Energi handles the production and distribution of energy, primarily district heating and electricity, in the Gothenburg area. The group's operation also encompasses trading in electricity and natural gas, district cooling, energy services, data and telecommunications, the gas network, and renewable energy and biogas.

The Göteborg Energi group reported a considerable improvement in earnings after financial items compared with the previous year. Earnings in the district heating business generate a higher contribution margin through lower commodity prices. The previous year included



The City, through its ownership of Göteborg Energi, wants to be able to integrate and develop the energy operation in urban development and contribute to the evolution of a sustainable Gothenburg community.

Photo: Jeanette Larsson



The Framtiden group aims to be a strategic player with the goal of strengthening Gothenburg's role as a regional centre and the city's development by creating new housing and increasing the rate of homebuilding and offering attractive accommodation for various types of housing consumer, for example.

Photo: Göran Assner

write-downs of SEK 1,027 million relating to GoBiGas in wind power plants, other biogas plants and district cooling centres. Depreciation/amortisation for the year is more than SEK 100 million lower than in 2015, partly due to earlier write-downs.

### Housing

The Framtiden group aims to be a strategic player with the goal of strengthening Gothenburg's role as a regional centre and the city's development by:

- creating new housing and increasing the rate of homebuilding
- offering attractive accommodation for various types of housing consumer
- striving for greater integration and welfare in our residential areas

The Framtiden group is a pure housing group and has the subsidiaries Poseidon, Bostadsbolaget, Familjebostäder, Gärdstensbostäder, Framtiden Byggutveckling AB, Egnahemsbolaget and Störningsjouren.

The group reported an improvement in earnings after financial items compared with the previous year. Deviations in income can be attributed to Bostadsbolaget's acquisition in Hammarkullen and the outcome of rent negotiations. The main deviations on the cost side are in operating expenses.

The total market value of the group's property at the end of the year was SEK 82,010 (77,141) million including ongoing new production and remodelling supplements equivalent to a market value of SEK 16,722/sq.m. (15,968). The total market value exceeds the book value of

properties and remodelling supplements by SEK 56,142 (50,611) million. The group's adjusted equity-assets ratio is 62% (62%). At the end of the year, the group's volume of lending was SEK 15,843 (15,160) million.

### Commercial Premises

Higab AB is the parent company of the Higab group. The corporate group has three wholly owned operational subsidiaries: Förvaltnings AB Göteborgslokaler, Göteborgs Stads Parkerings AB and Älvstranden Utveckling AB and subsidiaries.

Higab AB's (Higab's) mission is to actively contribute to the City of Gothenburg's development by being one of the City's strategic tools in the field of real estate. Its mission is also to meet and be receptive to the values that characterise the Gothenburg community. Higab owns and manages properties with a rentable area totalling 603,627 (605,923) sq.m. The property portfolio mainly comprises commercial premises.

Förvaltnings AB Göteborgslokaler owns, manages and develops city district squares, retail and office premises in Gothenburg. The company has several core operations. Part of the organisation is focused on property management while others focus on issues shared by several companies within the City of Gothenburg. The company will be a significant player on the property market by nurturing and actively striving to develop commercial properties. The company will contribute by creating local, vibrant marketplaces and meeting places close to residential areas with the aim of having a positive impact on local residents' quality of life.

The marketplaces should feel safe and have an offering and service level that matches customers' needs.



Göteborgs Stads Parkerings AB offers various parking services. They relate to visitor spaces subject to charges, rentable parking spaces and surveillance. The company maintains and builds car parks. It secures access to the city for Gothenburgers and visitors in line with urban development and changes to infrastructure. The company aims to contribute to Gothenburg's attractiveness and development by creating sustainable, attractive parking solutions.

Älvstranden Utveckling AB and its subsidiaries aim to promote long-term urban development around the Göta River by helping to make Vision Älvstaden a reality. The company aims to be a leader in efforts to build a mixed city and to support the strategic development work for sustainable urban development through good cooperation and effective collaboration with the City's planning committees and external stakeholders.

The Higab group reported slightly lower earnings after financial items compared with the previous year. During the year Älvstranden Utveckling AB and Göteborgs Stads Parkerings AB respectively divested limited companies (the Brotomten property, development rights for Karlavagnstornet, the Haga 31:5 property and the Källtorp 99:22 site) with capital gains of SEK 237 million. Also in 2015, a capital gain of SEK 350 million from Älvstranden Utveckling AB's sale of listed companies was included.

The total market value of the group's property at the end of the year was SEK 19,899 (18,166) million. This value exceeds the total book value of properties and remodelling supplements by SEK 11,505 (9,558) million. This means that the group's adjusted equity-assets ratio is 60% (56%). At the end of the year, the group's volume of lending was SEK 7,287 (7,237) million.

## Business

Business Region Göteborg AB (BRG) is the parent company of this cluster, which otherwise comprises a number of companies of which BRG is a minority owner. These companies are Lindholmen Science Park AB (LSP), Johanneberg Science Park AB (JSP), Göteborgs Tekniska College AB (GTC), Sahlgrenska Science Park (SSP) and Almi Företagspartner Väst AB (Almi).

The BRG group's earnings after financial items are slightly lower than for the previous year, mainly due to the earnings of associated companies.

## Public Transport

Göteborgs Spårvägar AB is a wholly-owned subsidiary of Göteborgs Stadshus AB and is the parent company of the Public Transport cluster. Aside from the parent company, the group comprises GS Buss AB and GS Trafikant-service AB. Region Västra Götaland is the principal for public transport in Gothenburg and therefore the ordering client of the public transport executed by Göteborgs Spårvägar AB. Public transport services for the region are procured by Västtrafik AB on behalf of Region Västra Götaland.

The parent company Göteborgs Spårvägar AB is responsible for all tram traffic in Gothenburg and

Mölndal, which includes traffic management and maintenance of trams and tram tracks. Regular bus services are the responsibility of GS Buss AB and are procured in competition. GS Buss AB runs its operation in parallel with several other bus service operators in the Gothenburg area. GS Trafikant-service AB develops and manages public transport services in the Gothenburg area, with the aim of making travel and communication easier and improving enjoyment and security in public transport.

The Göteborgs Spårvägar group reported slightly lower earnings after financial items compared with the previous year. Tram services reported lower results than for the previous year due to higher electricity and material costs. Bus services reported a higher result through higher incentive payments and bonuses.

## Port

Gothenburg Port Authority is tasked with creating the foundation for a strong, efficient and sustainable Scandinavian goods hub. This means that Gothenburg Port Authority is responsible for managing and developing the port's land, real estate and water areas so that they are used in the optimal way from a growth and profitability perspective. The company grants external terminal operators use of part of its land and facilities for container, ro-ro and vehicle operations through licences.

Gothenburg Port Authority operates on a market subject to international competition. Swedish industry is demanding more destinations and higher frequency in order to achieve profitability in their Swedish investments. The port's task is to make the necessary investments required to maintain its role as an attractive goods hub amid international competition.

The port of Gothenburg encompasses port terminals for ro-ro, vehicle, container, ferry and energy port operations. The company is also responsible for services for cruise ships calling at the port. An extensive commuter train system has been built up with daily departures to and from terminals across the whole of Sweden and Norway, which makes environmentally intelligent direct connections possible. The Port of Gothenburg handles by far the largest percentage of Swedish foreign trade of the Swedish ports, and has been identified as being of national interest and a Core port in the EU (TEN-T).

Gothenburg Port Authority reported higher income in the energy segment than in 2015 due to a higher volume handled. Additional vessels calling at the port and larger gross weights also had a positive effect. The costs are on a par with 2015.

## Tourism, Culture & Events

Göteborg & Co Kommuntressent AB (KI) is the parent company of the Tourism, Culture & Events group. KI manages and coordinates work within the group on a general level and helps to strengthen and develop hospitality within the City of Gothenburg and the Gothenburg region, and contributes to the development of hospitality within Region Västra Götaland. The company has a



The goal for Stadshus AB'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.

strategic role in the national and international marketing of Gothenburg as a destination for tourism, meetings and events.

Other companies in the cluster are Göteborg & Co Träffpunkt AB, Liseberg AB, Got Event AB and Göteborgs Stadsteater AB.

Liseberg AB is the parent company of the Liseberg group. The company manages operations within Liseberg's park area including attractions, restaurants, gaming, shopping, entertainment and accommodation.

Got Event is the City of Gothenburg's events and arena company and is tasked with working for Gothenburg as a leading events city. The company is responsible for running arenas such as Ullevi, Scandinavium, Valhallabadet, Valhalla Sporthallar, Wallenstamshallen, Valhalla IP, Frölundaborg, Gamla Ullevi and Bravida Arena.

Göteborgs Stadsteater AB aims to engage, create debate, amuse and invite reflection through its productions, and thereby be a vigorous vein through Gothenburg's cultural scene.

The group reported lower earnings after financial items compared with the previous year. Income for Liseberg AB and Got Event AB's events operation increased. The main increases in costs came from Got Event AB's higher costs for equestrian events and from Liseberg AB.

### Internal companies

The internal companies group comprises a number of operations that are wholly-owned by Göteborgs Stadshus AB, all of which have a chiefly specialist and support function for the entire City of Gothenburg.

These companies are:

- Försäkrings AB Göta Lejon (Göta Lejon), the City's internal insurance company which focuses on assets and operations.
- Göteborgs Stads Leasing AB, which delivers eco-friendly vehicles and transport solutions for the City of Gothenburg and handles operational/financial solutions/leasing for the City's administrations and companies.
- Upphandlingsbolaget (UHB), which is the City of Gothenburg's procurement centre and competence centre in procurement issues (on 1 January 2017 the operation was transferred to a separate committee within the municipal sector).
- AB Gothenburg European Office (GEO), which is responsible for the City's international business intelligence and interest monitoring starting from the EU (on 1 December 2016 the operation was transferred to Stadshus AB).

Försäkrings AB Göta Lejon and Göteborgs Stads Leasing AB's (GSL) earnings after financial items are higher than for the previous year, while Göteborgs Stads Upphandling AB reported a lower result. AB Gothenburg European Office reported earnings on a par with 2015. It is primarily lower costs of claims for Försäkrings AB Göta Lejon and the leasing business for GSL that had a positive impact on earnings. Costs were higher for Göteborgs Stads Upphandlingsbolag than in 2015, partly due to increased costs resulting from changing collective agreements during the transition from company to committee.



### Regional companies

The Renova group has long-term responsibility, together with the owner municipalities, for waste and recycling in the owner municipalities' region. A well-run environmentally friendly system for transport and waste management contributes to sustainable growth in the region and helps to reduce greenhouse gases. The Renova group is responsible for striving to reduce the total volume of waste in the region in the long term.

Renova AB is owned by the Ale, Gothenburg, Härryda, Kungälv, Lerum, Mölndal, Partille, Stenungsund, Tjörn and Öckerö municipalities. Gothenburg Municipality is the majority owner through Göteborgs Stadshus AB. The subsidiary company Renova Miljö AB is wholly owned by Renova AB.

Gryaab AB is owned by the Ale, Gothenburg, Härryda, Kungälv, Lerum, Mölndal and Partille municipalities. The majority owner is Gothenburg Municipality through Göteborgs Stadshus AB. The main role of Gryaab is to collect and treat wastewater from the owner municipalities.

Grefab (Göteborgsregionens Fritidshamn AB) aims to meet the needs regarding moorings for pleasure boats and related services for residents in the owner municipalities. The company also helps to lay the foundation for a boating life that is rich in experiences, and to strengthen the attractiveness of the region.

Grefab is owned by the Ale, Mölndal, Partille and Gothenburg municipalities through Göteborgs Stadshus AB, which is the majority owner.

All of the companies reported better earnings than the previous year. Income from energy was lower for the Renova group, but this has been offset by increased income from incoming amounts and other treatment. Furthermore, the change in pension liability and repayment from

Fora had a positive effect. Gryaab's costs are lower than they were in 2015. This is chiefly due to lower consumption of chemicals, lower consultant costs and lower personnel costs due to vacancies. In 2015, Göteborgsregionens Fritidshamn AB:s (Grefab) had an increase in consultancy services in connection with project planning, maintenance plans and environmental measures which were not included in costs for the year.

### Boplat Göteborg AB

According to its articles of association, the company aims to provide information on the housing market and serve as a marketplace for housing, and carry out activities compatible with those functions. Boplat is owned by Göteborgs Stadshus AB, Göteborgs Stads Bostads AB, Bostads AB Poseidon, Familjebostäder i Göteborg AB and Fastighetsägarna GFR econ. assoc.

Boplats' earnings in 2016 are on a par with 2015.

### Future issues

- Strengthen the ability to attract, recruit and retain personnel
- Make investments in energy and develop new energy systems
- Create a foundation for increased homebuilding
- Develop the business climate and trade and industry through increased collaboration internally within the City, with the academic world and the business community.
- Invest in the port in order to maintain its role as an attractive goods hub.

MSEK	Operating income	Earnings after fin. items	Net earnings for the year	Total assets	Equity	Equity-as-sets ratio	Investments for the year
Energy	6,191	607	292	13,160	5,457	41	690
Housing	5,765	447	109	28,617	9,449	33	2,007
Commercial Premises	2,258	517	245	10,978	1,956	18	590
Business	77	-48	-7	88	61	69	1
Public Transport	1,336	22	127	831	466	56	21
Port	762	217	43	2,614	1,523	58	279
Tourism, Culture & Events	1,688	-188	24	2,124	1,083	51	216
Internal companies	877	29	206	3,461	1,286	37	758
Regional companies	1,588	70	41	3,417	611	18	407
Parent company (Göteborgs Stadshus AB)	26	199	399	16,856	12,795	76	0
Boplats	25	1	0	21	5	24	1
Eliminations	-1,202	-219	-165	-17,891	-15,884	—	—
<b>Total</b>	<b>19,391</b>	<b>1,654</b>	<b>1,314</b>	<b>64,276</b>	<b>18,808</b>	<b>29</b>	<b>4,970*</b>

\* Investment for the year includes investment income.

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

## Review of the City's sponsorship commitments

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. The information below is based on the information reported by the committees and companies regarding sponsorship commitments for all or part of 2016.

## 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. If there is no return benefit, then it is not sponsorship. The principal objective of the sponsorship must not be to financially support a particular company or organisation. There is also an important difference between sponsorship and commercial marketing, i.e. advertising. To be considered sponsorship, the exposure must only contain information about who is behind the sponsorship, e.g. the sponsor's name, trademark or services.

## Companies

Lisebergs AB has sponsorship commitments totalling SEK 12 million, primarily free admission to sporting events. Göteborg Energi AB has commitments amounting to SEK 4.5 million, divided over 10 agreements. Förvaltnings AB Framtiden has reported commitments amounting to SEK 3.4 million, divided between

Bostadsbolaget, Egnahemsbolaget, Familjebostäder, Gårdstensbostäder and Poseidon. Gothenburg Port Authority has issued SEK 2.9 million in sponsorship to Göteborg Opera, Näringslivsgruppen and the future transport project at Universeum, as well as other support and Christmas donations. Higab has sponsorship commitments totalling SEK 2.2 million divided between Göteborgslokaler, Göteborgs Stads Parkering AB and Älvstranden Utveckling AB. Göteborgs Spårvägar AB reports a sum of SEK 600,000 and Renova AB reports three sponsorship commitments of SEK 400,000. Got Event AB has issued SEK 100,000 in sponsorship. Gre-fab has two commitments totalling SEK 60,000.

## Committees

In 2016, the Municipality Management issued SEK 134,000 in sponsorship to FGJ's (Sweden's association of investigative journalists') investigative seminar.

The City of Gothenburg's district committees do not have any sponsorship commitments.

When it comes to the departmental committees, the Parks and Landscape Committee has a five-year sponsorship agreement established in 2013 with Göteborg Energi AB, related to an electric boat for cleaning the canals. The Cultural Affairs Committee is the recipient of sponsorship for the Music Scene Gothenburg 1955-2018 exhibition.

## Summary

The City's companies account for the majority of sponsorship commitments. Sponsorship has decreased significantly compared with the previous year, which is mainly because Volvo Ocean Race was sponsored in 2015. Other commitments are largely unchanged and are mainly for purposes related to young people, sport or culture and major public events, such as the Gothia Cup, the GöteborgsVarvet half marathon and Christmas City Gothenburg. Awareness of the existing policy is high. The total reported sponsorship commitments for the City amounted to SEK 26 million in 2016, compared to SEK 39 million in 2015.

Total borrowing for the entire Group was SEK 38.8 billion at the end of the year, an increase of SEK 0.4 billion compared to the same period the previous year. The average term for capital tied up in combined external borrowing amounted to 3.4 years at the end of the year, and the average fixed interest term was 3.7 years.

## Financial monitoring and risk management

Five major loans were taken out in 2016 and the Municipality's long-term new borrowing totalled SEK 7.1 billion. Green bonds issued on behalf of the City continued to attract investors when the City issued its fourth green bond of SEK 1.0 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 several major investors with the aim of providing information about the City's market activities. The City of Gothenburg has represented and marketed the City in several domestic and international contexts, including the UN's annual COP22 Climate Change Conference. At COP22, Gothenburg won the UN's Momentum for Change 2016 Lighthouse Activity environmental award for its work on green bonds. The City's website for financial information and investor relations has seen increased visitor traffic from all parts of the world. The website provides financial information such as rating reports.

### Finance policy for the City of Gothenburg

The City's finance policy, which is decided by the City Council, 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 determines what prices are ultimately paid for 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. The Group currently has bilateral loans amounting to SEK 5.7 billion. These loans are not included in the capital market programme.

The City arranged credit facilities with the Nordic Investment Bank totalling SEK 1.0 billion.

### Capital market programmes

Programme	Loan limit	Degree of utilisation
EMTN	EUR 6 bn	SEK 22.9 bn
KCP	SEK 6 bn	
ECP	USD 500 m	SEK 2.7 bn
Kommuninvest		SEK 3.2 bn
Bilateral loans		SEK 5.7 bn

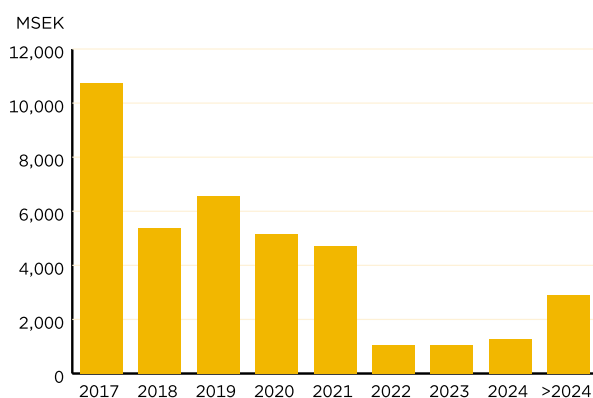
### Debt portfolio

The Group's external borrowing was SEK 38.8 billion at the end of the year, an increase of SEK 0.4 billion compared to 2015. The average remaining term for total external borrowing amounted to 3.4 years at the end of the year, and the average fixed interest term was 3.7 years. Total borrowing can be divided into borrowing via the City (SEK 31.5 billion), Förvaltnings AB Framtiden (SEK 4.3 billion), and loans raised by companies outside of the internal bank (SEK 3.0 billion). The part of the debt relating to the tax-funded operation, net borrowing, amounted to SEK 4.5 billion, approximately 11.6% of total borrowing. Borrowing via Kommuninvest i Sverige AB mainly took place in the company sector and amounted to SEK 3.2 billion at the end of the year. In September, the City of Gothenburg announced an issue in connection with a buy-back, the first of its kind from a Swedish municipality in Swedish kronor, as part of its commitment to actively manage its balance sheet. The main aim of the buy-back was to manage upcoming redemptions while also extending the maturity profile. The issue and buy-back were successful, which underscores the City's good reputation with the investor community. In total, SEK 1.2 billion was purchased via two

different bonds with short maturity. This has been a new way for the City as a borrower to manage its liability and the procedure will probably be repeated several times in the future.

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 18.5 billion. At the end of the year, the Municipality had a negative market value of SEK 216 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, 74% of the counterparty risk lies with counterparties with a rating of at least AA and 26% of the risk lies with counterparties rated A1 to A3. 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 5.9 billion of the Municipality's loans will mature during the coming year. To meet these obligations, the Municipality has binding loan commitments totalling SEK 9 billion.

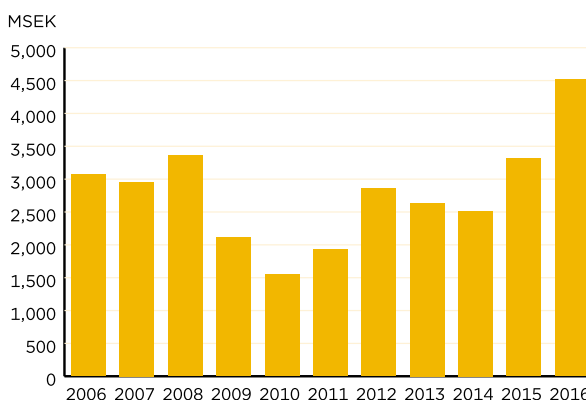
### The City's risk management

Type of risk	Policy	Outcome
Interest risk	2-6 years	3.7 years
Financing risk	2-6 years (long external loans)	4.3 years
Counterparty risk	Max 30% volume/counterparty	Within policy
Currency risk	None	None

### 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 4.5 billion on 31 December 2016, which is an increase of SEK 1.2 billion.

### Development of net borrowing – 2006-2016



### Green bonds

As part of its environmental programme, the City of Gothenburg issues bonds to finance various environmental projects in areas such as renewable energy, public transport, water treatment, energy efficiency, smart grids, city planning and waste management. For the fourth consecutive year, the City of Gothenburg has issued a green bond as part of its environmental programme targeted at projects encompassing renewable energy, public transport, water treatment, energy efficiency, smart grids, city planning and waste management. The City returned to the market on 15 June 2016 with a SEK 1 billion bond issue, which is due to be repaid in 2022. The total amount over the past four years has increased to SEK 4.4 billion. In connection with the issue, 10 investors were invited to Gothenburg for a whole day of discussions and presentations on green bonds. The City of Gothenburg also presented its first environmental impact report, the first of its kind from a Nordic issuer. The innovative report increases transparency for investors and provides insight into the effects of the financed projects on the environment and sustainability.



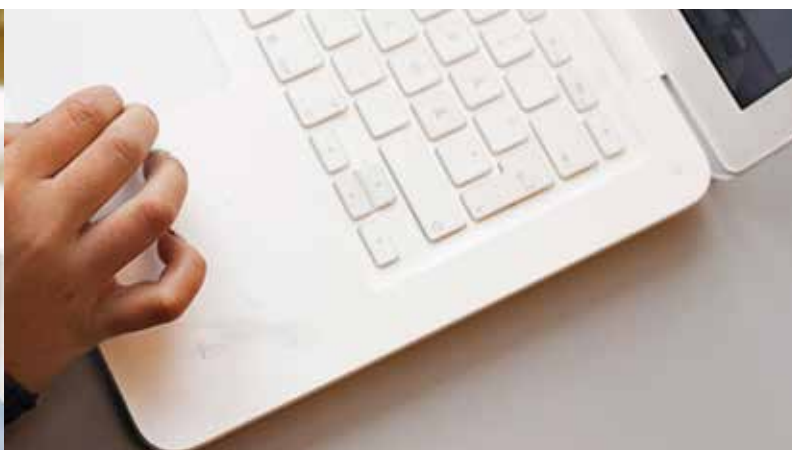
**Long-term, transparent climate work**

The City of Gothenburg's work on green bonds has been scrutinised during the year by Cicero, an independent environmental and climate research institute at the University of Oslo. Cicero has provided what is termed a 'second opinion' on the City's framework for green

bonds. Cicero's second opinion establishes that the City of Gothenburg is carrying out important work to reduce its carbon and environmental footprint. The City's environmental strategy and framework for green bonds is described by Cicero as transparent, comprehensive, long-term and robust.

**Green bonds by project**

Project (MSEK)	Administration/Company	Area	2014	2015	2016
Ultrafilter	Eco-cycle and water	Water treatment	420		
GoBiGas	Göteborg Energi AB	Biofuel		620	
Electric cars	Gatubolaget	Energy efficiency and sustainable transport	19	11	
Denitrification	Gryaab	Environment	47	110	164
Tree planting	Parks and Landscape Administration	Environment	8	6	5
Celsius	Göteborg Energi AB	Energy efficiency and renewable energy	5		
Pedestrian-friendly city	Traffic & Public Transport Authority	Sustainable communication		50	10
Cycle-friendly city	Traffic & Public Transport Authority	Sustainable communication		60	28
Energy efficiency of road lighting	Traffic & Public Transport Authority	Energy efficiency and sustainable communication		49	42
Sustainable construction	City Premises Administration	Sustainable construction	382	314	498
Energy-efficient housing	Förvaltnings AB Framtiden	Sustainable construction		388	427
Cableways	Traffic & Public Transport Authority	Sustainable communication			15
New trams	Göteborgs Stads Leasing AB	Sustainable communication			170



# 5

## ACCOUNTS THE MUNICIPALITY 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 accompanying notes. The accounting principles applied by the City of Gothenburg are also presented here, along with a list of various definitions.



# ACCOUNTS

## THE MUNICIPALITY AND COMBINED ACCOUNTS

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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 recommendations RKR 10.2 Provisions and Contingent Liabilities, RKR 11.4 Property, Plant and Equipment and RKR 18.1 Receipts from Fees, Subsidies and Sales. 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 2016

The Annual Report provides information in accordance with RKR 8.2 Combined Accounts about how the Municipal Group has been defined/demarcated, which legal entity it comprises and how its composition has changed during the year (see section on the City of Gothenburg's organisation).

In the combined accounts, the company sector's connection charges for electricity, gas and district heating entered as receipts have been adjusted to deferred income and distributed in accordance with RKR 18.1 Receipts from Fees, Subsidies and Sales. The distribution period is five years. See note 19 A.

In accordance with RKR 13.2 Accounting of Rental/Leasing Agreements, movable property leased through Göteborgs Stads Leasing AB has been reclassified from operational to financial leasing. The City of Gothenburg applies the recommendation from 2016 in that respect. See note 19 B.

In the 2016 Annual Report, the company sector's provisions and write-downs have been measured based on the municipal rule RKR 10.2 Provisions and Contingent Liabilities and RKR 19 Value Adjustments and have, where appropriate, been reversed in the combined accounts. See notes 19 C and D.

Comparison figures for 2015 have been recalculated using the same calculation basis as for 2016. See note 19. Other comparison years have not been adjusted.

The Municipal Group's accounts (combined accounts) are presented together with the Municipality's accounts in accordance with RKR 8.2 Combined Accounts.

### Combined accounts

According to the Municipal Accounting Act, the Annual Report must also include the operation that is conducted in company form. 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 or not the operation is conducted in the form of an administration or company.

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.

### Composition of the Municipal Group

The combined accounts for the City of Gothenburg include all companies and joint statutory authorities in which the Municipality has an interest of at least 20%. During the year, the composition of the Municipal Group changed with the sale of two companies and with the merger of four companies which thereby became part of the parent company. The Municipal Group's legal entities and participating interests are shown in the summary in the section on the City of Gothenburg's organisation.

### 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 financial 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

Göteborg 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 61.6 (61.6) million in 2016. In the combined accounts, the item has been adjusted to deferred income and distributed over five years. 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.

See notes 4 and 5 regarding depreciation/amortisation.

#### The Municipality's recommended depreciation/amortisation periods

	Years
Capitalised expenditure for development and similar	5
Goodwill	5-10
Land improvements	20-50
Buildings	20-50
Kiosks, pavilions, barracks	10
Plant, machinery and equipment	5-10
Personal computers and IT equipment	3

### Loan expenses in connection with investments

Loan expenses in connection with investments can be reported according to both the main rule and the alternative rule in accordance with recommendation 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, while 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 18 (37) million were set up as an asset.

### 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 3 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, or alternatively the assets and liabilities at the time of acquisition. In all cases, the investments are regarded as strategic. See note 5.

#### Property, plant and equipment

Property, plant and equipment are valued at cost with an addition for value-raising investments and a deduction for planned depreciation and any write-downs. See note 5.

As of 2013, investment subsidies are entered as deferred income and distributed over the useful life of the non-current asset. Previously, the cost was deducted from the income. No calculation has been reported regarding how the new principle affects the accounts prior to 2013, RKR 18.2.

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.

The Municipality does not comply with RKR 11.4 on the assets' division into components. Component accounting will be introduced in 2017.

#### 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 Municipality began complying with the recommendation as of 2016, and therefore recognises financial leasing as a non-current asset and the liability to the lessor in the balance sheet.

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.

The altered accounting principle means that the Municipality's total assets increased by approximately SEK 1 billion for the year 2016. Furthermore, SEK 297 million of leasing costs in the income statement were transferred to interest and depreciation for the year 2016. Comparison figures for 2015 have been recalculated using the same calculation basis. The change had a negative impact on the Municipality's calculated equity-assets ratio of 1.3%. See notes 2, 4, 5, 7, 14 and 18.

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.

### 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 07 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 leach water 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 is expected to be utilised in 2017.

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 Provisions because there is no clear obligation. There was SEK 45 million remaining at the end of the year which is expected to be utilised in 2017.

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. SEK 225 million of provisions prior to 2016 have been reclassified as contingent liabilities. At the same time, SEK 175 million has affected equity and SEK 50 million the deferred tax liability. 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. The write-downs carried out in 2016 are not deemed to have remaining service potential and have therefore not been restored in the combined accounts. A valuation has been carried out for write-downs prior to 2016. Write-downs of SEK 424 million and SEK 93 million for deferred tax liability have been reversed and affect opening equity by SEK 331 million. See note 5.

### 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

**Acid-test ratio:**

(Current receivables + current investments + cash and bank)/current liabilities.

**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.

**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.

**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.

**Current assets:**

Assets that are not held for continuous use but are used in connection with production of the product or service or used in some other way in the operation.

**Degree of financing of investments:**

(Earnings before extraordinary items + depreciation or amortisation)/gross investment, or (earnings before extraordinary items + depreciation or amortisation)/net investment.

**Degree of updating:**

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

**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.

**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.

**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.

**Equity:**

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

**Equity-assets ratio as per the balance sheet:**

Equity/total assets.

**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.

**Investment/gross costs:**

Gross investment/operating expenses, or net investment/operating expenses.

**Issue:**

When we offer new bonds/certificates for sale.

**Memorandum items:**

This 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.

**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.

**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 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.

**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.

**Proportion of running costs:**

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

**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.

**Tax revenue trend:**

Development of tax revenue and municipal financial equalisation.

**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	The Municipality		Combined accounts	
		2015	2016	2015	2016
Operating income	1	8,995	10,328	23,206	26,088
Operating expenses	2.17	-34,166	-36,963	-43,710	-47,437
Items affecting comparability	3	199	0	205	0
Depreciation/amortisation and write-downs	4.5	-1,152	-1,227	-4,990	-4,052
<b>Net operating expenses</b>		<b>-26,124</b>	<b>-27,862</b>	<b>-25,289</b>	<b>-25,401</b>
Tax revenue	6	23,635	25,109	23,635	25,109
Municipal financial equalisation etc.	6	3,416	3,847	3,416	3,847
Financial receipts	7	480	406	486	147
Financial expenses	7	-583	-562	-1,042	-1,028
Financial items affecting comparability		—	—	—	—
<b>Earnings after financial items</b>		<b>824</b>	<b>938</b>	<b>1,206</b>	<b>2,675</b>
Extraordinary receipts		—	—	—	—
Extraordinary costs		—	—	—	—
Current and deferred tax		—	—	-49	-331
Minority share		—	—	24	-21
<b>Net earnings for the year</b>		<b>824</b>	<b>938</b>	<b>1,181</b>	<b>2,323</b>

Comparison figures for the Municipality in 2015 have been adjusted as a result of the increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016. See note 19.

Comparison figures for the combined accounts in 2015 have been adjusted as a result of the increased application of RKR recommendations 8.2 Combined Accounts, 10.2 Provisions and Contingent Liabilities, 18.1 Receipts from Fees, Subsidies and Sales and 19 Value Adjustments as of 2016. See note 19.

## Balanced budget requirement analysis for the Municipality

MSEK	2014	2015	2016
<b>Net earnings for the year</b>	<b>392</b>	<b>824</b>	<b>938</b>
Less all capital gains	-392	-445	-436
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>0</b>	<b>379</b>	<b>502</b>
Funds to earnings equalisation reserve (EER)		-108	-212
Funds from earnings equalisation reserve (EER)			
<b>Balanced budget requirement result for the year after allocation to EER</b>	<b>0</b>	<b>271</b>	<b>290</b>

# Balance sheet

MSEK	Note	The Municipality		Combined accounts	
		2015	2016	2015	2016
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	5	10	14	333	252
Property, plant and equipment	5	20,912	23,138	75,154	79,075
Financial fixed assets	8	28,077	26,771	503	454
Total non-current assets		48,999	49,923	75,990	79,781
CURRENT ASSETS					
Stocks, stores and development properties	9	507	564	1,125	1,154
Current receivables	10	11,075	15,590	4,728	5,582
Investments in securities etc.		—	—	—	—
Cash and bank		1,388	850	1,729	1,320
Total current assets		12,970	17,004	7,582	8,056
Total assets		61,969	66,927	83,572	87,837
EQUITY, PROVISIONS AND LIABILITIES					
EQUITY					
– of which net earnings for the year	11	19,234	20,172	26,043	28,387
		824	938	1,181	2,323
MINORITY INTEREST		—	—	253	255
PROVISIONS					
Provisions for pensions and similar obligations	12	2,410	2,561	3,793	3,943
Deferred tax liability		—	—	3,248	3,502
Other provisions	13	1,057	870	1,415	1,419
Total provisions		3,467	3,431	8,456	8,864
LIABILITIES					
Long-term liabilities	14	23,974	28,524	30,135	29,609
Current liabilities	15	15,294	14,800	18,685	20,722
Total liabilities		39,268	43,324	48,820	50,331
Total equity, provisions and liabilities		61,969	66,927	83,572	87,837
Guarantees, pension obligations and contingent liabilities not recognised as liabilities or provisions	16-18	17,323	16,927	15,153	13,868

Comparison figures for the Municipality in 2015 have been adjusted as a result of the increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016. See note 19.

Comparison figures for the combined accounts in 2015 have been adjusted as a result of the increased application of RKR recommendations 8.2 Combined Accounts, 10.2 Provisions and Contingent Liabilities, 18.1 Receipts from Fees, Subsidies and Sales and 19 Value Adjustments as of 2016. See note 19.

# Cash flow statement

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
<b>OPERATING ACTIVITIES</b>				
Earnings before financial items	928	1,087	1,810	3,667
Adjustment for items not affecting liquidity	1,134	1,315	5,268	4,523
Interest received/paid	-104	-148	-1,007	-983
Income tax paid	—	—	-69	-23
<b>Cash flow from activities before change in working capital</b>	<b>1,958</b>	<b>2,254</b>	<b>6,002</b>	<b>7,184</b>
Increase (-) / decrease (+) current receivables	-1,169	-806	-855	-611
Increase (-) / decrease (+) stores and stocks	-2	-3	-72	29
Increase (+)/decrease (-) in current liabilities	3	436	628	635
<b>Cash flow from operating activities</b>	<b>790</b>	<b>1,881</b>	<b>5,703</b>	<b>7,237</b>
<b>INVESTING ACTIVITIES</b>				
Investment in intangible assets	-6	-10	-57	-51
Sale of intangible assets	0	—	3	0
Investment in property, plant and equipment	-2,384	-2,910	-6,031	-7,594
Sale of property, plant and equipment	59	77	578	303
Investment in financial assets	-318	—	-324	-421
Sale of financial assets	11	—	493	479
<b>Cash flow from investing activities</b>	<b>-2,638</b>	<b>-2,843</b>	<b>-5,338</b>	<b>-7,284</b>
<b>FINANCING ACTIVITIES</b>				
Newly raised loans	7,955	7,072	8,431	7,322
Repayment of long-term liabilities*	-5,347	-4,090	-7,848	-6,282
Increase (+)/decrease (-) in current liabilities	-416	110	-436	-653
Increase (-) / decrease (+) in long-term receivables	174	-2,404	-3	-243
Dividend/shareholders' contribution	—	—	23	-13
Reduction in provisions due to payments	-207	-239	-204	-466
<b>Cash flow from financing activities</b>	<b>2,159</b>	<b>449</b>	<b>-37</b>	<b>-335</b>
<b>DISBURSEMENT OF STATE INFRASTRUCTURE SUBSIDIES</b>	<b>-33</b>	<b>-25</b>	<b>-33</b>	<b>-25</b>
<b>Cash flow for the year</b>	<b>278</b>	<b>-538</b>	<b>295</b>	<b>-407</b>
<b>Liquid funds at beginning of year</b>	<b>1,110</b>	<b>1,388</b>	<b>1,432</b>	<b>1,727</b>
<b>Liquid funds at the end of the year</b>	<b>1,388</b>	<b>850</b>	<b>1,727</b>	<b>1,320</b>
<b>SPECIFICATION OF ITEMS NOT AFFECTING LIQUIDITY</b>				
Depreciation/amortisation and write-downs	904	942	4,996	4,058
Provisions, new and dissolved	239	228	236	899
Other items not affecting liquidity	-9	145	36	-434
<b>Total items not affecting liquidity</b>	<b>1,134</b>	<b>1,315</b>	<b>5,268</b>	<b>4,523</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 items not affecting liquidity, such as depreciation/amortisation, provisions etc., have been adjusted by the change in working capital (stock, current operating receivables and operating liabilities) for the year. This cash flow is SEK 1,881 million for the Municipality and SEK 7,237 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 -2,843 million for the Municipality and SEK -7,284 million in the combined accounts.

The cash flow from financing activities increased by SEK 449 million in the Municipality. In the combined accounts the overall flow decreased by SEK 335 million. The borrowing portion increased by SEK 387 million in total, but the overall reduction is due to decreases in other items mainly due to provisions paid out.

Cash flow for the year (change in liquid funds) is negative for both the Municipality and the combined accounts at SEK -538 million and SEK -407 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	The Municipality		Combined accounts	
	2015	2016	2015	2016
Charges	2,273	2,364	7,125	7,543
Rents and leases	1,213	1,250	7,403	7,643
State subsidies	2,264	3,254	2,177	3,256
EU grants	15	25	14	29
Other subsidies	233	274	453	543
Work set up as an asset	103	117	230	245
Sales activities and contract work	2,098	2,080	2,213	2,937
Development income	441	587	412	484
Capital gains	59	71	176	646
Other receipts	296	306	3,003	2,762
<b>Total operating income</b>	<b>8,995</b>	<b>10,328</b>	<b>23,206</b>	<b>26,088</b>

\* Comparison figures for the combined accounts in 2015 have been adjusted as a result of the increased application of RKR recommendation 18.1 Receipts from Fees, Subsidies and Sales as of 2016. See note 19.

## 2. Operating expenses

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Wages and social security contributions	-16,638	-17,984	-20,298	-21,744
Pension costs	-1,576	-1,601	-2,000	-2,040
Other personnel costs	—	—	-107	-118
Financial assistance	-1,146	-1,083	-1,146	-1,083
Cost of premises	-1,223	-1,039	-635	-828
Contract work and purchased activities	-9,251	-10,558	-9,074	-9,844
Fuel, energy, water, etc.	-378	-367	-3,446	-3,563
Consumables and repairs	-949	-1,018	-1,632	-1,724
Leasing expenses	-262	-297	-181	-182
Development expenses	-55	-221	-51	-221
Capital losses and disposals	-6	-8	-159	-358
Other operating expenses	-2,682	-2,787	-4,981	-5,732
<b>Total operating expenses</b>	<b>-34,166</b>	<b>-36,963</b>	<b>-43,710</b>	<b>-47,437</b>

\* Comparison figures for the Municipality in 2015 have been adjusted as a result of the increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016. See note 19.

## 3. Items affecting comparability

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Repayment of AFA Fora	171	—	176	—
Dissolution, provision and repayment infrastructure	28	—	29	—
Reversal, development fund	120	106	120	106
<b>Total receipts affecting comparability</b>	<b>319</b>	<b>106</b>	<b>325</b>	<b>106</b>
Costs for state infrastructure subsidies	—	—	—	—
Indexation for state infrastructure subsidies	—	—	—	—
Changed discount rate	—	—	—	—
Development fund utilised	-120	-106	-120	-106
<b>Total costs affecting comparability</b>	<b>-120</b>	<b>-106</b>	<b>-120</b>	<b>-106</b>
<b>Total items affecting comparability</b>	<b>199</b>	<b>0</b>	<b>205</b>	<b>0</b>

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

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Amortisation, intangible assets	-5	-6	-112	-107
Depreciation, buildings and plant	-859	-896	-2,217	-1,985
Depreciation, machinery and equipment	-286	-325	-1,671	-1,913
Write-downs	-2	0	-990	-47
<b>Total depreciation/amortisation and write-downs</b>	<b>-1,152</b>	<b>-1,227</b>	<b>-4,990</b>	<b>-4,052</b>

\* Comparison figures for the Municipality in 2015 have been adjusted as a result of the increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016. See note 19.

**5a. 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	69	26,646	507	3,730	3,057	2,324	34,009
Acc. write-ups	—	—	—	—	—	—	—
Acc. depreciation/amortisation	-30	-11,103	-90	0	-1,807	-1,396	-13,030
Acc. write-downs	-29	-28	—	—	—	—	-57
<b>Opening book value</b>	<b>10</b>	<b>15,514</b>	<b>417</b>	<b>3,730</b>	<b>1,251</b>	<b>928</b>	<b>20,922</b>
Investments	10	2,971	7	25	533	418	3,547
Sales/disposals	0	-12	-1	0	-24	-22	-36
Depreciation/amortisation	-6	-891	-5	0	-326	-286	-1,227
Reversed write-downs	—	—	—	—	—	—	—
Write-downs	—	—	—	—	—	—	—
Write-ups	—	—	—	—	—	—	—
Reclassifications/transfers	0	-52	0	0	0	0	-53
<b>Closing book value</b>	<b>14</b>	<b>17,529</b>	<b>419</b>	<b>3,755</b>	<b>1,435</b>	<b>1,038</b>	<b>23,152</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	1,134	82,292	507	5,434	33,215	—	122,582
Acc. write-ups	—	3,492	—	—	—	—	3,492
Acc. depreciation/amortisation	-782	-31,202	-90	-3	-16,400	—	-48,477
Acc. write-downs	-19	-559	—	-29	-1,503	—	-2,110
<b>Opening book value</b>	<b>333</b>	<b>54,023</b>	<b>417</b>	<b>5,402</b>	<b>15,312</b>	<b>—</b>	<b>75,487</b>
Investments	66	4,173	7	2,346	1,856	—	8,448
Sales/disposals	-2	-132	-1	-6	-175	—	-316
Depreciation/amortisation	-107	-2,249	-5	0	-1,631	—	-3,992
Reversed write-downs	—	8	—	—	0	—	8
Write-downs	—	-5	—	-1	-49	—	-55
Write-ups	—	0	—	—	—	—	0
Reclassifications/transfers	-38	1,037	—	-1,803	551	—	-253
<b>Closing book value</b>	<b>252</b>	<b>56,855</b>	<b>418</b>	<b>5,938</b>	<b>15,864</b>	<b>—</b>	<b>79,327</b>

Comparison figures for the Municipality in 2015 have been adjusted as a result of the increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016. See note 19.  
Comparison figures for the combined accounts in 2015 have been adjusted as a result of the increased application of RKR recommendation 19 Value Adjustments as of 2016. See note 19.

**6. Tax revenue, municipal financial equalisation, etc.**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Preliminary tax revenue, current year	23,653	25,199	23,653	25,199
Preliminary final settlement, current year	23	-113	23	-113
Final settlement, previous year	-41	23	-41	23
<b>Total tax revenue</b>	<b>23,635</b>	<b>25,109</b>	<b>23,635</b>	<b>25,109</b>
Income equalisation	2,842	2,844	2,842	2,844
Structural subsidy	56	—	56	—
Cost equalisation	-323	-302	-323	-302
Settlement subsidy/charge	-21	-19	-21	-19
LSS equalisation	81	87	81	87
General subsidies	41	471	41	471
Municipal property charge	740	766	740	766
Total municipal financial equalisation etc.	3,416	3,847	3,416	3,847
<b>Total tax revenue, municipal financial equalisation, etc.</b>	<b>27,051</b>	<b>28,956</b>	<b>27,051</b>	<b>28,956</b>

**7. Financial receipts and expenses**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Interest income from subsidiaries	429	367	—	—
Interest income	9	6	30	22
Earnings from shares and participations	9	5	441	116
Other financial receipts	33	28	15	9
<b>Total financial receipts</b>	<b>480</b>	<b>406</b>	<b>486</b>	<b>147</b>
Interest expenses	-527	-492	-976	-945
Interest on pension costs	-28	-29	-33	-34
Other financial expenses	-28	-41	-33	-49
<b>Total financial expenses</b>	<b>-583</b>	<b>-562</b>	<b>-1,042</b>	<b>-1,028</b>
<b>Net financial items</b>	<b>-103</b>	<b>-156</b>	<b>-556</b>	<b>-881</b>
<b>Market value of interest rate swaps</b>				
Secured debt	3,808	7,224	38,255	38,841
Market value of interest rate swaps	-171	-216	-1,495	-1,593
Secured debt in foreign currency	3,865	3,232	3,865	3,232
Cross currency swaps	-232	242	-232	242

Comparison figures for the Municipality in 2015 have been adjusted as a result of the increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016. See note 19.

**8. Financial assets**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Shares and participations	9,800	9,800	443	392
Deferred tax asset	—	—	0	0
Other long-term receivables	18,277	16,971	60	62
<b>Total financial assets</b>	<b>28,077</b>	<b>26,771</b>	<b>503</b>	<b>454</b>
<b>Itemisation: Shares and participations</b>				
Göteborgs Stadshus AB	9,451	9,451	—	—
Associated companies	1	1	85	31
Kommuninvest	336	336	336	336
Other companies, tenant-owner dwellings and basic fund capital trusts	12	12	22	25
<b>Total shares and participations</b>	<b>9,800</b>	<b>9,800</b>	<b>443</b>	<b>392</b>

**9. Inventories and development properties**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Inventories	21	24	418	419
Development properties	486	540	707	735
Total inventories and development properties	507	564	1,125	1,154
<i>Itemisation: Development properties</i>				
Opening value	293	486	470	707
Expenses for the year	171	266	332	301
Withdrawal of book value	-10	-206	-110	-268
Reclassification/revaluation	32	-6	15	-5
<b>Total development properties</b>	<b>486</b>	<b>540</b>	<b>707</b>	<b>735</b>

**10. Current receivables**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Accounts receivable, Group companies	60	143	—	—
Accounts receivable	476	472	1,382	1,550
VAT receivables	262	266	268	308
Receivables from the government	194	855	644	1,061
Prepaid expenses and accrued income	1,087	998	1,660	1,487
Other current receivables, Group companies	8,541	12,028	—	—
Other current receivables	455	828	774	1,176
<b>Total current receivables</b>	<b>11,075</b>	<b>15,590</b>	<b>4,728</b>	<b>5,582</b>

**11. Equity**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Equity brought forward	18,410	19,234	24,344	26,043
Other adjustments	—	—	518	21
Net earnings for the year	824	938	1,181	2,323
<b>Closing equity</b>	<b>19,234</b>	<b>20,172</b>	<b>26,043</b>	<b>28,387</b>
<i>Itemisation: Distribution of equity</i>				
Earnings equalisation reserve	657	869	—	—
Other equity	18,577	19,303	—	—
<b>Closing equity</b>	<b>19,234</b>	<b>20,172</b>	<b>—</b>	<b>—</b>

Comparison figures for the combined accounts in 2015 have been adjusted as a result of the increased application of RKR recommendations 8.2 Combined Accounts, 10.2 Provisions and Contingent Liabilities, 18.1 Receipts from Fees, Subsidies and Sales and 19 Value Adjustments as of 2016. See note 19.



**12. Provisions for pensions**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Defined-benefit pension scheme	1,904	2,036	3,189	3,319
Collective agreement occupational pension, fixed-term pension, etc.	36	25	37	26
<b>Total pensions</b>	<b>1,940</b>	<b>2,061</b>	<b>3,226</b>	<b>3,345</b>
Employer's contribution	470	500	567	598
<b>Total pensions and employer's contribution</b>	<b>2,410</b>	<b>2,561</b>	<b>3,793</b>	<b>3,943</b>
<b>Itemisation: Change in provision over the year</b>				
Opening provision	2,256	2,410	3,620	3,793
New commitments during the year	202	202	286	269
– of which newly earned pension	170	177	203	204
– of which interest and base amount indexation	31	22	65	68
– of which change in actuarial bases	-1	0	15	0
– of which pension to survivors	5	5	5	5
– of which miscellaneous	-3	-2	-2	-8
Payouts for the year	-78	-81	-146	-151
Change in special employer's contribution for the year	30	30	33	32
<b>Total pensions and employer's contribution</b>	<b>2,410</b>	<b>2,561</b>	<b>3,793</b>	<b>3,943</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 14,454 million in 2016, of which SEK 11,095 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 1,601 million in 2016, which is an increase of SEK 25 million on 2015. The costs include pension payments from the pension obligations in contingent liabilities of SEK 432 million, defined-contribution pensions savings of SEK 647 million and a provision for a defined-benefit pension scheme of SEK 209 million. In addition there is an employer's contribution which equals SEK 318 million.

The City of Gothenburg Group's total pension obligations for 2016 amounted to SEK 16,013 million, a decrease of SEK 282 million compared to the previous year. The main reason for the decrease was pension payments for the year from contingent liabilities.

Degree of updating 100%.

**13. Other provisions**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
<b>A. Provision for restoration of landfill</b>				
Carrying amount at beginning of year	32	26	89	81
Provisions for the period	—	—	10	7
Provisions utilised	-6	-4	-23	-12
Unused amounts reversed	—	—	-2	—
Reclassification	—	—	7	0
<b>Closing provision</b>	<b>26</b>	<b>22</b>	<b>81</b>	<b>76</b>
<b>B. Provision for infrastructure measures</b>				
Carrying amount at beginning of year	890	821	890	821
Provisions for the period	—	10	—	10
Provisions utilised	-33	-25	-33	-25
Unused amounts reversed	-36	-12	-36	-12
Reclassification	—	—	—	—
<b>Closing provision</b>	<b>821</b>	<b>794</b>	<b>821</b>	<b>794</b>

**C. Provision for measures in the construction sector**

Carrying amount at beginning of year	—	—	235	237
Provisions for the period	—	—	53	272
Provisions utilised	—	—	-38	-83
Unused amounts reversed	—	—	-1	-13
Reclassification	—	—	-12	0
<b>Closing provision</b>	<b>—</b>	<b>—</b>	<b>237</b>	<b>413</b>

**D. Provision for environmental measures**

Carrying amount at beginning of year	—	—	67	61
Provisions for the period	—	—	0	8
Provisions utilised	—	—	-1	-5
Unused amounts reversed	—	—	-5	—
Reclassification	—	—	—	—
<b>Closing provision</b>	<b>—</b>	<b>—</b>	<b>61</b>	<b>64</b>

**E. Provision for development fund**

Carrying amount at beginning of year	270	150	270	150
Provisions for the period	—	—	—	—
Provisions utilised	-120	-105	-120	-105
Unused amounts reversed	—	—	—	—
Reclassification	—	—	—	—
<b>Closing provision</b>	<b>150</b>	<b>45</b>	<b>150</b>	<b>45</b>

**F. Other provisions**

Carrying amount at beginning of year	20	60	28	65
Provisions for the period	53	—	58	16
Provisions utilised	-3	-50	-8	-53
Unused amounts reversed	-10	-1	-13	-1
Reclassification	—	—	—	0
<b>Closing provision</b>	<b>60</b>	<b>9</b>	<b>65</b>	<b>27</b>

**Total opening balance**

<b>Total opening balance</b>	<b>1,212</b>	<b>1,057</b>	<b>1,579</b>	<b>1,415</b>
<b>Total provisions for the period</b>	<b>53</b>	<b>10</b>	<b>121</b>	<b>313</b>
<b>Total utilised</b>	<b>-162</b>	<b>-184</b>	<b>-223</b>	<b>-283</b>
<b>Total unused amounts reversed</b>	<b>-46</b>	<b>-13</b>	<b>-57</b>	<b>-26</b>
<b>Reclassification</b>	<b>—</b>	<b>—</b>	<b>-5</b>	<b>0</b>
<b>Total closing balance</b>	<b>1,057</b>	<b>870</b>	<b>1,415</b>	<b>1,419</b>

Comparison figures for the combined accounts in 2015 have been adjusted as a result of the increased application of RKR recommendation 10.2 Provisions and Contingent Liabilities as of 2016. See note 19.

**The 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, lowering of the E45 highway, a new bridge over Götaleden and an investigation into the expansion of Götalandsbanan. 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 provision for Götalandsbanan has been utilised in its entirety. The provision for remaining commitments for the Göta Tunnel and the moving forward of certain investments to improve public transport have been reversed. The amounts have been index adjusted by SEK 10 (-7) million.

**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 provisions, the provisions in the combined accounts chiefly refer to Gothenburg Port Authority such as the restoration of Torsviken dredging depot (closing balance SEK 21 million), which is expected to be carried out between 2016 and 2019, and the restoration of Lundbyhamnen dredging depot (closing balance SEK 17 million), which is expected to be carried out in 2017.

**B. Infrastructure**

See the Municipality.

**C. Measures in the construction sector**

Provisions for measures in the construction sector partly relate to future obligations in construction projects within Älvstranden Utveckling AB; primarily Kvillebäcken (closing balance SEK 35 million), Örgryte Torp (closing balance SEK 45 million), Västra Eriksberg (closing balance SEK 34 million) and Lindholmshamnen (closing balance SEK 168 million). The item also includes a provision for warranty commitments relating to poorly sealed windows within Förvaltnings AB Framtiden (closing balance SEK 99 million).

**D. Environmental measures**

Provisions for environmental measures refer to half of provisions within the Göteborg Energi group linked to confirmed future environmental measures, such as land restoration (closing balance SEK 29 million). The remaining portion primarily relates to Liseberg AB which reports a provision for contaminated land in a subsidiary company (closing balance SEK 25 million).

**E. Development fund**

See the Municipality.

**F. Other provisions**

Other provisions largely comprise the Municipality's remaining provisions (closing balance SEK 10 million) and a provision within Göteborg Energi for a competition fine that arose (closing balance SEK 8 million). The remaining provisions partly refer to severance pay at Got Event AB (closing balance SEK 3.3 million) and early retirement pensions within Gothenburg Port Authority (SEK 2.0 million).

**14. Long-term liabilities**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Liabilities to banks and credit institutes	22,974	26,734	29,118	27,984
Deferred income	932	1,350	947	1,437
Liabilities to Group companies	67	64	—	—
Other long-term liabilities	1	376	70	188
<b>Total long-term liabilities</b>	<b>23,974</b>	<b>28,524</b>	<b>30,135</b>	<b>29,609</b>
<i>Itemisation: Deferred income, regulated over several years</i>				
Connection charges	140	204	189	291
Investment subsidies	652	756	653	756
Payments for street costs	140	390	105	390
<b>Total deferred income</b>	<b>932</b>	<b>1,350</b>	<b>947</b>	<b>1,437</b>

Comparison figures for the Municipality in 2015 have been adjusted as a result of the increased application of RKR recommendation 13.2 Accounting of Rental/Leasing Agreements as of 2016. See note 19.

Comparison figures for the combined accounts in 2015 have been adjusted as a result of the increased application of RKR recommendations 8.2 Combined Accounts and 18.1 Receipts from Fees, Subsidies and Sales as of 2016. See note 19.

**15. Current liabilities**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
Liabilities to Group companies	1,508	2,621	—	—
Liabilities to banks and credit institutes	7,525	5,832	9,345	10,747
Accounts payable	1,802	1,957	2,558	2,830
Employee taxes	260	282	306	330
Accrued expenses and deferred income*	3,601	3,799	5,740	5,936
Other current liabilities	598	309	736	879
<b>Total current liabilities</b>	<b>15,294</b>	<b>14,800</b>	<b>18,685</b>	<b>20,722</b>

\* This item includes the Municipality's defined-contribution pension including employer's contribution of SEK 798 (744) million.

**16. Guarantees**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
<b>Guarantees for loans and pension obligations</b>				
Gothenburg Port Authority	527	498	—	—
Göteborg Energi AB	236	236	—	—
Higab AB	1,197	1,197	—	—
Göteborgs Stadshus AB	1,526	1,526	—	—
Other companies	345	333	—	—
<b>Total guarantees City companies</b>	<b>3,831</b>	<b>3,790</b>	<b>—</b>	<b>—</b>
<b>Other guarantees</b>				
Private houses – government home loans	3	2	3	2
Foundations	503	502	503	502
Associations	178	176	178	176
Other	53	57	53	57
<b>Total external guarantees</b>	<b>737</b>	<b>737</b>	<b>737</b>	<b>737</b>
<b>Total guarantees</b>	<b>4,568</b>	<b>4,527</b>	<b>737</b>	<b>737</b>
<b>Other contingent liabilities*</b>	<b>—</b>	<b>—</b>	<b>780</b>	<b>232</b>
<b>Pledged assets**</b>	<b>—</b>	<b>—</b>	<b>1,721</b>	<b>1,349</b>

Comparison figures for the combined accounts in 2015 have been adjusted as a result of the increased application of RKR recommendation 10.2 Provisions and Contingent Liabilities as of 2016. See note 19.

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 286 municipalities that were members of Kommuninvest Cooperative Society on 31 December 2016 have entered into identical guarantee commitments. Kommuninvest's total obligation amounted to SEK 346 billion and its total assets to SEK 338 billion on 31 December 2016. Gothenburg's share of the guarantee liability is 1.94%, SEK 6.7 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 804 million at the end of the year. Gothenburg Municipality did not need to redeem any guarantee commitments in 2016.

\* Other contingent liabilities decreased when a bank guarantee of SEK 458 million regarding Nasdaq was replaced by liquid funds as security in accordance with new legal requirements.

\*\* Pledged assets mainly comprise property mortgages as well as assets used to cover the actuarial liability.



**17. Pension obligations not recognised as liabilities or provisions**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
PA-KL pension obligations, active	4,111	3,780	4,119	3,787
PA-KL pension obligations, retired	4,784	4,765	4,958	4,898
Pension obligations, annuity	392	369	392	369
<b>Total PA-KL pension obligations</b>	<b>9,287</b>	<b>8,914</b>	<b>9,469</b>	<b>9,054</b>
Pension obligations, managers' agreements	14	4	14	4
Other pension obligations	12	11	12	11
Guarantee commitments, FPG/PRI	—	—	6	5
<b>Total pension obligations</b>	<b>9,313</b>	<b>8,929</b>	<b>9,501</b>	<b>9,074</b>
Special employer's contribution	2,259	2,166	2,257	2,198
<b>Total pension obligations and special employer's contribution</b>	<b>11,572</b>	<b>11,095</b>	<b>11,758</b>	<b>11,272</b>

*The Municipality: Pension obligations in contingent liabilities amounting to SEK 420 million were redeemed in 2001, SEK 260 million in 2002 and SEK 20 million in 2016, a total of SEK 700 million. The City of Gothenburg's surplus funds in insurance amounted to SEK 33 (37) million on 31 December 2016.*

**18. Leasing expenses**

MSEK	The Municipality		Combined accounts	
	2015	2016	2015	2016
<b>Operational lease agreements</b>				
Lease fees paid for the year	161	155	181	182
<b>Contracted future lease fees</b>				
Fall due within 1 year	107	98	36	55
Fall due within 1-5 years	134	123	96	135
Fall due in more than 5 years	1	1	25	88
<b>Financial leasing agreements</b>				
Lease fees paid for the year	524	297	—	—
<b>Contracted future lease fees</b>				
Fall due within 1 year	268	323	—	—
Fall due within 1-5 years	534	604	—	—
Fall due in more than 5 years	139	156	—	—

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. Effect on comparison year 2015 as a result of changed accounting principles for connection charges, provisions, sales, leasing, write-downs and contingent liabilities

MSEK	Note	The Municipality			Combined accounts		
		2015	+/-	Combi- ned 2015	2015	+/-	Combi- ned 2015
INCOME STATEMENT, extract							
A. Operating income, Connection charge	1	—	—	—	23,255	-49	23,206
B. Operating expenses, Leasing	2	-34,428	262	-34,166	-43,710	0	-43,710
B. Depreciation/amortisation and write-downs, Leasing	4	-904	-248	-1,152	-4,990	0	-4,990
B. Financial expenses, Leasing	7	-569	-14	-583	-1,042	0	-1,042
A. Deferred tax, Connection charge	—	—	—	—	-60	11	49
Net earnings for the year, Connection charge and Leasing		824	0	824	1,219	-38	1,181
ASSETS, extract							
NON-CURRENT ASSETS, extract							
B. Property, plant and equipment, Leasing	5	—	928	—	—	0	—
C. Property, plant and equipment, Write-down	5	—	—	—	—	424	—
E. Property, plant and equipment, Sale	5					27	
Total non-current assets, Leasing, Write-down and Sale		19,984	928	20,912	74,703	451	75,154
EQUITY, PROVISIONS AND LIABILITIES, extract							
EQUITY, extract							
C. Equity brought forward, Write-down	11	—	—	—	—	331	—
C. Equity brought forward, Provision	11	—	—	—	—	175	—
E. Equity brought forward, Sale	11	—	—	—	—	27	—
Total change in equity brought forward		—	—	—	—	533	—
A. Net earnings for the year, Connection charge	11	—	—	—	—	-38	—
Total equity, Write-down, Provision, Sale and Connection charge		—	—	—	25,548	495	26,043
PROVISIONS, extract							
A. Deferred tax liability, Connection charge	—	—	—	—	—	-11	—
C. Deferred tax liability, Write-down	—	—	—	—	—	93	—
D. Deferred tax liability, Provision	—	—	—	—	—	50	—
D. Other provisions, Provision	13	—	—	—	—	-225	—
Total provisions, Connection charge, Write-down and Provision		—	—	—	8,549	-93	8,456
LIABILITIES, extract							
A. Long-term liabilities, Connection charge	14	—	—	—	—	49	—
B. Long-term liabilities, Leasing	14	—	928	—	—	0	—
Total liabilities, Connection charge and Leasing		23,046	928	23,974	30,086	49	30,135
Guarantees, pension obligations and contingent liabilities not recognised as liabilities or provisions	16	—	—	—	14,928	225	15,153

\* E refers to external property sales that were settled in previous years but have been adjusted in the 2016 accounts by influencing equity.

# Auditor's report

**Auditor's report for the year 2016 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 a purposeful and financially satisfactory manner, for the accounts and the report being true and fair and for the adequacy of the internal control systems.

Our responsibility is to express an opinion on the accounts, the activities and the internal control systems on the basis of our audit. We also assess whether the annual accounts are compatible with the financial and 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 memorandum 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 Allocation of Social Welfare in the form of a qualification. The audit reveals serious shortcomings in several areas. It is therefore our opinion that the committee has not exercised adequate internal governance and control over these parts of their operation.

In their audit report, the lay auditors have directed criticism at the board of directors and Managing Director of Göteborgs Stads Leasing AB in the form of a qualification. The audit revealed, among other things, serious shortcomings relating to the company's repairs of privately owned cars. The lay auditors are of the opinion that the company's board of directors and Managing Director have not assured adequate internal governance and control, which has also led to a partial loss of trust for the City of Gothenburg.

It is otherwise our opinion that the Board and Committees of Gothenburg Municipality have conducted their business in a purposeful 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 have examined whether the figures are compatible with the City Council's goal for good financial management. We judge that the figures set out in the Annual Report are partially consistent with the financial goal determined by the City Council. The figures are higher than the budgeted break-even, but we believe that this is not a level that is sustainable in the long term bearing in mind the extensive investments being planned. We judge that several of the operational goals decided by the City Council have not been achieved.

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 2016.

We recommend that the 2016 Annual Report for the City of Gothenburg be approved.

Gothenburg, 4 April 2017

Lars Bergsten

Hans Aronsson

Carina Henriksson Johansson

Claes-Göran Lans

Annika Johansson

Bengt Bivall

Sven Jellbo

Lars-Ola Dahlqvist

Ann-Britt Svensson

Vivi-Ann Nilsson

Annika Hofmann

Stefan Dahlgren

Lars-Gunnar Landin

Gun Cederborg

Jan Lindblom

Peggy Svensson

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Gerhard Annvik

Tove Adlerberth

Sven R. Andersson



