

# City of Gothenburg Annual Report 2020

**Sustainable city – open to the world**



**City of  
Gothenburg**

# City of Gothenburg Annual Report

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

The Annual Report begins with a summary of the past year by the Chairman of the City Executive Board in 2020, Axel Josefson. This is followed by general information about the City of Gothenburg's organisation, its employees, assignments and future challenges. The Annual Report is divided into four sections.

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## Contents

The Chairman of the City Executive Board sums up the past year.....	5
City Executive Board members.....	7
Sustainable city – open to the world.....	9
How to read the City of Gothenburg Annual Report.....	12
<b>1 Administration Report.....</b>	<b>14</b>
The Municipal Group.....	16
Overview of trends in operations.....	18
Key conditions for earnings and financial position.....	21
Significant events.....	28
Governance and monitoring of municipal operations.....	30
Good financial management and financial position.....	33
Balanced budget requirement.....	49
Significant personnel-related conditions.....	50
Expected development.....	56
<b>2 Annual accounts.....</b>	<b>62</b>
Income statement.....	64
Balance sheet.....	65
Cash flow statement.....	66
Notes including accounting policies.....	67
<b>3 Economic and Financial Report.....</b>	<b>94</b>
Operational accounts.....	96
Investment accounts.....	104
Foundations.....	111
<b>4 Overall operational goals and developments in operations.....</b>	<b>112</b>
City Council's goals and Agenda 2030.....	115
Gothenburg is an attractive metropolitan city where everyone has the chance to shape their own life and no one is excluded.....	117
Gothenburg is a metropolitan city that is growing sustainably and has confidence in the future.....	131
Gothenburg is a metropolitan city with a stable economy and strong growth.....	142
<b>Auditor's Report.....</b>	<b>149</b>



A photograph of Axel Josefson, Chairman of the City Executive Board, standing on a wooden pier or walkway overlooking a body of water. He is wearing a dark jacket and a colorful scarf. In the background, other people are walking, and a city skyline is visible across the water under a clear blue sky.

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

PHOTO: FRIDA WINTER

## The Chairman of the City Executive Board sums up the past year

# The city was equipped for the crisis

The past year was shaped by the pandemic and everything it brought with it. It has been a tough year for many people. Nevertheless, we achieved good earnings in 2020.

When we summarised the accounts a year ago we were able to say that our finances were in good shape and we had been able to invest in the core area of welfare. As a city, we were well equipped for the approaching economic downturn. We expected a gentle braking of the economy. But instead we found ourselves a few months later in a situation where the economy ground to a halt as a result of the coronavirus pandemic. Volvo Group companies and SKF, along with many other companies, furloughed their employees. Production stopped as demand fell to zero. Coronavirus restrictions meant that Liseberg was unable to open. The tourists disappeared, which hit the visitor industry especially hard. Some of those who were furloughed were able to return to work later in the year, but others were made unemployed, particularly those with jobs in the retail and service sectors and visitor industry.

It is never easy to predict what lies ahead, but it would have been hard to imagine a year ago that large parts of the world would be paralysed by a pandemic. This made it even more important that we had already made contingencies for harder times when the economy was booming. It is also why, despite the pandemic, the city can report healthy earnings for 2020.

### **Support package for care of the elderly**

Care of the elderly has had to cope with a very difficult period as a result of Covid-19. Unfortunately, Gothenburg, like the rest of Sweden, was unable to prevent the virus from reaching nursing homes and homes for the elderly. The pandemic has highlighted the need for investment in care of the elderly now and in the future. Among other things, we have approved a support package of SEK 300 million for more staff, improvements in health and safety, infection prevention and protection of social care recipients. Preparations also continued for the transfer of combined responsibility for care of the elderly and municipal healthcare and nursing care to the new elderly, nursing and care committee (Ävo) at the end of the year. The new organisation will provide better opportunities to coordinate improvement measures and skills provision. We will thus be better equipped to meet future challenges and safeguard access to safe and effective care for the elderly.

### **Continuing positive trend in schools**

Resources for compulsory school services have been increased and will receive additional support



in the coming years. The trend seen in 2019 has continued, with a rising proportion of students who leave year nine with satisfactory grades. This trend can also be seen in upper secondary schools, where the proportion of students graduating from the three-year national programmes is increasing. School placements created problems for many students during the year. A new set of rules is planned for the autumn semester 2021.

Changes had to be made in many school services as a result of the pandemic. Upper secondary schools used remote learning to varying degrees. In response to the pandemic, adult education has been given additional resources to cope with the impact on the labour market.

**Ongoing focus on the sustainable city**

The climate issue has remained a high priority and we have worked hard to create a more sustainable city. The *Environmental and Climate Programme* was launched in April and sets out the goals we aim to achieve by 2030 to slow down climate change. In December we signed the *Climate Contract* along with nine other cities, to speed up the transition to climate neutrality. We also took several steps during the year to make Gothenburg more bike-friendly and create a cleaner city, with less pollution and littering. Gothenburg will be a hub for green innovation and a sustainable city of events.

**A number of measures have been taken to improve security**

All residents of Gothenburg should feel safe in their own city. Unfortunately, this is not the case today, and security is therefore high on the city's agenda. During the year, municipal security guards began patrolling the city centre at Brunnsparken and Gustaf Adolfs torg. They complement the work of the police very well and the Municipality has already applied for permission to appoint security officers in more locations. Järntorget and the streets around Första Långgatan are next in line.

The housing group Framtiden AB has launched a very ambitious strategy which aims to ensure that Gothenburg has no high-risk areas left on the police list by 2025. This strategy involves setting up a super-administration as well as large investments in new housing and renovation. Framtiden AB has allocated a total of SEK 11 billion to implement the strategy.

The City of Gothenburg's security council also held its first meeting during the year. This places

**“Although some investments have had to be put on hold during the pandemic, others have continued as planned. During the year, we implemented the country’s largest reorganisation of public operations.”**

the emphasis on collaboration and the exchange of experiences between the City, the police and civil defence, as well as the business community and voluntary organisations.

**New record in housing construction**

Despite the pandemic, the City of Gothenburg is investing more than ever. The pace of housing construction in 2020 was consequently also ramped up. In 2019, the number of new homes built in Gothenburg since the early 1970s was relatively low. This year, that figure will be considerably higher, with as many as 4,500 new homes completed. We are steadily reducing the shortfall in housing construction that the city has experienced for many years. We are also building a varied mix of housing – rental apartments, shared ownership housing and single-family homes – in order to combat homelessness and segregation.

**Sweden’s largest reorganisation**

Although some investments have had to be put on hold during the pandemic, others have continued as planned. During the year, we implemented the country’s largest reorganisation of public operations. Ten districts and the Committee for Allocation of Social Welfare have been combined into four social care committees and two departmental committees. This work could never have been completed without the invaluable efforts of the city’s employees. Efforts to make the city an attractive place to work, where people thrive and feel they are developing, remain a priority.

Several of the municipal operations have been in varying degrees of crisis preparedness for much of the year. This puts a great deal of pressure on an organisation and places high demands on quick decision-making and new working routines. In light of this situation, I am very proud of the work that is being done around the city.

**Axel Josefson (M)**  
Chairman of the City Executive Board

**City Executive Board members**



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



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



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



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



**Martin Wannholt (Dem.)**  
City Councillor



**Karin Pleijel (Green)**  
City Councillor



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



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



**Grith Fjeldmose (Left)**  
City Councillor



**Jessica Blixt (Dem.)**  
City Councillor



**Jörgen Fogelklou (Swe. Dem.)**  
City Councillor



**Emmyly Bönfors (Centre)**  
City Councillor



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



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



**Jenny Broman (Left)**  
City Councillor



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



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



**Henrik Munck (Dem.)**  
City Councillor





# Sustainable city – open to the world

Gothenburg is Sweden’s second largest city, with a population of almost 600,000. The city is strategically located between Oslo and Copenhagen, and is the heart and the growth engine of the Gothenburg Region and the whole of Västra Götaland. The region has strong industry and the largest port in Scandinavia.

By early 2020 the pandemic had already struck Sweden and Gothenburg. This affected the city in many ways during the year. The city and its residents, visitors and businesses faced new challenges that required both innovation and action.

### The City of Gothenburg

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

The business community has been impacted in various ways by the pandemic during the year, including reduced demand and the effects of regulations designed to limit the spread of infection. At the same time, the authorities’ recommendations have prompted new ways of

thinking and creativity that have accelerated technical development and made home working and remote learning part of many residents’ everyday lives.

### The city is growing

The city needs to grow rapidly to make space for almost 700,000 residents by 2035 – 120,000 more than today. Over the next 15 years there are plans to build 80,000 new homes and workplaces. Building a city for the next generation demands safe and sustainable environments, the expansion of public transport, and space for culture, education, service and social care. The city must develop in a way that is sustainable – ecologically, economically and socially.

Järntorget.  
PHOTO: FRIDA WINTER

The Municipality’s responsibilities

Sweden’s municipalities are responsible in law for providing services that are vital to society. These include healthcare, schooling and social care. Mandatory responsibilities also include libraries, planning and building issues, health and environmental protection, waste management, water supply and emergency services. Voluntary services are also provided that are of value to society, such as cultural and recreational activities, public housing, park maintenance and other technical services. During the year it has been a challenge to meet all the responsibilities of our municipal assignment, as many operations were affected by the pandemic.

Our employees

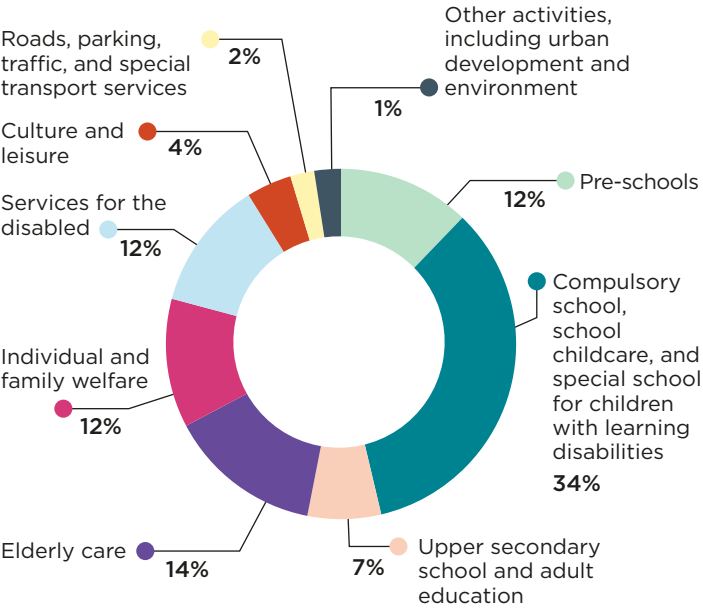
The City of Gothenburg is the largest employer in Gothenburg and employs 53,600 people in more than 100 job roles in the districts, departmental administrations and municipal companies. Our shared mission is to create a good quality of life for all the city’s residents and to develop Gothenburg for the future. The average age of permanent employees is 45, and 71% of employees are women. The gender distribution varies between administrations and companies. In the City’s administrations, women make up 77% of employees, while in the companies they make up 34%.

Our residents

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

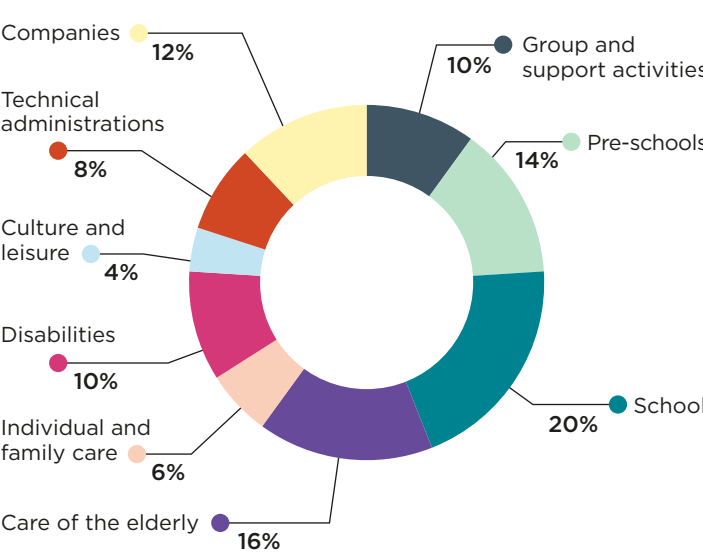
The latest survey by the SOM institute shows that most residents of Gothenburg feel very satisfied or quite satisfied with the way democracy works in the City of Gothenburg. A growing proportion feel they have an opportunity for democratic influence. Younger people are more satisfied than older people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

How tax money is used



How each SEK 100 of municipal tax is spent: Around SEK 90 is spent on healthcare, schools and social care.

City of Gothenburg employees in 2020



7,800 people receive home help

3,900 in housing for the elderly

66.5 million bus journeys

7,400 births

2.9 million library visits

583,000 residents

29,000 in pre-schools

62,000 in compulsory schools and special

18,000 in upper secondary schools

35,000 people moved to the city

34,100 people moved out of the city

95 million tram journeys



# 1

## Administration Report

14

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

# 2

## Annual Accounts

62

The Annual Accounts present the earnings and financial position of the City of Gothenburg in the form of combined accounts, which in accordance with the Swedish Municipal Accounting Act (2018:597) include the income statement, balance sheet, cash flow statement and notes. The combined accounts apply to the Municipality and the Municipal Group. The Municipality consists of an organisation of committees in the municipal sector that constitute a legal entity. In addition to the Municipality, the Municipal Group also includes joint statutory authorities comprising the rescue services, coordination associations and interpreting service, and a company sector under the parent company Göteborgs Stadshus AB.

# 3

## Economic and Financial Report

94

The Economic and Financial Report includes the operational accounts, investment accounts and a report on the foundations administered by the City. The operational accounts and investment accounts must satisfy the City Council's requirement to report on progress and demonstrate the accountability of the boards and committees. The accounts must also satisfy the requirements of external stakeholders for information about how resources are allocated and used by the services. Comments are given on negative deviations from the budget, as well as major positive deviations.

# 4

## Overall operational goals and developments in operations

112

The section on overall operational goals and developments in operations gives an in-depth report on progress towards the City Council's three overall goals and the overall operational goals. It also gives a summary of progress of each of the municipal operations towards some of the overall operational goals. The section begins with an account of how the City Council's goals relate to the goals of Agenda 2030.

The Annual Report concludes with the Auditor's Report.



The city's outdoor gyms were very popular, as more people wanted to exercise and working from home meant that they were not getting their daily exercise. Jessica trains with residents of various ages at Dalen outdoor gym.

PHOTO: LO BIRGERSSON

# Administration Report

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

## Administration Report

### 16 The Municipal Group

An overview of the committees and companies that make up the Municipal Group, and the changes that took place during the year.

### 18 Overview of trends in operations

A description of some of the services provided by the City of Gothenburg's committees and companies during the year. Important events and trends in each operational area are described from a variety of perspectives. Each area concludes with an outline of the key issues for the future.

### 21 Key conditions for earnings and financial position

A summary financial analysis for the Municipality and Municipal Group which highlights financial developments and trends. This also includes information on progress and risks, as well as a summary of pension obligations.

### 28 Significant events

This section describes a number of significant events that occurred in 2020, as well as such events that occurred in 2021 before the Annual Report was prepared.

### 30 Governance and monitoring of municipal operations

A presentation of information and important facts regarding governance, monitoring and internal control for the Municipality and Municipal Group.

### 33 Good financial management and financial position

This section analyses the Municipality's financial development in relation to good financial management practice and the guidelines set by the City Council.

### 49 Balanced budget requirement

This section presents a description and analysis of the balanced budget requirement, followed by a report on the Municipality's earnings equalisation reserve (EER).

### 50 Significant personnel-related conditions

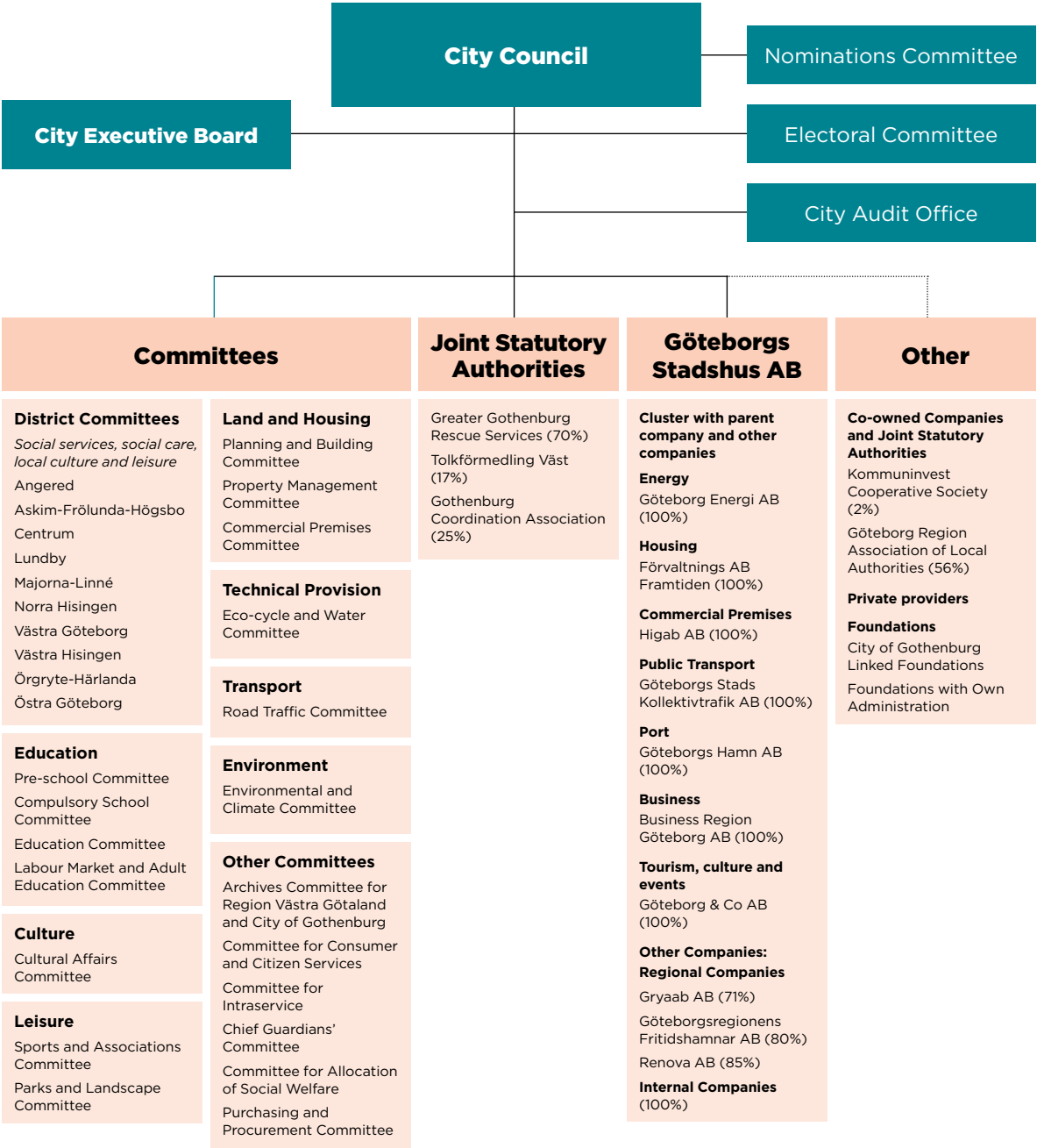
The Administration Report is required to include a description of significant personnel-related conditions.

### 56 Expected development

A summary of market trends describing expectations for the future. This analysis is based on known, real-world conditions that affect the Municipal Group and Municipality directly or indirectly. It also includes comments on risks and uncertainties related to these conditions.



# The Municipal Group



The Municipal Group consists of an organisation of committees in the municipal sector that constitute a legal entity; joint statutory authorities comprising rescue services, coordination associations and interpreting services; and a company sector under the parent company Göteborgs Stadshus AB. The Municipal Group is presented in the combined accounts.

The summary on the previous page shows the overall operations of the Municipality, which is a broader concept than the Municipal Group. The overall operations also include significant private providers, organisations in which the Municipality has ownership interests but that are not classified as Municipal Group companies, and the Municipality's linked foundations and foundations with their own administration. The City of Gothenburg's ownership interests are specified in notes 11 and 28.

As of 1 January 2021, the City of Gothenburg has a new organisation. The ten district committees and social resource committees were replaced with departmental committees. The following six new committees with associated administrations have been created:

- » Committee for the elderly, nursing and care
- » Committee for disability support
- » Social care committee Centrum
- » Social care committee Hisingen
- » Social care committee Nordost
- » Social care committee Sydväst

### Changes in ownership

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

- » Förvaltnings AB Göteborgslokaler, 556082-4897, has been sold by Higab, 556104-8587, and acquired by Förvaltnings AB Framtiden, 556012-6012. Ownership for Higab was 100% and ownership for Framtiden is 100%.
- » Fastighets AB Rantorget, 556772-3654, has been sold. Ownership was 100%.
- » Ownership in Johanneberg Science Park AB, 556790-3108, increased from 40.82% to 42.32%.

### Private providers

The City of Gothenburg outsources some of its services to private providers through procurement.

In services for people with disabilities, the cost for private providers is SEK 1.1 billion, which corresponds with 25% of net costs for this operational area. The largest provider is Föreningen Betaniahemmet (SEK 122 million).

In individual and family care, the cost for private providers is SEK 0.8 billion, which corresponds with 20% of net costs for this operational area. In social services, all accommodation is managed by private providers. Individual places for social services healthcare and accommodation are largely procured and the largest provider is Gryning vård AB (SEK 85 million).

Within health and social care for the elderly, the cost for private providers is SEK 0.7 billion, which corresponds with 13% of net costs for the operational area. The largest private provider is Attendo Sverige AB (SEK 157 million).

Operational areas with relatively low costs for private providers, but where they account for a large proportion, are road maintenance and waste collection (SEK 0.4 billion), where the largest provider is LP Entreprenad AB (SEK 87 million). Special transport services (SEK 0.2 billion), adult education services (SEK 0.1 billion) and other education (SEK 0.1 billion) also have a high proportion of private providers.

Many children and pupils attend private pre-schools and independent schools. These schools are run on the basis of the right of establishment and are not regarded as private providers. The cost of external providers amounts to a total of SEK 3.4 billion for pre-schools and after-school recreation centres (17% of net costs in the operational area), compulsory schooling (21%), as well as upper secondary school (50%), which together accounts for 24% of total net costs for the operational areas.

Since 2018, users have been able to choose their own home-help service providers under the *Act on System of Choice in the Public Sector* (LOV) and since 2019, they may choose their provider for daily activities under the *Act concerning Support and Service for Persons with Certain Disabilities* (LSS). The costs for these services are SEK 57.2 million and SEK 19.1 million, respectively.

# Overview of trends in operations

This section presents a number of measures and key figures that describe trends in operations compared with the past two years. An overview of trends is also presented here.

	2018	2019	2020
<b>All operations</b>			
Number of residents	571,868	579,281	583,056
0–17 years	113,343	114,844	115,434
18–64 years	370,382	374,875	376,804
65+ years	88,143	89,562	90,818
Number of employees Municipal Group*	55,857	56,142	53,552
of which Municipality	47,801	48,114	46,993
Sick leave Municipal Group (%)	-	-	9.0
Sick leave Municipality (%)	8.6	8.1	9.6
Earnings Municipal Group (MSEK)	2,355	2,406	3,324
Earnings Municipality (MSEK)	1,792	1,690	2,408
Net operating expenses Municipality (MSEK)	30,216	31,196	31,587
<b>Pre-school</b>			
Net cost (MSEK)	4,135	4,310	4,265
Net cost deviation (%)**	-2.8	3.2	-
Number of children in pre-school	29,943	29,432	28,962
Number of children who did not get a place within 4 months	177	2	0
<b>Compulsory and special needs schools, pre-school class and after-school recreation centres</b>			
Net cost (MSEK)	7,256	7,814	7,947
Net cost deviation compulsory school and after-school recreation centres (%)*	1.8	6.9	-
Number of pupils in compulsory and special needs schools	59,148	60,717	61,582
Percentage of pupils (%) who have achieved the goals in all subjects in year 9, municipal schools	66.6	67.2	68.8
<b>Upper secondary school</b>			
Net cost (MSEK)	1,930	2,012	2,117
Net cost deviation (%)**	-8.5	-6.3	-
Number of pupils in upper secondary schools	17,587	17,650	17,827
Percentage of students (%) gaining an upper secondary national diploma within 3 years (municipal schools)	55.8	55.8	56.4

	2018	2019	2020
<b>Adult education</b>			
Net cost	485	497	432
Number of full-year places purchased	13,213	12,949	12,890
Survey of pupils, quality and influence, index	72	73	72
<b>Elderly care and medical care</b>			
Net cost elderly care, as well as health and medical care for people over 65 years***	4,850	5,002	5,068
Net cost deviation (%)**	4.5	4.1	-
People in housing for elderly (excl. short-term, average/month)	4,023	4,023	3,911
People receiving home-help services (average/month)	8,079	8,203	7,842
<b>Individual and family care</b>			
Net cost (MSEK)***	3,873	3,741	3,699
Net cost deviation**	8.9	9.3	-
of which net cost income support (MSEK)	944	865	880
<b>Disability services</b>			
Net cost (MSEK)***	3,752	3,846	4,011
Net cost deviation LSS (%)**	6.7	4.6	-
Number of people with measure according to LSS	4,210	4,302	4,405
<b>Culture and leisure</b>			
Net cost committees (MSEK)****	1,280	1,306	1,412
Number of library visits	4,219,000	4,167,000	2,863,00
Number of sport and exercise facility visits	1,833,000	1,487,000	977,800
<b>Housing and building</b>			
Number of completed homes	3,168	4,357	4,494
of which homes on municipal land	1,608	2,326	2,641
Number of homes adopted local plans	6,389	1,282	3,285
<b>Transport</b>			
Percentage journeys with public transport (%)	29	30	25
Percentage journeys on foot or by bike (%)	27	28	28
Investment volume (MSEK)	1,168	1,241	1,926
Number of special transport journeys	617,727	655,535	413,470
<b>Environment</b>			
Drinking water quality, number of non-potable water samples	0	0	0
Number of complaints about waste collection	3,267	1,335	1,574
Number of food inspections	5,991	6,011	4,829

\* The City's share of Greater Gothenburg Rescue Services (RSG) is presented from 2020.

\*\* Percentage deviation between net cost per resident and reference cost as defined in the national financial equalisation system. Positive values indicate higher costs than expected and negative values indicate lower costs than expected. The figure for 2020 will be supplied by Statistics Sweden in May/June 2021.

\*\*\* Relates to district committees' population framework.

\*\*\*\* Including central municipal items.





Since it was built in 1923, Liseberg amusement park has never been closed for an entire year. Visitors from both Gothenburg and the rest of Sweden have been affected, while many young people have missed out on having their first job.

PHOTO: LO BIRGERSSON

# Key conditions for earnings and financial position

This section contains information about conditions that are not recognised in the balance sheet or the income statement, but that are important for an assessment of the Municipality's earnings or financial position. The section begins with a description of external factors within areas of relevance to the City. Information is also presented on financial risks, pension obligations and the internal dealings that occur within the Group.

The demographic change, in which the proportion of young and older people is increasing more than the proportion of people of working age, poses a financial challenge. The trend reveals an increase in the need for municipal services without a corresponding increase in tax revenue. For 2020, the situation is overshadowed by the impact of the pandemic, where the cost trend for activities that were expected to cause an increase because of the demographic changes has slowed down compared with recent years. Much of the City's activities have been modified and carried out on a more limited scale, which has meant a reduction in staffing and thus a lower cost trend than in previous years.

Meanwhile, the government implemented extensive support measures, including increased general state subsidies, special targeted state subsidies, reimbursement of sick pay costs and compensation for additional costs resulting from the pandemic. The total support measures are estimated at SEK 1.4 billion for the Group, of which SEK 1.3 billion for the Municipality and SEK 0.1 billion for the companies. Taken together, the result is a historically large surplus of SEK 3.3 billion for the Municipal Group, despite the negative impact of the pandemic. Nevertheless, the lockdown of society that occurred for much of the year meant that activities funded by income from business, residents and visitors lost much of their funding base. The companies were hit

hardest, especially Liseberg, which was unable to open at all.

The City's investments in urban development increasingly affect its financial position, since they cannot be fully financed from the City's own funds. For many years, total borrowing has been relatively stable, varying between SEK 37 billion and SEK 42 billion over the ten-year period 2009–2018. In 2019 and 2020, however, the debt increased by about SEK 4 billion annually, and the debt trend is expected to remain high according to the budget. However, the increase in the cost of depreciation in relation to total value has not yet had a significant impact on the Municipal Group. But for the Municipality, the part that is financed through taxes, an increase is beginning to have an impact, from 3.2% in 2011 to 5.1% in 2020 of tax revenue, general state subsidies and municipal equalisation. At the same time, developments in the financial markets have contributed to a more favourable interest rate trend, which means that the interest expense is decreasing despite the increase in indebtedness.

The business community in the Gothenburg region has been negatively impacted by the pandemic. Bankruptcy rates for 2020 were at the same level as 2019 for the country as a whole, largely thanks to government measures to mitigate the effects of the pandemic. In Västra Götaland, however, the number of bankruptcies increased by 8%, and for Gothenburg, 2020 saw an

All of the City's activities have been affected by the pandemic to a greater or lesser extent. For elderly care and disability services, the pandemic has entailed a major challenge in the effort to limit the spread of infection among users and staff. The pandemic has also revealed the shortcomings in care of the elderly.

The impact has also been great for the education committees and upper secondary schools have periodically been forced to switch completely or partly to remote learning.

It has not been possible to carry out other activities because of the risk of infection.

Liseberg is the most obvious example, where the amusement park has been closed for the whole year, but others have also had to restrict their activities in whole or in part at times during the year. Examples include cultural and leisure facilities, meeting places for the elderly and open pre-schools.

Other examples where the pandemic has substantially affected the number of services provided include special transport services and food inspections. To some extent, the number of home-help services hours has also been affected

since some elderly people have cancelled the service due to concerns about infection.

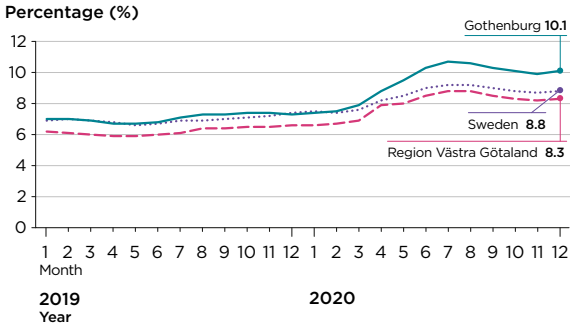
To mitigate the effects of the pandemic, the City's boards of municipal companies have taken decisions that have resulted in lower income. For example, Parkeringsbolaget decided to temporarily reduce the price of a large number of its car parks in order to reduce the spread of infection in public transport. Higab, Älvstranden and GöteborgsLokaler have provided rent discounts under the Government relief package, with part of the discount resulting in a reduction in income for the companies.

However, the reduction in net cost within individual and family care as a result of fewer institutional placements of children, young people and adults, as well as fewer purchased residential days for social housing, is not deemed to be a consequence of the pandemic. Instead, it is believed that this trend is the result of increased stability in activities and improved management and governance following efforts over several years that were an indirect effect of the refugee situation in 2015.



increase of 10% compared with 2019. Hotels and restaurants were most vulnerable to bankruptcy.

Proportion (%) of people aged 16-64 who were unemployed or enrolled in programmes of register-based labour per month in Gothenburg, Region Västtra Götaland and the country 2019-2020

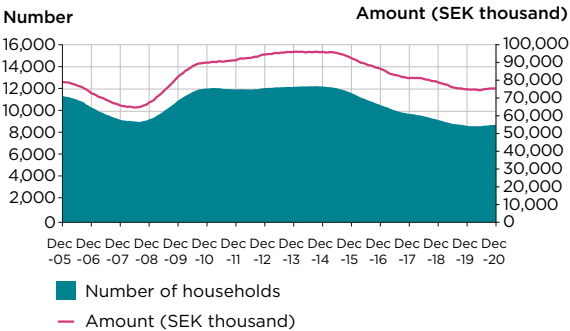


The image above shows the trend for the unemployment rate. As a result of the pandemic, the unemployment rate has increased sharply in Gothenburg, from 7.3% in December 2019 to 10.1% in December 2020, which is a higher increase than for Sweden as a whole. The higher unemployment rate in Gothenburg compared with the rest of the country is thought to be due to the population structure of the City and because a larger proportion of the economy is based on the crisis-affected sectors.

Unemployment affects the City's activities and economy in a variety of ways. The tax base is affected and thus tax revenue, which was about SEK 450 million lower compared with the budget for the year.

Costs related to income support are also affected, though not to the extent that might have been feared at the start of the pandemic. In the second half of the year, however, costs rose above the 2019 level and culminated with an overall increase of 2% for 2020. The positive trend of decreasing income support in recent years has thus been broken, see the diagram below.

Trend for financial assistance paid and number of households receiving assistance, 12-month moving average, December 2005-December 2020



Taken together, the above description shows that there are both short-term and long-term uncertainties and risks, along with the importance of having good monitoring and oversight to be prepared to take measures as needed. The Municipality manages this mainly through the City Executive Board, which is responsible for leading, coordinating and monitoring the City's activities and economy, as well as for strategic planning.

## Financial monitoring and risk management

The Group's total external borrowing was SEK 50.0 billion at the end of the year, an increase of SEK 3.7 billion compared with the previous year. The Municipality's net borrowing, the Municipality's own borrowing requirement, was SEK 6.3 billion at the end of the year. Net borrowing increased by just over SEK 0.5 billion compared with the previous year.

### The financial infrastructure

Financing activities are conducted based on the finance policy and guidelines, which are decided by the City Council and include risk mandates and limits for financial activities within the Municipality and Municipal Group. Financial administration for the Municipality and the Municipal Group is coordinated through the Group Bank at the City of Gothenburg Executive Office. The purpose of coordination is both to achieve lower total borrowing costs by leveraging economies of scale and the Municipality's good credit rating, and to be able to manage financial risks from a holistic perspective. Monthly feed-back regarding compliance with financing activity guidelines is presented to the City Executive Board.

### Borrowing

All external borrowing in the Group is coordinated through the Group Bank. Consequently, the Municipality is responsible for all credit to the Group companies, with the exception of loans for dividends and financing of shares in subsidiaries, where the companies themselves are responsible for the borrowing with a municipal guarantee. Borrowing takes place through several different financing sources:

*Capital market:* Most of the loan financing, 70%, takes place in the open capital market through bond issues (maturities over one year) and certificates (maturities under one year). There are established capital market programmes for this purpose. The Municipality has a bond programme (*Euro medium Term Note*, EMTN), a certificate programme for SEK (*municipal certificate programme*, KCP), and a certificate programme for USD (*eurocommercial paper*, ECP).

During the year, ten bonds totalling SEK 7.0 billion were issued within the City's bond programme.

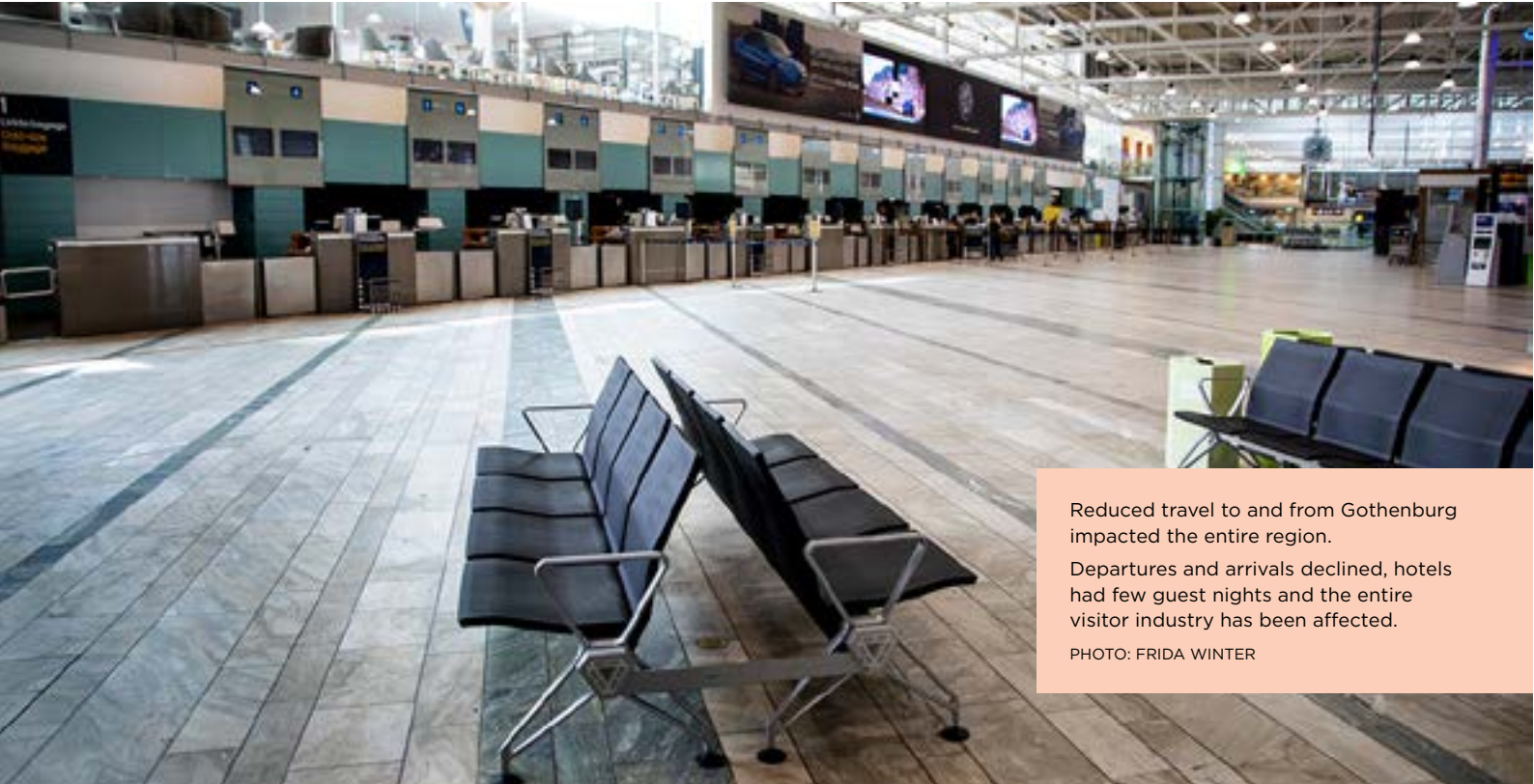
*Kommuninvest:* Kommuninvest i Sverige AB is a Swedish credit market company that offers loans to the Swedish municipalities and regions that own and are members of Kommuninvest Cooperative Society.

*Institutional borrowing:* Borrowing can also take place through international financial institutions. These institutions often operate on a not-for-profit basis with the task of granting project-related loans to promote investments in areas such as energy, the environment and infrastructure. The Municipality currently borrows from the European Investment Bank (EIB), Nordic Investment Bank (NIB) and the Council of Europe Development Bank (CEB).

The table below shows the breakdown between different sources of financing and the level of agreed loan limits on 31 December 2020.

### Funding sources

Programme	Loan limit	Degree of utilisation
EMTN, bond loans	EUR 6 bn	SEK 30.8 bn
of which green bonds		SEK 11.1 bn
KCP, short loans < 1 year	SEK 6 bn	SEK 1.9 bn
ECP, short loans < 1 year	USD 0.5 bn	USD 0.3 bn
Kommuninvest	-	SEK 7.4 bn
European Investment Bank	SEK 9.9 bn	SEK 5.8 bn
Council of Europe Development Bank	EUR 0.2 bn	SEK 0.7 bn
Nordic Investment Bank	SEK 1.0 bn	SEK 1.0 bn



Reduced travel to and from Gothenburg impacted the entire region. Departures and arrivals declined, hotels had few guest nights and the entire visitor industry has been affected. PHOTO: FRIDA WINTER



**Continued high credit rating**

In order to have full access to the capital market, the Municipality has a credit rating. The credit rating agency Standard & Poor’s confirmed the Municipality’s strong credit rating in 2020. The Municipality’s credit rating is the second highest, AA+ with a stable outlook. For investors, the Municipality’s high rating means that lending capital to the City of Gothenburg is associated with very low risk.

**Derivatives portfolio**

Borrowing takes place at both variable and fixed interest rates. The Group Bank is responsible for both interest and financing risk. Until 31 December 2019, part of the companies’ debt was hedged through derivatives at the companies themselves, and the existing interest rate derivatives held by the companies are matured. As of 2020, the companies will not enter into any interest rate derivatives of their own.

The Municipality uses derivative instruments to hedge interest rates and currencies on underlying loans. The nominal value of the derivative portfolio in the Group amounted to SEK 22.5 billion for interest rate hedging and SEK 5.7 billion for currency and interest rate hedging for bond loans in foreign currency. On 31 December 2020, interest rate derivatives had a negative market value of SEK 0.7 billion. A negative market value can be described as the interest that would have been paid if the interest rate derivatives had been redeemed prematurely on the balance sheet day.

**Effectiveness of hedging instruments**

Those instruments used to hedge liabilities in foreign currencies correspond regarding amounts, terms and day count conventions. Concerning interest risk, for the interest rate hedging through the Group Bank, the liabilities and hedges do not correspond entirely regarding amounts and terms. However, adherence between the hedged debt portfolio and hedging instruments is good, and since maturing loans are very likely to be replaced with new borrowing, the hedging can be considered effective.

**City of Gothenburg’s risk management**

The Municipality and Municipal Group are primarily exposed to the following financial risks: interest risk, financing risk, counterparty risk, currency risk and operational risk. Risk limits

have been set in the City Council guidelines at levels that will ensure the ability to pay, secure access to capital and create predictability in future interest expenses.

**Interest risk**

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

- » The average fixed interest term on the total external borrowing should not be less than 2 years and should not exceed 6 years.  
**Outcome: 3.0 years**
- » A maximum of 35% of the total fixed interest term may mature within the next twelve-month period.  
**Outcome: 27.5%**

**Financing risk**

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

- » Binding loan commitments shall cover loans maturing over the next twelve months (at least 100%).  
**Outcome: Contribution margin 136%**
- » Binding loan commitments and liquidity reserve shall cover loans maturing over the next twelve months plus forecasted net outflow for the next twelve months (at least 100%).  
**Outcome: Contribution margin 104%**
- » The average maturity on the total external borrowing should not be less than 2 years and should not exceed 6 years.  
**Outcome: 3.2 years**
- » A maximum of 35% of total external borrowing may mature within the next twelve months.  
**Outcome: 21%**

The Municipality has SEK 900 million in agreed overdraft facilities, of which SEK 900 million was undrawn as of 31 December 2020.

**Counterparty risk**

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

- » For new agreements on overdraft facilities, binding loan commitments and derivative instruments, the counterparty’s long credit rating shall be at least A3 at the Moody’s credit rating agency, or at least A- at Standard & Poor’s.  
**Outcome: No deviations**
- » A maximum of 35% of the total counterparty risk in derivative agreements may be with an individual counterparty.  
**Outcome: Counterparty with the highest share amounts to 31%.**
- » A maximum of 35% of the total volume of credit commitments may be with an individual counterparty.  
**Outcome: Counterparty with the highest share amounts to 29%.**

**Currency risk**

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

- » **Outcome: No deviations for this risk**

**Operational risk**

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

- » **Outcome: No deviations for this risk**

Green bonds

As part of the bond programme, green bonds are issued to finance various projects within the framework of the City’s environmental programme. Three of the year’s bond issues have been green bonds totalling SEK 2.5 billion. The City has a total of SEK 11.1 billion in outstanding green bonds, which is 36% of the City’s total bond

volume and 22% of total borrowing. The break-down of projects can be seen in the table below. As of 31 December 2020, the project portfolio totalled SEK 12.2 billion, which means that in 2021 there is room to borrow SEK 1.1 billion for projects that have already been classified as green.

Project breakdown – Green bonds

Project (MSEK)	Administration/ Company	Project category	2013– 2016	2017	2018	2019	2020
GoBiGas	Göteborg Energi AB	Renewable energy	920	-	-920	-	-
Ultrafilter	Eco-cycle and Water	Water management	575	-	-	22	27
Electric vehicles	Gatubolaget AB/ Göteborgs Stads Leasing AB	Sustainable transport	60	19	17	27	34
Denitrification	Gryaab AB	Water management	321	32	3	-	-
Tree planting	Parks and Landscape Committee	Sustainable environment	19	6	8	7	8
Celsius district heating	Göteborg Energi AB	Energy efficiency	5	-	-	-	-
Pedestrian-friendly city	Traffic & Public Transport Authority	Sustainable transport	60	17	32	17	8
Cycle-friendly city	Traffic & Public Transport Authority	Sustainable transport	88	28	65	84	80
Energy efficiency in traffic	Traffic & Public Transport Authority	Energy efficiency	90	37	43	18	46
Sustainable construction*	City Premises Administration	Green buildings	1,193	588	707	906	70
Future**	Förvaltnings AB Framtiden	Green buildings	815	544	830	1,633	1,302
New trams***	Göteborgs Stads Leasing AB	Sustainable transport	170	91	41	9	-311
Kodammarna pumping station	Eco-cycle and Water	Water management	-	34	80	66	117
Solar cell park	Göteborg Energi AB	Renewable energy	-	-	38	6	31
Selma Stad	Förvaltnings AB Göteborgslokaler	Green buildings	-	-	239	214	118
Water and sewage lines	Eco-cycle and Water	Water management	-	-	-	69	15
Stormwater management	Eco-cycle and Water	Water management	-	-	-	6	22
Brudaremossen landfill	Eco-cycle and Water	Water management	-	-	-	28	18
Hotels	Liseberg AB	Green buildings	-	-	-	65	277
Electric buses	GS Buss AB	Sustainable transport	-	-	-	92	40
Commercial Premises	HIGAB	Green buildings	-	-	-	144	-
Total per year			4,317	1,395	1,182	3,414	1,903
Total accumulated			4,317	5,712	6,894	10,308	12,211

\* City Premises Administration’s volume for 2020, SEK 70 million, consists of additions of SEK 543 million and deletions of SEK 473 million.  
\*\* Framtiden’s volume for 2020, SEK 1,302 million, consists of additions of SEK 1,982 million and deletions of SEK 680 million.  
\*\*\* New trams, deletion in 2020 since ownership of the trams was transferred to Västtrafik.

Disclosure about pension obligations

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

Amounts in MSEK	Municipality 2020	Municipal Group 2020
<b>Pension obligations</b>		
1. Total pension obligation on balance sheet and contingent liability	13,973	15,318
<i>a. of which provision incl. special employer’s contribution</i>	3,578	4,799
<i>b. of which contingent liability incl. special employer’s contribution</i>	10,395	10,519
2. Pension obligations secured in pension insurance	437	1,620
3. Pension obligations secured in pension foundation	0	0
4. Total pension obligation (incl. insurance and foundation)	14,410	16,938
<b>Managed pension funds – Market value</b>		
5. Total pension insurance capital	616	2,102
<i>a. of which surplus funds</i>	86	188
6. Total assets, pension foundation	0	0
7. Financial investments (own managed pension funds)	0	0
8. Total managed pension funds	616	2,102
<b>Financing</b>		
9. Funds re-invested	13,794	14,836
10. Consolidation rate	4	12

**Disclosure about own managed pension funds:** The City of Gothenburg has no pension funds under its own management  
**Disclosure regarding what obligations have been secured through pension insurance and/or pension foundation:**  
The obligations secured through pension insurance are entirely attributable to pensions earned before 1998.  
*A comparison with 2019 is not possible because the necessary information from pension insurance companies could not be obtained.*

The table above presents the total pension obligations of the Municipality and the Municipal Group in the balance sheet and as a contingent liability. The largest portion relates to obligations for pensions and special employer’s contribution prior to 1998. These obligations are not recognised as a provision in the balance sheet, but as a contingent liability pursuant to the Municipal Accounting Act.  
As of 31 December 2020, there was also an accrued defined-contribution pension in the Municipality of SEK 854 million including special employer’s contribution.  
The City of Gothenburg’s guidelines for financing activities state that funds set aside for pension obligations that are managed by the City of Gothenburg should primarily be re-invested as a loan, which means that the funds are used in the City’s own operations. The background is that the Municipality is a net borrower, which means

that its financial liabilities are greater than its financial assets. An investment of pension funds would then require an increase in borrowing. The Municipality therefore works according to the principle that pension funds should not be invested externally as long as the Municipality is a net borrower. At the same time, the Municipality is responsible for the entire financial risk for the performance of the investment. The Municipality has no invested pension funds of its own. Pensions earned before 1998 are managed entirely as loans, with the exception of the insurance redemption of SEK 700 million that was made according to separate procurement. Pensions earned from 1998 are paid as occupational pension insurance to procured pension insurance companies, and the employee selects a pension or unit-linked insurance to which the pension contribution is to be paid.



# Significant events

During the year a number of decisions were made at various levels in the City of Gothenburg to prevent the spread of Covid-19 and mitigate the effects of the pandemic. The following is a selection of key decisions reached during the year and important events that took place.

## The City Council decided to adopt a number of programmes and plans, including:

- » Plan to take stronger measures to counter racism
- » Programme for provision of premises
- » Plan for an equal city
- » Plan against homelessness
- » Culture plan for children and young people
- » Plan for work on national minority issues
- » Plan for collaboration with the Finnish language administration area
- » Programme for full involvement of people with disabilities

In February and May, the City Council decided to set up a committee for the elderly, nursing and care, a committee for disability support, and four regional social care committees. With effect from 2021 these committees will take over most of the operations currently handled by ten district committees and the Committee for Allocation of Social Welfare. Preparations for this change were made during the year, which involves the largest reorganisation in the history of the city.

## The City Council has also decided to:

- » Approve a letter of intent with the Swedish Transport Administration and the Swedish Maritime Administration to dredge a deeper fairway to the container port.
- » To cancel the *Cable Car* project across the river.
- » To shift the focus of Gothenburg's 400-year anniversary to 2023.
- » To set up a security council.
- » To go ahead with the new *Engelbrektslänken* tram line.
- » To report to the Swedish Migration Agency on those areas in the City of Gothenburg that are to be restricted from settlement by asylum seekers.

## During the year, the City Council agreed on a number of important local plans, including:

- » Urban development at Olof Askunds gata – involving the building of approximately 1,900 apartments and opportunities for commercial/public activities in the entire planning area, as well as school and pre-school facilities.
- » A local plan for commercial activities, etc., at Backavägen has been legally approved – the purpose of the plan is to create an attractive mixed-use urban area, for example by permitting housing, commerce and a main street with tram.
- » A local plan for the expansion of Liseberg has gained legal approval – the purpose of the plan includes creating the conditions to expand Liseberg's operations in the long term.
- » The local plan for the *West Link (Västlänken) Central Station* and surrounding area in the district of Gullbergsvass has been legally approved – the purpose of the plan is to allow extension of the *West Link* rail line and urban development around the Central Station.
- » A local plan for housing at Skra Bro has also been given legal approval – this plan will allow the construction of approximately 600 homes, a central marketplace with retail and office space, nursing and care homes for the elderly, etc.

In November, the City Council instructed the Planning and Building Committee and the Property Management Committee to examine the possibility of revising the current local plan for the *Skeppsbron* project to provide additional development areas in non-public spaces.

Other important decisions reached during the year include instructing the Compulsory School Committee to set up a new organisation for its compulsory schools, and the investment of SEK 500 million by Göteborg Energi AB in zero-carbon district heating.

## Other important events

- » No spectator events have been held at the city's arenas since April. Liseberg has remained completely closed.
- » Following approval by the police authority, municipal security officers have been patrolling the areas around Brunnsparken, Gustaf Adolfs Torg, Kronhuset and Kanaltorget.
- » On Monday 1 June, the first tram rolled out of the new tram depot on Ringön.
- » As a result of improper application of the Compulsory School Committee's regulations, many formally incorrect decisions on school placement were made in advance of the 2020/21 school year. Corrective measures were taken, including offering new school placements, extending the school changeover period and allowing more school changes to be made in the spring term of 2021. Ahead of the allocation of places for the coming school year, in autumn the committee agreed on new rules for school placement and revised the procedures to ensure greater predictability for students and guardians. The new rules have not yet been legally approved.
- » Förvaltnings AB Framtiden decided in June on a strategy that is intended to ensure Gothenburg does not have any high-risk areas remaining on the police list by 2025.
- » Gothenburg's first indoor bicycle park was opened at Gamlestaden travel centre.
- » In September 2020, the *Sveaterterminalen* all-weather transshipment terminal was completed in the port of Gothenburg. The new terminal, measuring almost 45,000 square metres, is protected by one of the largest warehouse canopies in the world.
- » In autumn, the large final section of Hisingsbron bridge was erected, and in December the pylons were added, giving the bridge its striking silhouette.
- » On 11 December, the City of Gothenburg signed the *Climate Contract 2030*. Gothenburg is one of nine Swedish cities to have signed the climate contract, in partnership with several government agencies and the *Viable Cities* innovation programme. The signing of this contract demonstrates the City's commitment to accelerate the transition to climate neutrality and increased sustainability.

- » The City of Gothenburg has taken another step to protect the climate by reducing food waste. The City is the first in Sweden to establish a marketplace where schools, pre-schools and housing for the elderly can buy food that is approaching its best-before date.
- » On December 16, the new *Marieholm tunnel* under the river was opened to traffic. The new tunnel will relieve the heavily trafficked *Tingstad tunnel*.
- » In December, a further 150 new electric buses were added to the public transport fleet in Gothenburg, Mölndal and Partille. This means that Västtrafik has a bus fleet of over 210 electric buses – the largest in the Nordic region. To supply the new electric buses, nine charging stations have been installed and four existing depots have been configured for electric operation. The charging stations were brought into service in December and are spread across the city. To facilitate the recharging of electric cars, the installation of 500 new charging sites began in November, for completion in 2020/2021.
- » On 6 March 2020, the City Executive Board instructed the City Management Office to set up an investigation into the spread of infection in care of the elderly. KPMG was assigned the task and presented the results of the investigation at an oral presentation on 30 September 2020 and in a written report to the City Executive Board meeting on 11 November 2020.

## Impact on the financial reports

The consequences of the pandemic have had a large impact on the financial reports. Government support measures are estimated at SEK 1.4 billion for the Municipal Group, of which SEK 1.3 billion went to the Municipality, contributing to the high level of earnings for 2020. In addition, a large proportion of the City's operations could only be conducted to a limited extent and in different ways than usual, which has meant a reduction in costs. For Liseberg, on the other hand, closure during the year meant negative earnings of SEK 0.5 billion, which is SEK 0.7 billion less than in 2019.

Otherwise, many of the significant events described consist of investment decisions and future development measures. These will mainly have an impact on the financial reports in the long term, as the investments are implemented.

# Governance and monitoring of municipal operations

This section describes important factors relating to the governance, monitoring and internal control of the Municipal Group and municipal operations. The broad scope and diverse assignments of the City's organisation mean that management processes must be continuously monitored to ensure they remain efficient and effective.



Civil society and the City's operations had to adapt while waiting for supplies of personal protective equipment.

Stadsteatern switched from making stage costumes to making aprons.

PHOTO: FRIDA WINTER

## Evaluation of governance, monitoring and control

The City's guidelines for governance, monitoring and control impose requirements in planning, risk management, systematic quality management and internal control. According to the guidelines, the committees/boards must carry out an annual assessment of whether the system for governance, monitoring and control operates reassuringly, and review whether it is possible to work more efficiently.

All reporting committees and boards have submitted an assessment of their respective systems for governance, monitoring and control. Because of the reorganisation in the district sector, these committees have been exempted from reporting this year. The overall assessment based on reports from the departmental committees is that the systems are sufficiently effective in relation to the basic requirements of the guidelines in terms of strengths and areas for improvement. The overall assessment of the companies is that the systems for governance, monitoring and control are reliable or sufficiently effective to meet the requirements of the guidelines.

## New organisation

In November 2019, the City Council approved a change in the organisation of the City of Gothenburg's committees. In spring 2020, the Council specified the conditions for implementation in a number of additional decisions. It was decided that the district committees and the Committee for Allocation of Social Welfare would be wound up and that the majority of operational responsibility would be transferred to the following six new departmental committees: a committee for the elderly, nursing and care, a committee for disability support, and social care committees for Centrum, Nordost, Hisingen and Sydväst. In addition, some operational responsibility would be transferred to some of the city's existing departmental committees.

Following the City Council's decision, extensive work was carried out during the year in preparation for the change that came into effect at the turn of the year 2020/2021. In order to implement the change – setting up new committees, winding up district committees and the Committee for Allocation of Social Welfare, as well as the actual transfer of operational responsibility – a special project organisation was set up, including project management, sub-projects

and local projects. This work has created the foundations for coordinated, efficient and fit-for-purpose implementation of the organisational change. Many City employees and managers were involved in various ways and contributed to the largest reorganisation in the city in 30 years.

## Crisis management – Covid-19

The coronavirus pandemic was a severe test of the City's crisis management capability. The urgent need for management, collaboration and communication led to intensive efforts by the City Management Office's crisis management team from March to December in order to lead, coordinate and monitor the City's handling of the pandemic.

Information sharing, status reports, crisis communication and methods of collaboration and reporting were vital components of crisis management. The working methods and measures taken were adapted during the year as the pandemic developed and according to the needs for collaboration and support identified by the crisis management team.

All administrations and companies were involved in this work, even though crisis management primarily centred on the needs of the district administrations and Administration for Allocation of Social Welfare. For example, a special organisation was created to handle procurement, distribution and warehousing of personal protective equipment (PPE) for the affected operations.

In order to improve the City's crisis preparedness based on experiences from the pandemic, the City Council has established new guidelines for crisis management. In 2021, committees and company boards will update their crisis management plans based on these guidelines.

## Consistent structure for ownership directives

During 2019, the ownership directives for the companies were organised in the same way as the regulations for committees. This means that the directives for all companies contain two similar chapters, while one chapter is company-specific. In 2020, the ownership directives for directly reporting companies within the Stadshus Group and virtually all subsidiaries were updated in accordance with the new structure. The ownership directives were also updated and supplemented with financial return and efficiency requirements



where possible. Work is in progress to revise the ownership directives for the remaining subsidiaries and for the partly owned companies.

### **Common environmental management system**

The City's common system for governance, monitoring and control has been extended.

During the year the City Council reached a decision on how the city should jointly strengthen governance of ecological aspects through systematic environmental management. This led to the formulation of a common environmental management system for the city. The environmental management system will ensure that the City of Gothenburg's administrations and companies plan, implement, monitor and improve their efforts and working methods to achieve city-wide goals for the environment and climate, and to reduce the significant environmental impact of its operations.

Strong emphasis has been placed on integrating environmental management into existing control and management processes. By building on existing structures and governance it is possible to create an enduring environmental management system that does not add requirements on top of each other and minimises the risk of duplicating efforts.

Many administrations and companies in the city take an organised approach to reducing their environmental impact. The advantages of common regulations are that the entire city can now tackle environmental and climate issues more effectively and in a more coordinated way. The idea is to improve the coordination of efforts locally and across the city.

### **Managing digitalisation**

The city must manage digitalisation and IT so that the right priorities are established, security is maintained, new skills are developed and users are involved in the process of change. This enhances the capacity for renewal and ensures that benefits and effects reach users and the organisation as a whole.

The City Council has adopted guiding principles for the development of operations in the City of Gothenburg, supported by digitalisation and its core element, IT. The aim is to safeguard the City's ability to realise the benefits of digitalisation and increase digital maturity. The key elements include improving the system for managing and monitoring investments in

digitalisation and the quality of the city's digital services, and to safeguard information security and access to information.

In connection with these improvements, the City has worked on the development of a new governance, finance and coordination model for digital development and administration, which the City Council will take a position on in 2021.

### **Governing documents**

A large part of governance in the City of Gothenburg is based on various governing documents. In addition to these, operations may also be required to take into account other stakeholders' governing documents, agreements and various collaboration documents.

During the year, the City Executive Board was instructed to review the City's programmes and city-wide plans. The aim was to simplify and reduce the number of programmes and thus improve compliance. This review identified a number of programmes that may be cancelled in the near future. The review also led to continuing efforts to identify the requirements for more integrated governance in business and the visitor industry, urban planning, public health and human rights.

### **Whistleblower service**

In 2020, the whistleblower service dealt with 77 reports of suspected irregularities. The reports varied in nature and concerned job appointments, purchasing/procurement, second jobs and conflicts of interest, as well as misuse of the City's resources (vehicles, working hours, materials, etc.) as well as health & safety and leadership issues. Most of the reports were made anonymously. Since 2016 there has been a clearly rising trend in the number of people using the City's whistleblower service to report suspected irregularities and other misconduct in operations. Two external investigations that were initiated in autumn 2019 and involved Göteborgs Spårvägar AB and Göteborgs Stads Parkerings AB were concluded in spring 2020. As in 2018 and 2019, Göteborgs Spårvägar was the organisation that was reported most frequently in the past year.

### **Implementation of a new monitoring system**

The city's new monitoring system was implemented during the year. The idea behind the new system was to simplify and clarify monitoring by

the City Executive Board and City Council, with the emphasis on developing the City's operations and creating benefits for the committees/boards. Ongoing monitoring involves regular reviewing of business data using the monitoring portal,

through interim and annual reports on three occasions per year. It also involves joint feedback on cases, programmes and plans, and special in-depth reports that are tailored to the relevant needs.

# **Good financial management and financial position**

This section assesses whether trends in operations are in line with good financial management. The assessment is made from both a financial and an operational perspective, based on the guidelines adopted by the City Council.

In line with the Swedish Local Government Act, the City Council has adopted guidelines for good financial management. The guidelines provide a long-term and strategic perspective on operations and finances extending beyond the one- or three-year budget horizon. The budget is not prepared in summary for the Municipal Group. Good financial management has both a financial and an operational perspective. The principle for the financial perspective is that each generation shall cover the costs of the service it consumes. Consequently, no generation should have to pay for what the previous generation has consumed. Under the principle for the operational perspective, the Municipality shall conduct operations cost-effectively and appropriately. The annual report assesses whether the trends in the Municipality and Municipal Group are in line with good financial management. The assessment shall also include any need to adjust targets in future budgets in order to maintain the long-term objectives of the guideline. In an assessment of whether goals have been fulfilled with respect to good financial management, the City of Gothenburg Executive Office assessed the overall goals and the overall operational goals.

Overall, the City of Gothenburg is considered to have achieved good financial management in 2020.

The City Council's targets for the financial goals were exceeded both for 2020 and for the ten-year average.

The three overall goals for the City's operations were considered to be partly fulfilled and the majority of the overall operational goals were considered to be completely or partly fulfilled. The pandemic has had a negative impact on the overarching operational goals and for several of them it has led to a lower achievement of goals than would otherwise have been the case. Consequently, the situation is not considered to be due to shortcomings in economic management, but instead is the result of external factors over which the City had no control.

The overall assessment from both the financial and operational perspectives is that the City had good financial management based on the targets set by the City Council for 2020.

# City Council's overall goals

In the 2020 budget, the City Council decided on three overall goals to apply to all activities within the City. Each of the overall goals has a number of overall operational goals. The City Council has set indicators and targets for the overall operational goals.

The assessment of whether or not the overall goals were achieved was based on an overarching assessment of the extent to which the overall operational goals were achieved. The assessment of the achievement of the overall operational goals is, in turn, largely based on whether the targets of the indicators for the year have been met. Consideration has also been taken to the trend of the indicators, as well as to other knowledge and data deemed relevant to illustrate the development.

Below is a brief presentation to assess the achievement of the overall goals, as well as a table showing the assessment for each of the overall goals and the overall operational goals.

For the overall goal *Gothenburg is an attractive metropolitan city where everyone has the chance to shape their own life and no one is excluded*, the assessment is that the goal has been partly fulfilled.

One underlying operational goal is considered to be fulfilled, three goals were not fulfilled, while the other two are considered partly fulfilled.

The ongoing pandemic is a contributing factor for the failure to achieve the targets *Gothenburg provides dignified and reassuring care for the elderly, with freedom of choice*, *Gothenburg is an equal city that fosters a sense of community and trust* and *Gothenburg is a vibrant city of culture, sport and events for both residents and visitors*.

The overall goal *Gothenburg is a metropolitan city that is growing sustainably and has confidence in the future* is considered to be partly fulfilled. This assessment is based on fulfilment of the targets for the four overall operational goals on which the target is based. They reveal a varied picture, which was affected in part by the pandemic. Two of the underlying operational goals are considered to be partly fulfilled or demonstrate a positive trend, while the other two underlying operational goals were not fulfilled. Some values measure the effect of a long-term change initiative where the outcome for a single year is not always available. Taken together, it can be concluded that to some extent, Gothenburg is a sustainably growing large city where measures are being taken to create a safe and secure environment with confidence in the future.

The overall goal *Gothenburg is a metropolitan city with a stable economy and strong growth* is also considered to be partly fulfilled. The assessment is based on the fact that one of the overall operational goals, *Gothenburg has a balanced budget and long-term sustainable finances*, was completely fulfilled, while the other goals were partly fulfilled. Taken together, it can be concluded that Gothenburg, at least in the short term, has a stable economy, but that growth in 2020 was hampered by the pandemic.

City Council goals and overall operational goals	Progress towards targets for 2020
<b>Gothenburg is an attractive metropolitan city where everyone has the chance to shape their own life and no one is excluded</b>	
Gothenburg has pre-schools and schools that foster equality	
Gothenburg takes early social initiatives to create equal living opportunities for everyone	
Gothenburg provides dignified and reassuring care for the elderly, with freedom of choice	
Gothenburg is distinguished by close collaboration between the City, academia, civil society and the business community	
Gothenburg is a vibrant city of culture, sport and events for both residents and visitors	
Gothenburg is an equal city that fosters a sense of community and trust	
<b>Gothenburg is a metropolitan city that is growing sustainably and has confidence in the future</b>	
Gothenburg takes responsibility for the quality of life of future generations	
Gothenburg is a city with sustainable mobility and good accessibility	
Gothenburg is a safe and well-managed city	
Gothenburg has attractive urban spaces that are dense and varied	
<b>Gothenburg is a metropolitan city with a stable economy and strong growth</b>	
Gothenburg has a balanced budget and long-term sustainable finances	
Residents of Gothenburg get value for their taxes and high-quality welfare	
The City of Gothenburg is an attractive employer that provides good working conditions	
Gothenburg has an attractive and innovative business community of a high international standard	
Gothenburg is a city where everyone who can, works and supports themselves and thus contributes to the common good	

 Fulfilled  Not fulfilled  Partly fulfilled



# Financial targets for the City

The table below shows the financial focus areas for good financial management as decided by the City Council. The interpretation of good financial management in the city is based on four focus areas with long-term target values. In addition to a focus area for the annual minimum level of the aggregate equity/assets ratio for the Municipal Group, the focus areas refer to the Municipality and are set as ten-year average levels of earnings, level of self-financing of investments

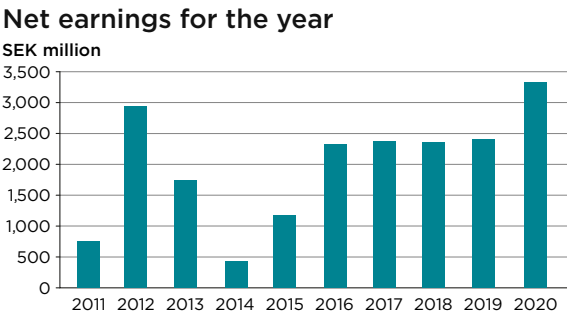
and balance in land development activities. The annual targets set in the budget are based on the long-term focus areas. The outcomes for 2020, as well as from a ten-year average, exceed the targets approved by the City Council. Good financial management is therefore deemed to be in place from a financial perspective.

Focus areas	Target 2020	Outcome 2020	Outcome 2020 rolling ten-year basis
The equity/assets ratio for the Municipal Group should be 15%, including the contingent liability for pension obligations.	15	22	-
Over a rolling ten-year period, earnings should be at least 2% of the Municipality's tax revenue and municipal financial equalisation.	2.0	7.1	4.1
The level of self-financing of investments should be at least 50% over a rolling ten-year period.	60	103	114
Land development activities should be in balance over a rolling ten-year period.	Balance	92	104

The 2020 target for the level of self-financing of land development activities relates to the rolling ten-year focus area. The goal of balance entails a level of self-financing of 100%.  
The focus area refers to an annual minimum level and is therefore not assessed on a rolling ten-year basis, as is the case for the other focus areas.

# Financial analysis of the Municipal Group

This section presents a financial analysis of the Municipal Group, which includes the Municipality and Municipal Group companies.



Net earnings for the year totalled SEK 3,324 million for the Municipal Group, of which the Municipality accounted for SEK 2,408 million, the companies SEK 728 million and the joint statutory authorities SEK 5 million. Adjustments for handling internal transactions relating to the Municipality and the companies amounted to SEK 184 million and mainly comprised a positive adjustment to earnings relating to an external sale of previous internal profits, as well as a negative adjustment to earnings relating to an internal profit when property was transferred from the Municipality to the companies.

Consolidated earnings can largely be explained by factors related to the pandemic. Through extensive government aid, the Municipality received extra state subsidies, as well as compensation for sick pay costs and for added costs in care and social services. In addition, much of the City's activities have been modified and carried out on a more limited scale, which has meant a reduction in staffing and thus a lower cost trend than in previous years. The performance of the companies, however, was clearly lower in 2020. The visitor industry has been hit hardest, and in principle, the entire reduction in earnings compared with 2019 of around SEK 700 million is attributable to Liseberg, which was unable to open.

Net earnings for the year combined with net earnings from prior years helped to strengthen long-term financial manoeuvrability.

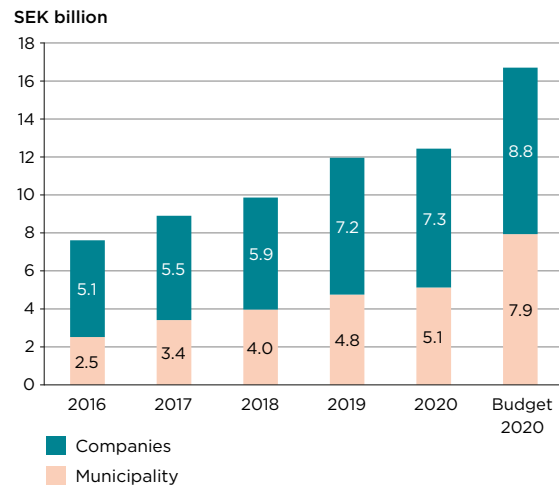
## Revenue for the operation

The Municipal Group reported income of SEK 58.9 billion in 2020, of which just 58% comprised tax revenue, general state subsidies and municipal financial equalisation. The corresponding proportion in 2019 was 55%. The change illustrates the effects of the pandemic, with reduced income from operations and increased state subsidies. Compared with 2019, income declined by SEK 0.5 billion, of which operating income fell by SEK 2.1 billion while tax revenue and general state subsidies rose by SEK 1.6 billion.

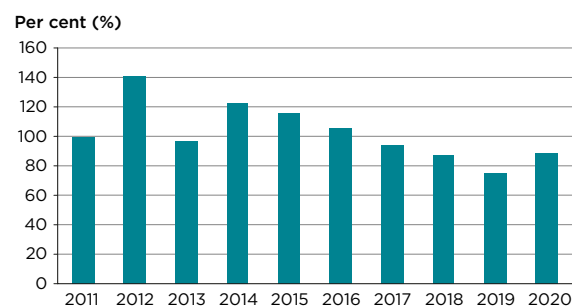
## Investments

From year to year the Municipal Group carries out major investments when the population grows; urban development and the expansion of operations will also likely continue over time. Gross investment increased 3% compared with the previous year, and totalled SEK 12.4 billion in 2020. The total volume of investment, however, was a full 26%, or SEK 4.3 billion under budget. The City's needs and ambitions for urban development, as expressed in the budgeted levels, were difficult to fully realise during the year, mainly because projects were postponed for various reasons. The delays are attributable in part to internal coordination, co-planning and resource allocation, but also to the capacity of external parties and slowdowns in permit and regulatory processes. The proportion of more complex and extensive projects increased, which had a greater impact on the budget even with minor delays. In 2020, the pandemic also disrupted progress and within the Municipality, in certain cases the needs scenario during the year declined in relation to the basis for the budgeted investment framework.

## Gross investments



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

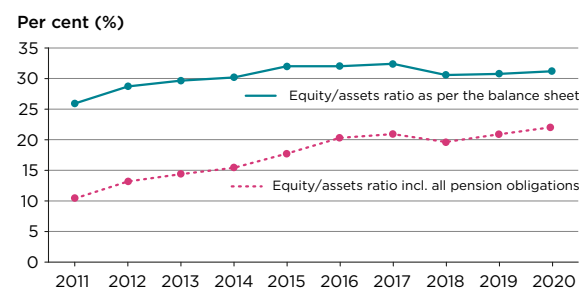


High earnings and an investment level under budget helped to enable the Group to finance investments largely with its own funds. The level of self-financing of the year's investments of 88% represents an increase over the previous year's 75%. For several years before 2020, however, the level of self-financing declined, as the surplus did not increase to the same extent as investment volumes. Consequently the ten-year average declined for several years from a previously high level, falling this year from 101% to 98%. Nevertheless, the key figure continues to be relatively strong for now.

## Total assets

Total assets (total book value of the assets) were SEK 115.0 billion, of which the Municipality accounted for SEK 95.8 billion, the joint statutory authorities for SEK 0.6 billion and the companies for SEK 82.9 billion. Internal transactions within the combined accounts for the Group amounted to SEK 64.4 billion. Total assets increased by almost 9%, which can largely be attributed to increased investments.

## Equity/assets ratio



In 2018, equity was adjusted to correct for write-ups within the companies. This reduced the equity/assets ratio by about 3%. In 2019, equity was adjusted due to a new revenue recognition principle, which improved the equity/assets ratio by about 0.5%.

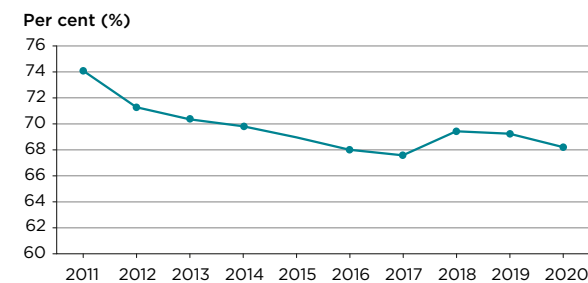
The equity/assets ratio is a measure of long-term financial manoeuvrability and illustrates what proportion of the assets are financed through equity. The equity/assets ratio trend depends on the change in equity and assets. In 2020, the equity/assets ratio was 31%, a few tenths of a per cent higher than the previous year. The equity/assets ratio according to the fully funded model, which includes all pension obligations, increased by 1 percentage point and was just over 22% in 2020.

The increase in 2020 is mainly attributable to the high earnings of the Municipal Group in relation to the change in total assets. The equity/assets ratio of the Municipality was also positively impacted in 2019 and 2020 by changes in revenue recognition rules for compensation for development, which resulted in a reduction of liabilities by SEK 669 million and a corresponding increase in equity. Conversely, the equity/assets ratio is slightly weakened by a decrease in equity of SEK 101 million due to a change in the equity management of the Eco-cycle and Water Committee, which is described in greater detail in the section on the financial analysis of the Municipality. The off-balance sheet pension obligations have remained steady in recent years and as equity and total assets have increased, the impact of the pension obligations on the equity/assets ratio has decreased.

There is no general level for how high the equity/assets ratio should be for a city the size of Gothenburg, but the higher the ratio, the greater the manoeuvrability to be able to handle fluctuations in the earnings trend. According to the guidelines for good financial management, the focus area for the City of Gothenburg is a level of at least 15%, including all pension obligations. It is important for the companies included in

the Municipal Group to have a good equity/assets ratio, otherwise the Municipality, as the owner, runs the risk of having to make up funds if the companies suffer from financial difficulties. Although their equity/assets ratios vary, the companies largely show good, stable values. The *Operational accounts* section presents the equity/assets ratio of the various companies. The Group's equity/assets ratio is also part of the assessment of good financial management, as can be seen in the section on financial targets for the City.

## Debt/equity ratio and borrowing



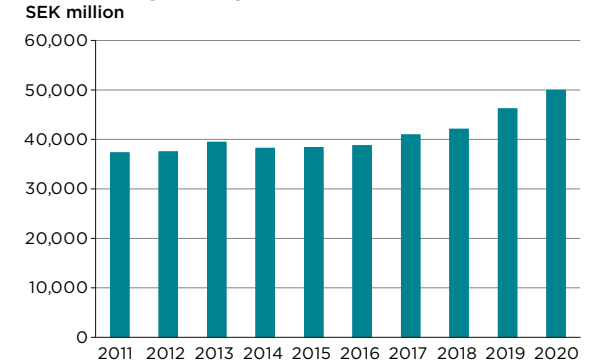
The diagram above illustrates the size of the Group's total indebtedness in relation to total assets. The debt/equity ratio amounted to 68%, a decrease compared to 2019. The high earnings and a lower than planned investment rate have kept the debt/equity ratio down.

For many years, total borrowing has been relatively stable, varying between SEK 37 billion and SEK 42 billion over the ten-year period 2009–2018. The debt trend during these years did not increase as expected in the budget for each year. This was due to two interacting factors: investments did not increase at the pace that was expected, and earnings were higher. Consequently, investments could be financed with the Group's own funds. In 2019 and 2020, however, the debt increased by about SEK 4 billion annually, and the debt trend is expected to remain high according to the budget. The increased debt is in line with the budget goals that were set and can be attributed to the City's current urban development needs.

The diagram below shows the Municipal Group's external borrowing was SEK 50.0 billion at the end of the year, an increase of SEK 3.7 billion compared with the previous year. The companies' borrowing was SEK 42.7 billion, of which SEK 22.2 billion is attributable to the Framtiden Group. The part of the debt relating to the tax-funded operation, the Municipality's net borrowing, amounted to SEK 6.3 billion. Of the

total increase in 2020, the Municipality accounts for SEK 0.5 billion and the companies for SEK 3.2 billion.

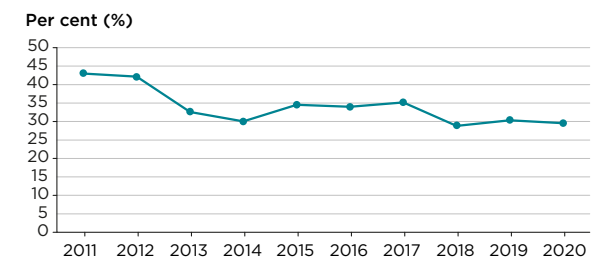
## Borrowing Group



## Liquidity

The acid-test ratio, a measure of short-term manoeuvrability for the year, fell somewhat, from 30.3% in 2019 to 29.6% in 2020. The change is largely attributable to the fact that current liabilities increased more in relation to current receivables. The Municipality's Group bank also serves as an internal bank for the Municipality's companies. In recent years, the Group Bank level of the acid-test ratio has been such that in the short and medium-term financial perspective, the Municipality has not had to take drastic measures to meet financial payments. The Municipality's liquidity fell from 59% to 35% due to decreased current receivables to the group companies. The Group Bank's lending to companies is gradually transitioning from lending by promissory note to lending through a line of credit. The line of credit is considered to be long-term lending, unless amortisation is expected within twelve months.

## Acid-test ratio

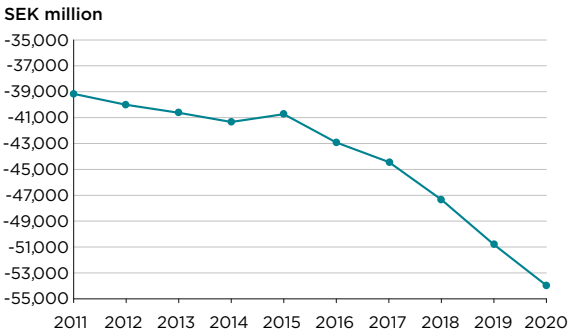




### Net financial assets

The net financial assets parameter includes all financial assets and liabilities in the balance sheet that the Municipality expects to convert in about ten years, namely financial assets and current assets, as well as current and non-current liabilities. The parameter is important since it reflects financial manoeuvrability somewhere between the short-term liquidity parameters and the long-term equity/assets parameter. The parameter, which has weakened over time, continued to decrease further to a small extent and the change was SEK 3.1 billion, which equates to 6.2%. The weakening can largely be explained by the major investments carried out within the Group, which were financed in part by loans, thereby increasing the Group's total borrowing.

Net financial assets



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

Amounts in MSEK	Committees	Joint Statutory Authorities	Companies	Group eliminations	Municipal Group
Operating income	9,992	523	18,129	-3,823	24,821
Operating expenses	-39,842	-490	-13,457	3,520	-50,268
Depreciation/amortisation	-1,737	-22	-3,457	468	-4,750
Net operating expenses	-31,587	11	1,215	164	-30,197
Tax revenue	29,373	-	-	-	29,373
General state subsidies and equalisation	4,623	-	-	-	4,623
Operating earnings	2,409	11	0	164	3,799
Financial receipts	463	3	71	-405	131
Financial expenses	-464	-9	-558	424	-606
Earnings after financial items	2,408	5	728	183	3,324
Extraordinary items	-	-	-	-	-
Net earnings for the year	2,408	5	728	183	3,324

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

Amounts in MSEK	Committees	Joint Statutory Authorities	Companies	Group eliminations	Municipal Group
Non-current assets	87,442	406	76,365	-58,258	105,954
Infrastructure subsidies	24	-	-	-	24
Current assets	8,360	209	6,584	-6,138	9,015
Total assets	95,826	615	82,948	-64,396	114,993
Equity	28,571	77	29,771	-22,550	35,869
Provisions	4,414	395	6,058	-48	10,819
Non-current liabilities	42,063	7	38,907	-35,749	45,228
Current liabilities	20,778	136	8,212	-6,049	23,077
Total liabilities and equity	95,826	615	82,948	-64,396	114,993

### Key financial figures

Per cent (%)	2016	2017	2018	2019	2020
Equity as a share of earnings	8.1	7.7	7.7	7.4	9.3
Total assets as a share of earnings	4.2	3.8	3.2	3.0	3.6
Acid-test ratio	34	35	29	30	30
Level of financing for investments	106	94	88	75	88
Equity/assets ratio					
Mixed model	32	32	31	31	31
Full funding	20	21	19	21	22
Debt/equity ratio	68	68	69	69	68
of which degree of provision	10	10	9	9	9
of which short-term debt/equity ratio	23	19	23	22	20
of which long-term debt/equity ratio	35	39	37	39	39
Net financial assets (MSEK)	-42,926	-44,427	-47,326	-50,803	-53,964

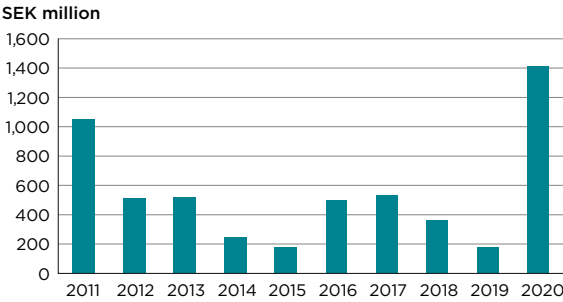


# Financial analysis of the Municipality

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

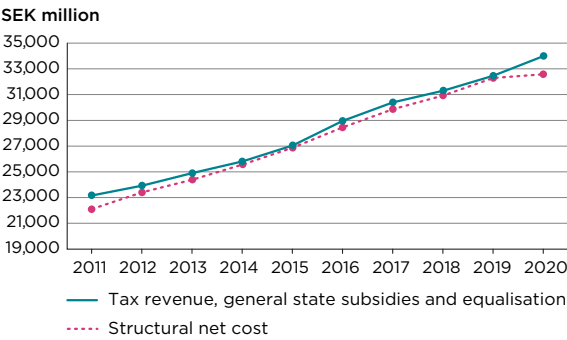
## Net earnings for the year and earnings trend

### Structural earnings



In order to see the underlying ongoing operating earnings and analyse what this figure means in the longer term, earnings are reported excluding various non-recurring items, i.e. structural earnings. The diagram shows structural earnings over a longer period. In 2020, structural earnings amounted to SEK 1,415 million, or 4.2% in relation to tax revenue and municipal financial equalisation. Earnings are therefore significantly higher than the previous year. At the beginning of the year, there were major uncertainties about the impact of the pandemic on the economy, in terms of its impact on tax revenues as well as on the trend for operational costs in response to the pandemic burden. Looking back at the year, it can be noted that the net cost development remained low and tax revenue did not fall as much as feared. In addition, the Riksdag has provided multiple general state subsidies to mitigate the effects of the pandemic, for which reason the City’s financial performance was much more favourable than was expected at the beginning of the year.

## Development of tax revenue and net costs



The diagram above shows the difference between the trend for tax revenue, including general state subsidies and municipal financial equalisation, as well as net operating expenses over the past ten years. Between 2011 and 2019, the average development of tax revenue has been 4.2%. Structural net costs during the corresponding period increased by 4.9% a year on average. The financial margins have therefore decreased over time in recent years. Given this background, the trend in 2020 was quite different. At the same time that net costs increased by only 0.9%, income from taxes and general state subsidies grew much more than they did in recent years. While the tax base trend did slow down because of the pandemic, at the same time the Riksdag decided on multiple occasions to expand the general state subsidies in order to compensate the municipalities for the reduced tax revenue. Taken together, the general state subsidies to the municipalities increased by more than SEK 19 billion as a result of decisions during the year. Of this amount, about SEK 1.1 billion was allocated to the City of Gothenburg, which means that the addition of the general state subsidies was much greater than the tax revenue lost due to the pandemic.

The net cost development of 0.9% is clearly the lowest in the last decade, which is largely attributable to government reimbursement of sick pay costs and additional pandemic-related costs since April. In addition, some activities could not be carried out, or were carried out to a lesser extent, due to the pandemic.

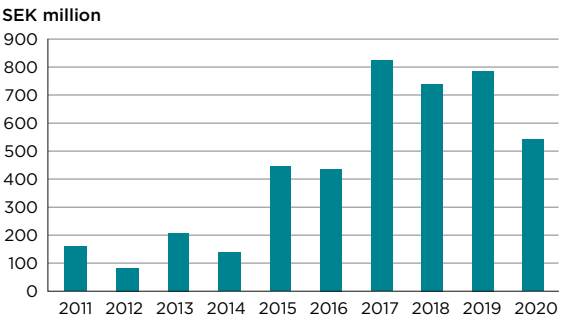
Although 2020 represented a break in the trend in which financial margins grew significantly, it is important to note that the long-term challenges for the city in financing its activities remain. There are still major uncertainties about how tax revenues will develop in the coming years, given the impact of the pandemic. In addition, a large part of the general state subsidies provided to the Municipality during the year are temporary measures that will gradually be phased out in the coming years.

## Items outside structural earnings

Net earnings for the year were impacted by a number of non-recurring items that are recognised outside the ‘structural earnings’. These items include capital gains on the sale of property, dividends from companies, and other items. Total non-recurring items amount to SEK 992 million for 2020.

Capital gains for the year for property transactions amounted to SEK 540 million, which is somewhat higher than the budget and is in line with the assessments made during the year. However, it can also be noted that the outcome is significantly lower than in the past three years.

## Capital gains



The budgeted dividend of SEK 540 million from Göteborgs Stadshus AB was not paid following a decision by the City Council in December. However, a dividend of SEK 20 million from Renova AB is recognised, relating to repayment of a previously paid conditional shareholder contribution.

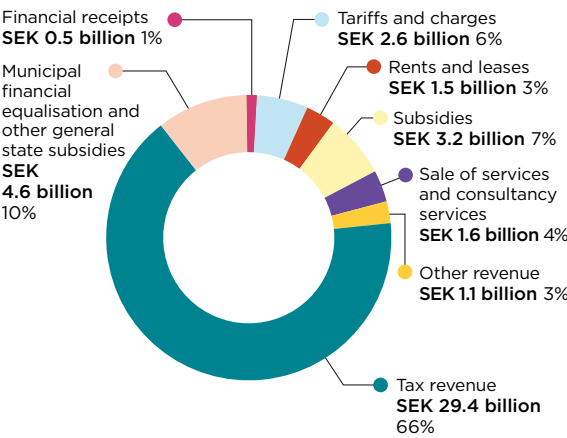
In addition to capital gains and dividends, three other items are recognised outside structural earnings. New calculations from the City’s pension administrator, KPA, show that the previous valuation of the City’s pension provisions was too high. A one-off adjustment has therefore been made, which helps to strengthen earnings by SEK 283 million.

A positive one-off effect of SEK 54 million arose because of the adjustment of the Municipality’s provision for co-financing covering of the Götaleden city tunnel link.

As of 2020, under a new recommendation for revenue recognition, income from payments for street costs and developer contributions are recognised as revenue in their entirety upon completion. The new rule contributed to an increase in income of SEK 95 million for 2020. This item is also treated in the financial analysis outside structural earnings.

## Revenue and expenses for the year

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

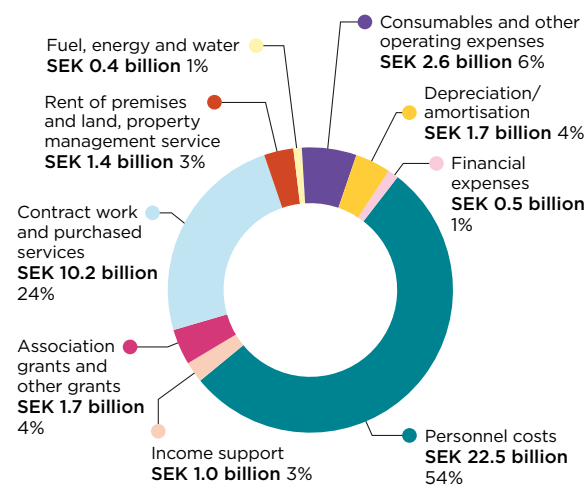


The Municipality’s revenue totalled SEK 44.5 billion in 2020. Tax revenue with the municipal financial equalisation and other general state subsidies are clearly the largest revenue item and accounted for 76% of the Municipality’s financing in 2020, totalling SEK 34.0 billion, an increase of over SEK 1.5 billion or 4.7% on the previous year. In particular, the general state subsidies increased sharply during the year as the Riksdag decided on multiple occasions to allocate extra funding to mitigate the effects of the pandemic. Within the municipal financial equalisation, the Municipality continued to draw financing primarily from cost equalisation. Tax revenue increased by SEK 0.5 billion or 1.9%. Municipal tax was unchanged at 21.12%.

Other revenue of significance for the Municipality mainly includes tariffs and charges, as well as subsidies which together account for about 13% of the Municipality’s income. The subsidies mainly include targeted subsidies from the government aimed at financing a specific purpose or project.



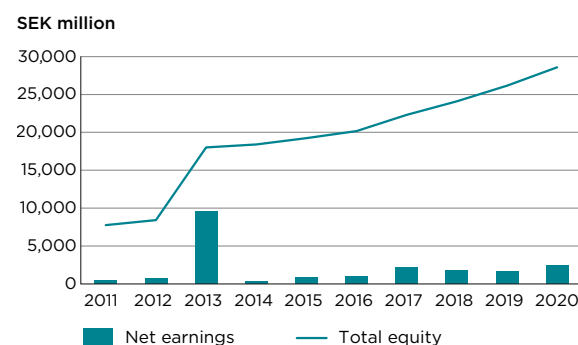
## Costs (SEK bn and as a percentage)



Total costs for the year amounted to SEK 42.0 billion. Personnel costs, the single large item, totalled SEK 22.5 billion, accounting for 54% of total costs. Compared with 2019, personnel costs increased by over SEK 100 million, which equates to just under 0.5%. The increase is substantially lower than in recent years. The slowdown in the increase in staff costs is mainly due to the decrease in the staff volume, in terms of time worked, by almost 2% compared with 2019.

Contract work and purchased activities are the other large cost item. In all, these costs amounted to SEK 10.2 billion in 2020, accounting for over 24% of total costs. Compared with 2019, the costs decreased by about SEK 1 billion. Income support increased by nearly 2% and totalled almost SEK 1 billion.

## Development of equity and the equity/assets ratio



Gothenburg Municipality's equity was strengthened by net earnings for the year of SEK 2,408 million and amounted to SEK 28.6 billion as of 31 December 2020.

In addition to net earnings for the year, equity was also affected by two accounting changes.

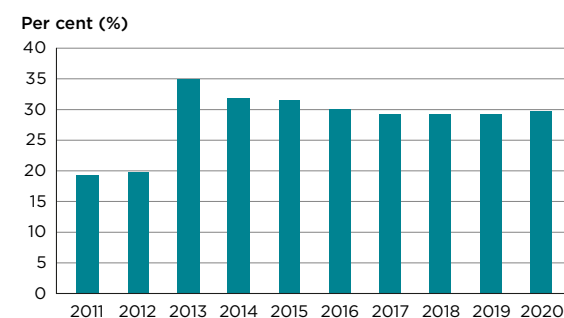
The City Council decided on 14 May that the Eco-cycle and Water Committee should

switch from managing the operation's earnings by liability/receivable to subscriber. As a result of this decision, the Eco-cycle and Water Committee's earnings no longer affect the City's earnings or equity, but instead are recognised as a liability to subscribers. The accounting change is an adaptation to good accounting practice in operations financed by tariffs. The implemented change has a negative impact on the City's equity brought forward of SEK 101 million in 2020.

As a result of changes in revenue recognition rules, beginning in 2020 income from payments for street costs and developer contributions are normally recognised as revenue in their entirety upon completion, provided that no obligations remain related to the income. This income was previously recognised as a liability and then gradually entered as income in pace with depreciation of the assets it financed. The implemented change has a positive impact on the City's equity brought forward of SEK 669 million in 2020.

In all, SEK 4,530 million of equity is what is known as the earnings equalisation reserve.

## Equity/assets ratio as per the balance sheet

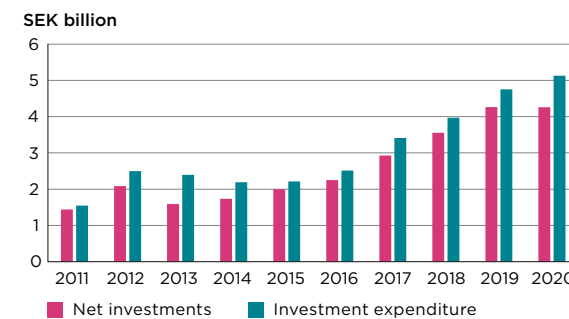


The equity/assets ratio is a measure of the Municipality's long-term financial manoeuvrability. It shows what percentage of the Municipality's assets has been financed using its own funds. The diagram above shows the development of the equity/assets ratio using the so-called mixed model, in which certain pension obligations are recognised outside of the balance sheet. For 2020, the equity/assets ratio was 30% and was therefore somewhat higher than in the annual accounts for 2019.

In 2013, the equity/assets ratio was much strengthened due to the restructuring in the company sector. Since then, there has been a reduction despite positive financial performance and an increase in equity. This is because equity decreased in relation to the increase in total assets.

The increase in total assets can in turn largely be attributed to the fact that borrowing for the whole Group is handled centrally in the Group Bank. For the Municipal Group, where internal dealings are eliminated, the equity/assets ratio is developing positively and therefore following a more expected improvement linked to the positive earnings trend.

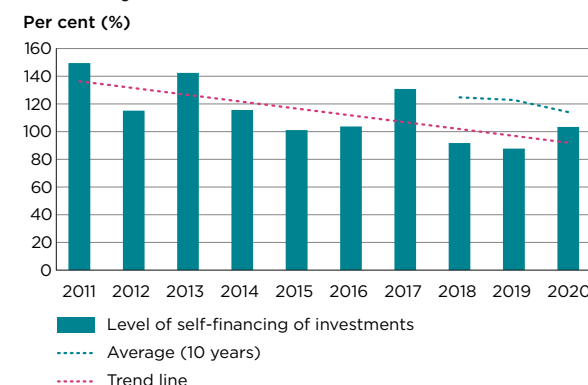
## Investments



The committees' investment expenditure totalled SEK 5.1 billion in 2020. Government investment subsidies and other investment income totalled just under SEK 0.9 billion during the year, for a net investment of approximately SEK 4.3 billion. The committees' net budget for 2020 was SEK 6.8 billion. The budgeted investment pace was therefore not carried out as planned. In general, the deviations can be attributed to delays in planning and implementation, where a growing proportion of volumes relate to more complex and extensive projects, with greater impact on total investment volumes.

Even though investments did not reach the budgeted levels, the outcome still entailed a marginal increase in the volume of investment compared with 2019. The diagram illustrates how, overall, investments have increased over time. The outcome for 2020 indicates that the Municipality's investment volume has more than doubled over the past five years.

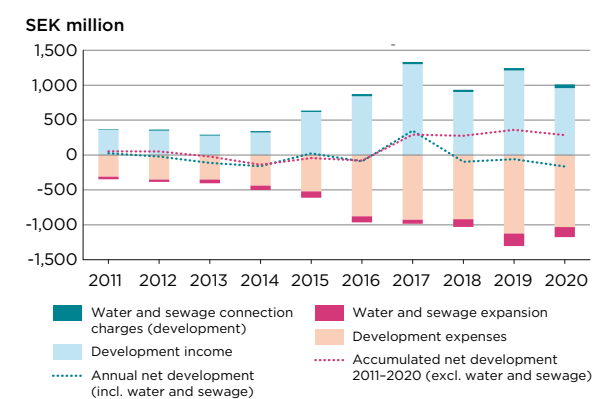
## Level of self-financing of net investments for the year



The level of self-financing for investments during the year measures what percentage of the investments can be financed through the tax revenue remaining after operating activities have been financed. Despite increased net investments, the level of self-financing has been high in recent years. This can be explained by strong earnings with high capital gains on property transactions, coupled with dividends from the companies. In 2020 the level of self-financing was 103%. As a result of strong earnings combined with lower than budgeted investment volumes, the level of self-financing increased compared with the past two years.

However, because of the growing volume of investment, the long-term trend is downwards.

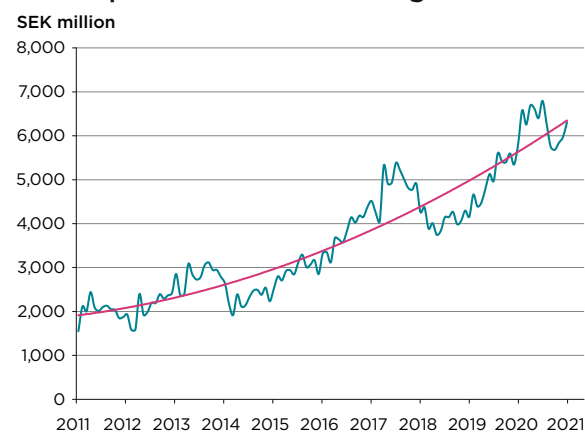
## Annual development outcome



The table above shows investments in development 2011–2020. The Municipality's total development income and development expenses amounted to SEK 1.0 billion and SEK 1.2 billion, respectively, for 2020. This outcome is lower than 2019 and in relation to budgeted volumes for the year, but still confirms the trend from recent years with a completely new level for the pace of urban development in the City. The trend indicates that development expenses in recent years have tripled in relation to previous years. The number, but mainly the size and complexity of many of the development projects in progress, entail great variations in cash flows from one year to the next, and in relation to planned activities, even with minor delays or changes in schedule or pace of implementation. The overall net outcome was SEK -165 million for 2020, of which the outcome excluding the WATER/SEWAGE FACILITIES expansion project was SEK -91 million.

The level of self-financing that has been the goal for the past ten-year period is based on land development activities excluding the WATER/ SEWAGE FACILITIES expansion project. At year-end, accumulated net annual development for the period 2011–2020 was SEK 256 million. Because of the negative net outcome for the year, the level of self-financing fell for the rolling ten-year period from 107% to 104%.

### Development of net borrowing



The diagram illustrates how net borrowing has changed over a ten-year period. Net borrowing is defined as the Group Bank's borrowing less lending to the companies and less the liquidity invested in the market. Borrowing reveals the Municipality's flow of liquidity and constantly fluctuates depending on events in the operation. It is strongly affected by operating earnings in the operation, volume of investment and large, individual liquid items. The curve in the diagram gives a general idea of how net borrowing developed over time. Over the entire ten-year period, net borrowing went from about SEK 1.5 billion to SEK 6.3 billion. In relation to the annual accounts for 2019, net borrowing increased by SEK 0.5 billion. In 2020, net borrowing increased by about SEK 0.5 billion. The trend for net borrowing can largely be attributed to the increase in investment volumes over time. It has not been possible to fully self-finance the increasing volume of investment. The increase in net borrowing in 2020 was lower than expected because the Municipality's earnings exceeded expectations, at the same time that investment volumes were not carried out at the rate that was budgeted.

### Budget performance

The City Council budgeted for a surplus of SEK 668 million for 2020. The result included a dividend of SEK 540 million from the companies, along with income from capital gains of SEK 500 million. Thus the result of SEK 2,408 million represented a positive deviation in relation to the budget of SEK 1,740 million, despite the Council decision in December to remove the dividend requirement for the companies.

The committees, which had budgeted for a deficit of SEK -82 million, ultimately reported a surplus of SEK 1,147 million. This historically high result can largely be attributed to the special circumstances that prevailed in 2020. The expanded state subsidies to cover sick pay costs and extra costs related to Covid-19 in care and social services contributed to the result for the committees. Another explanation is that some activities could not be carried out, or were carried out to a lesser extent, due to the pandemic. In addition, during the year the City Council decided to expand the municipal subsidy to several committees.

A surplus of SEK 267 million was reported at the central municipal level, which equates to a positive deviation from the budget of SEK 557 million. The central municipal deviation can largely be attributed to the expansion of the general state subsidies during the year by almost SEK 1,100 million.

### Budget performance

Amounts in MSEK	Budget 2020	Annual accounts 2020
Earnings, committees	-82	1,147
Earnings, central municipal items	-290	267
<b>Earnings before non-recurring items</b>	<b>-372</b>	<b>1,415</b>
Items affecting comparability	500	540
Capital gains	540	20
Dividends from companies	-	432
<b>Earnings</b>	<b>668</b>	<b>2,408</b>

### Key financial figures – Municipality

Per cent (%)	2016	2017	2018	2019	2020
Tax revenue trend	7.0	5.0	2.9	3.7	4.7
Net cost trend excl. items affecting comparability	5.9	4.9	3.6	4.4	0.9
<b>Proportion of running costs</b>	<b>97</b>	<b>93</b>	<b>94</b>	<b>95</b>	<b>93</b>
of which operating income and expenses (net)	92	90	92	91	88
of which planned depreciation/amortisation	4.2	4.6	4.8	5.1	5.1
of which net financial items	0.5	-2.0	-2.3	-1.3	0.0
of which non-recurring items affecting comparability	0.0	0.0	-0.4	0.0	0.1
<b>Net earnings for the year / tax revenue and municipal financial equalisation</b>	<b>3.2</b>	<b>7.0</b>	<b>5.7</b>	<b>5.2</b>	<b>7.1</b>
<b>Structural earnings / tax revenue and municipal financial equalisation</b>	<b>1.7</b>	<b>1.8</b>	<b>1.2</b>	<b>0.6</b>	<b>4.2</b>
<b>Gross investments / gross costs</b>	<b>6.8</b>	<b>9.9</b>	<b>11.0</b>	<b>12.4</b>	<b>13.8</b>
<b>Net investments / gross costs</b>	<b>6.1</b>	<b>8.7</b>	<b>9.9</b>	<b>11.8</b>	<b>12.2</b>
<b>Depreciation/amortisation and write-downs</b>	<b>181</b>	<b>209</b>	<b>264</b>	<b>295</b>	<b>280</b>
<b>Level of self-financing for the year's net investments</b>	<b>104</b>	<b>131</b>	<b>92</b>	<b>88</b>	<b>103</b>
<b>Equity/assets ratio as per the balance sheet</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>30</b>
<b>Equity/assets ratio incl. all pension obligations</b>	<b>13</b>	<b>15</b>	<b>16</b>	<b>18</b>	<b>20</b>
<b>Total debt/equity ratio and degree of provision</b>	<b>70</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>69</b>
of which degree of provision	5.1	4.9	4.9	5.0	4.6
of which short-term debt/equity ratio	22	19	24	22	22
of which long-term debt/equity ratio	44	47	41	44	43
<b>Primary municipal tax rate</b>	<b>21.12</b>	<b>21.12</b>	<b>21.12</b>	<b>21.12</b>	<b>21.12</b>
<b>Acid-test ratio</b>	<b>111</b>	<b>103</b>	<b>57</b>	<b>59</b>	<b>35</b>
<b>Net financial assets (MSEK)</b>	<b>-10,550</b>	<b>-10,763</b>	<b>-12,638</b>	<b>-14,356</b>	<b>-16,002</b>
<b>Net borrowing (Municipality's interest-bearing debt) (MSEK)</b>	<b>-4,514</b>	<b>-4,260</b>	<b>-4,154</b>	<b>-5,809</b>	<b>-6,307</b>



# Disclosures on internal transactions, Group and shareholders' contributions

## Sales

Amounts in MSEK	Buyer:	Companies	Municipality	Joint Statutory Authorities	Total
<b>Seller:</b>					
Companies			2,508	8	2,516
Municipality		1,058		16	1,074
Joint Statutory Authorities		3	316		319
<b>Total</b>		<b>1,061</b>	<b>2,824</b>	<b>24</b>	<b>3,909</b>

## Lending

Amounts in MSEK	Borrower:	Companies	Municipality	Joint Statutory Authorities	Total
<b>Lender:</b>					
Companies			2,146		2,146
Municipality		38,004			38,004
Joint Statutory Authorities			411		411
<b>Total</b>		<b>38,004</b>	<b>2,557</b>		<b>40,561</b>

## Interest

Amounts in MSEK	Interest costs:	Companies	Municipality	Joint Statutory Authorities	Total
<b>Lender:</b>					
Companies			11		11
Municipality		376			376
Joint Statutory Authorities			3		3
<b>Total</b>		<b>376</b>	<b>14</b>		<b>390</b>

## Surety

Amounts in MSEK	Recipient, surety:	Companies	Municipality	Joint Statutory Authorities	Total
<b>Issuer:</b>					
Companies					
Municipality		5,332		113	5,445
Joint Statutory Authorities					
<b>Total</b>		<b>5,332</b>		<b>113</b>	<b>5,445</b>

## Group and shareholders' contributions

Amounts in MSEK	Stadshus AB has:			
	received shareholders' contributions	paid shareholders' contributions to	received Group contributions from	paid Group contributions to
<b>Company:</b>				
Göteborg Energi AB		408	675	
Göteborgs Hamn AB		70	190	
Higab AB				14
Förvaltnings AB Framtiden		423	480	
Göteborg & Co AB		14	15	299
Boplags Göteborg AB		6	8	
Göteborgs Stads Kollektivtrafik AB		21	26	
Business Region Göteborg AB		5		41
Göteborgs Stads Leasing AB			38	
City of Gothenburg	5			
<b>Total</b>	<b>5</b>	<b>947</b>	<b>1,432</b>	<b>354</b>

# 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.

Gothenburg Municipality achieved the statutory balanced budget requirement in 2020 with earnings excluding capital gains of SEK 1,867 million and has thereby met the requirement every year since its introduction in 2000.

With the aim of levelling income over a cyclical downturn and creating greater stability for the activities, a provision can be made to the earnings equalisation reserve. The Municipality's guidelines allow for a provision for the portion

that exceeds 1% of tax revenue, general state subsidies and equalisation, which for 2020 equates to SEK 1,527 million. The earnings equalisation reserve may not exceed 15% of the total of tax revenue, general state subsidies and equalisation, which for 2020 equates to SEK 5,099 million.

Consequently, a provision of SEK 1,527 million was made for this purpose, after which the earnings equalisation reserve totalled SEK 4,530 million.

## Balanced budget requirement analysis

Amounts in MSEK	2020
<b>Net earnings for the year according to the income statement</b>	<b>2,408</b>
- All capital gains	-540
+ Capital gains applying exception option	-
+ Capital losses applying exception option	-
-/+ Unrealised gains and losses on securities	-
+/- Reversal of unrealised gains and losses on securities	-
<b>Net earnings for the year after adjustments to meet balanced budget requirement</b>	<b>1,867</b>
- Reserve for earnings equalisation reserve	-1,527
+ Use of funds from earnings equalisation reserve	-
<b>Balanced budget requirement</b>	<b>340</b>

# Significant personnel-related conditions

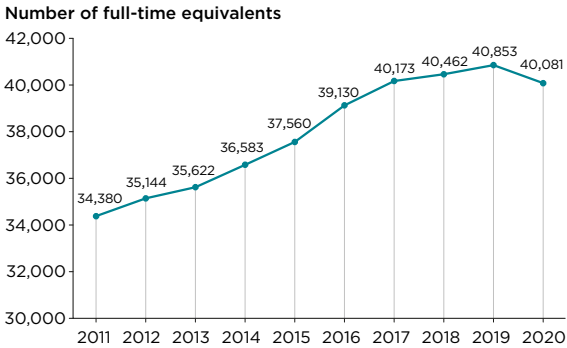
The City’s challenges during the year have largely involved creating favourable conditions for delivery despite the Covid-19 situation. Sick leave increased and time worked decreased, while the work environment and staffing have been strained, especially in the field of welfare and at several companies. At the same time, more people have come to the City and staff turnover has decreased, largely because of the changing labour market.

### Staff volume

The City’s staff volume is measured based on time worked and is usually referred to as full-time equivalents. The City with its administrations, companies and rescue services had a total staff volume of just over 46,400 full-time equivalents. This year, for the first time in many years, staff volume declined compared with the previous year.

The administrations decreased by almost 800 full-time equivalents in 2020, to just under 40,100, a decrease of 2% compared with 2019. The staff volume has increased for several years, but at a much lower pace in recent years. Compared with 2011, the number of full-time equivalents in the administrations increased by 5,700, which is attributable to the increase in the population along with the need for the Municipality’s services. Most of the increase occurred in education, individual and family care and disabilities.

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



The companies report a staff volume of just over 5,800 full-time equivalents. This represents a decline of about 1,000 full-time equivalents compared with 2019, where Liseberg’s reduced activity accounts for a large portion.

In addition to the goal to reduce staff volume specified in the budget, the ongoing pandemic also impacted the reduction of staff volume with shutdowns of operations and lower demand for the Municipality’s services. If there had not been a pandemic, it is likely that staff volume would have increased somewhat in 2020 compared with 2019.

### Staff structure

The pandemic also had an impact on the total number of the City’s employees. In December 2020, there were a total of 53,500 employees in the City. The City’s administrations had then reduced the number of employees by 1,000 to 47,000, and the companies cut 2,000 employees, down to under 6,000. In the City’s administrations, the number of employees with hourly employment accounts for the decline, while the decline for the companies involves fixed-term employees. The number of permanently employed individuals in the city is relatively unchanged. The decline in the number of hourly employees is largely due to the intention to increase staffing within elderly care, while the decrease in the number of fixed-term employees is because activities could not be carried out to the same extent due to restrictions imposed by the authorities.

This year is the first time that Rescue Services employees are included in the report on total number of employees in the city. In 2020, there were almost 700 employees in rescue services, corresponding to 70% of all employees in Greater Gothenburg Rescue Services (RSG).

Within the city, 71% are women. The proportion of women in the administrations was 77%, in the companies 37% and in rescue services 13%. The proportion in the administrations is unchanged, while the companies saw a decline of 3 percentage points.

The City of Gothenburg had over 2,500 permanently employed managers, 66% of whom are women. In the administrations, the proportion of women declined by two percentage points to 75%, in the companies this figure has increased by one percentage point to 41%. In rescue services, this figure is 23%.

Over a longer period of time, the proportion of permanent employees in the administrations has increased for several years, accounting for almost 80%. The proportion of permanent employees is also increasing in the City as a whole. This trend is well in line with the City’s goal to offer permanent employment in order to be an attractive employer.

The proportion of permanently employed employees in the administrations who work full-time is relatively high: just under 95% of women and just over 96% of men work on these terms.

### Skills provision

The pandemic has affected the entire city in different ways. The staffing situation in the field of welfare has been difficult. There has been considerable concern as operations, staffing and recruitment units have been uncertain about whether resources will be sufficient. Overall, it has become clear over time that the number of applicants has been sufficient, with a relatively good supply of staff meeting the competence requirements. Likely reasons include a change in the labour market, but also an increased interest in services that benefit the community. The pandemic has also affected certain specialist administrations and companies through changes in assignments, such as inspections and congestion management, procurement of personal protective equipment and dealing with the concerns of the general public. Some companies have also had to implement hiring freezes, layoffs, redundancy notices and dismissals due to restrictions. Consequently,

activities have been severely impacted; some have essentially had to shut down completely.

In 2020, the focus was on coping with staffing and skills within health and social care. The situation has demonstrated great need to improve both quality and continuity, which did occur with the aid of extra municipal subsidies aimed at increasing basic staffing. An additional government grant was provided through a care of the elderly initiative. This effort entailed supplementary training to increase or to achieve the basic competencies required for the roles of assistant nurse and care aide. Initiatives to improve language skills were also offered to a limited target group. During the year, several skills development initiatives had to be postponed to ensure daily staffing of operations.

Staff turnover in the City continues to decline. In 2020, it decreased in essentially all occupational groups. Intra-administration turnover also declined and turnover for managers followed the same pattern, primarily because of changes in the labour market. Nurses remain a high-turnover profession, a situation that has persisted for several years. Circumstances are impacted by operations in health care and staffing companies. A City-wide recruitment centre for nurses in health and social care has been established. The aim is to create synergies, to meet the needs of the operation more quickly and to meet the needs of those who come to the City with greater quality.

Advertising of permanent positions in the City’s operations continued to decline in 2020 and the number of applicants per position continued to rise, which is attributable in part to the slowdown of the economy as well as the impact of the pandemic on the labour market. In several operations it is still difficult to find staff with the necessary skills and competition continues to be high with respect to certain key competencies. The challenges of supplying skills in the face of changing demographics remain.

The pandemic has forced faster adoption of new and changed ways of working, along with a more appropriate organisation of operations with a focus on the core mission, where increased digitalisation has been a facilitator. Several administrations and companies made a rapid conversion to largely working online, creating new approaches to reduce the spread and risk of infection among employees, colleagues, users and customers. In light of this rapid adjustment, the



skills retraining and new working methods will be among the major issues for the future.

Since last autumn, a City-wide transition function has been working to coordinate the transition within the City's administrations. The aim is for the transition to become integral to the supply of skills as operations change. The function has also worked on the transition from district administrations to specialist administrations, mainly with respect to managers in administrative and operational management. The transition initiative will continue in the new administrations for some employees, but most had already been reassigned before the transition to the new organisation.

### Working environment and health

The ongoing pandemic has had a far-reaching impact on the City's sick leave rate. The overall sick leave rate in the City was 9.0%; 10.1% for women and 6.4% for men.

The sick leave rate in the City's administrations increased by 1.5 percentage points compared with 2019 and was 9.6%, the highest level since 2006. The increase is mainly attributable to the pandemic and the restrictions imposed by the authorities. For the same reason, healthy attendance (the proportion of employees who have no more than four sick days) has dropped

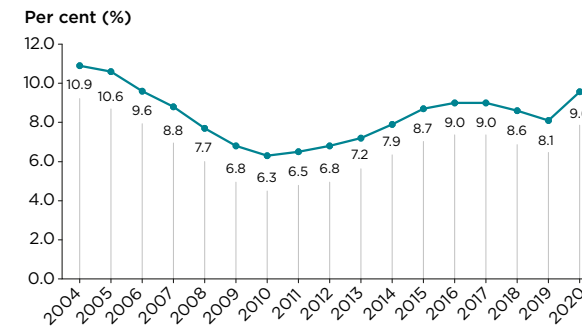
sharply. Sick leave of up to 14 days increased by 1.0 percentage points, while sick leave longer than 14 days rose by 0.5 percentage points. Sick leave increased more among women than among men. For women, the increase is 1.5 percentage points and for men 1.3. In some administrations sick leave declined, which is believed to be because many people worked from home and therefore did not take sick leave for mild symptoms.

The operation with the highest sick leave rate is elderly care. Home-help services increased by 2.2 percentage points compared with 2019 at 13.8%. Care and social services housing increased by 2.5 percentage points to 12.4%. In disability services, the increase was 1.5 percentage points to 11.5%.

The majority of companies report sick leave ranging from 2% to 5%, which is on a par with previous years. Some companies had a sharp increase in sick leave due to the pandemic, such as those in the public transport area.

In 2020, sick leave cost the City's administrations SEK 838 million, which is just over SEK 236 million more than in 2019. The City received SEK 348 million in compensation for the administrations' sick pay costs through state subsidies from the government. For the companies, there is no documentation on which to base a similar comparison at the central level.

### Total sick leave, administrations



The pandemic has had a major impact on the work environment for the entire City. During the spring, the greatest impact was in health and social care, as well as disability support as it was necessary to create procedures to reduce the spread of infection in the operation. Periodic risk assessments have been carried out more frequently than in previous years in all administrations, but especially in the city districts. There has also been great concern about exposure to infection in several operations, and the workload has been high for both administrations and companies due to new procedures, working methods and a high sick leave rate. Even where operations had to shut down due to government restrictions, staff have been worried about the changes. Recovery will be extremely important in the coming years and one way to work in this area will be to continue and encourage the health-promoting attitudes that are already present in many workplaces.

Within the administrations and companies, beginning in November, employees were encouraged to work from home where operations have permitted. In some operations, employees have been working from home since last spring. The challenges of working from home have involved managing remotely with the aim of maintaining a good work environment. Individuals must also accept greater responsibility for their own work environment when working from home. The digital work environment has evolved over the course of the year, but there is still room for improvement.

In 2020 an employee survey was conducted in which all administrations and several companies participated. The results show that the *Sustainable Employee Engagement* (HME) index increased from a score of 76 in 2019 to 79. For managers the HME score increased from 79 to 81. The results also show that 18% of employees feel they have been subjected to some form of abusive behaviour

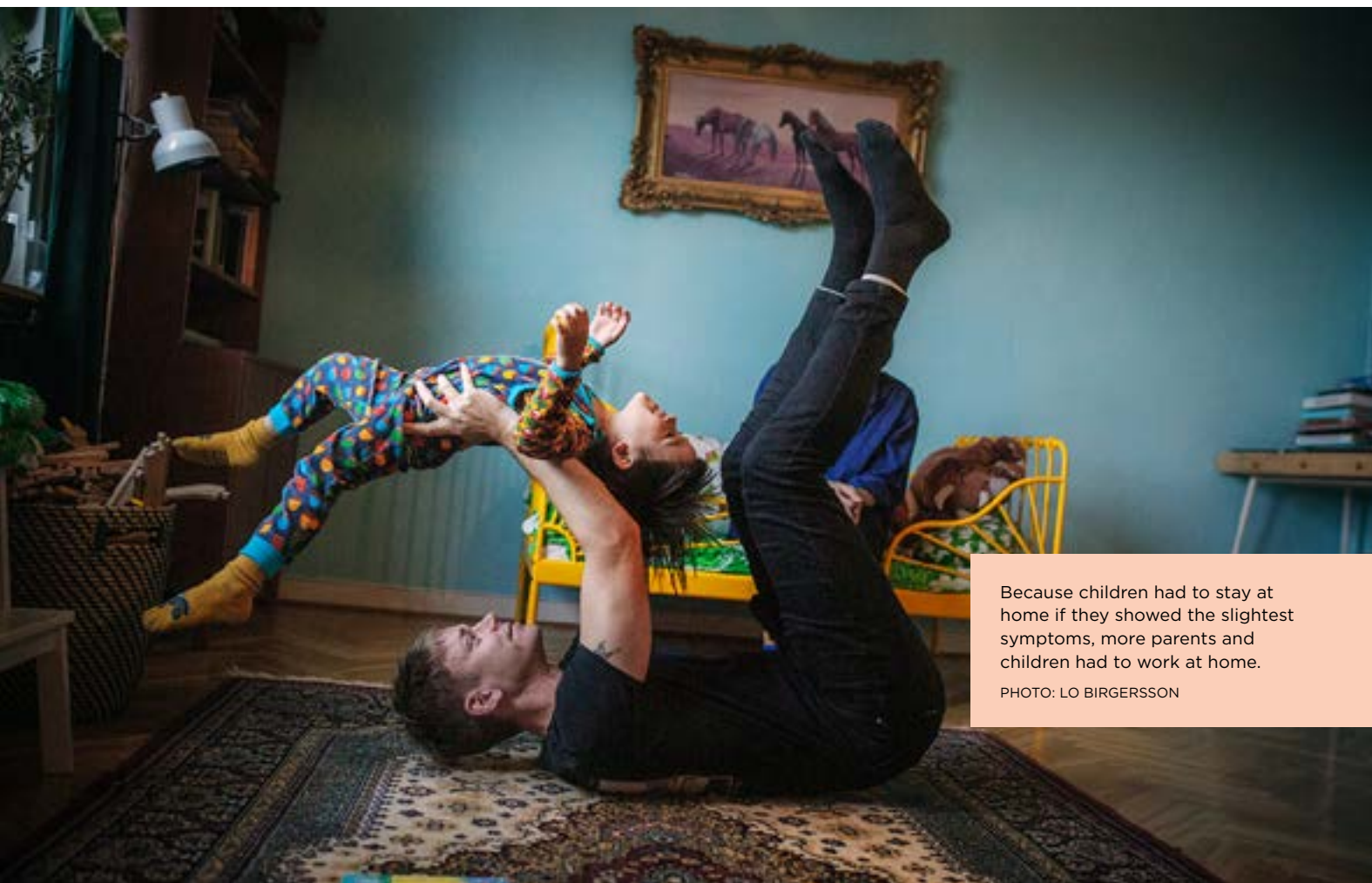
or harassment by either colleagues, managers or those we serve, which is on a par with the previous year. To reduce and prevent such incidents, an action programme has been initiated to focus on strengthening the systematic efforts to improve the workplace environment during the year through education and dedicated guidance. The aim of these initiatives is to ensure fair, objective and impartial management when cases concerning abusive behaviour and harassment are reported or otherwise become known.

### Leadership

The City's managers have been impacted in various ways over the past year and the focus has been aimed at close leadership in all operational areas. Within the companies, some managers have had to deal with dismissals and redundancy notices, while other managers in the city have encountered employees who were highly concerned about the spread of the disease. Many have had a heavy workload primarily because of Covid-19, while several administrations were also affected by the major reorganisation in the City. Planned skills development initiatives for managers, both centrally and locally in the companies and administrations, had to be cancelled or postponed because of the pandemic.

The organisational conditions of managers continue to be a priority both nationally and in the City of Gothenburg. The term 'organisational conditions' refers to the structures, requirements and resources that surround managers in their work. The conditions must enable managers to run a good operation with a working environment where employees can and want to contribute to a good everyday life for the people whom we serve.

Prior to the formation of the new specialist administrations, the University of Gothenburg conducted a survey among the first line managers who were affected by the reorganisation. The results show that management is active and committed, with relatively good conditions. The importance of a long-term and structured effort to improve organisational conditions is highlighted. Priorities include efforts to prevent work overload among managers, to maintain and further develop organisational support based on trust and confidence in all support functions, and to strengthen the involvement of senior management in operational issues. Factors such as number of employees, workplaces and managerial levels are shown to be of little or



Because children had to stay at home if they showed the slightest symptoms, more parents and children had to work at home.

PHOTO: LO BIRGERSSON



mixed significance as challenges for managers. As part of the effort to apply the results to benefit managers, the City will use the ‘Chefoskopet’ tool to train process managers, who will then be able to lead management teams to continue improving organisational conditions.

Wages and benefits

Equal and competitive salaries is a focus area for the City and the effort to eliminate unjustified pay differences needs to continue. For the City’s administrations, this involves continued measures to raise wages for professional categories in welfare and education in relation to other sectors. Equalisation of structural wage differentials is part of the challenge for the City’s administrations to make it possible, in the short and long term, to staff operations with the right education and skills.

The pandemic also had an impact on the annual salary review. Collective bargaining in both the private and public sector labour markets was put on hold in the spring and resumed after the summer. For this reason, only about 30% of employees within the City’s administrations received their new salaries during the year. The rest of the employees will receive the new salary in the first quarter of 2021. Consequently, it is not yet possible to conduct a new analysis of the payroll gap between the average salaries of men and women. Following the 2019 salary review, the

average salary for women was 96.3% of the salary for men. At that time, the gap had decreased by 5.2 percentage points over a ten-year period. The difference between labour market sectors, where healthcare, child care and education traditionally have lower wage levels than the technical and administrative sectors, is the most important explanation for the gender pay gap. According to the Swedish National Mediation Office, occupation is the factor that accounts for the largest component of the gap and notes that the Swedish labour market is largely divided so that men and women work in different occupations at different pay scales.

The companies in the City of Gothenburg were also impacted by the delays in collective bargaining caused by the pandemic. The companies are members of six different employer organisations and all current agreements were extended in the autumn, with new agreements essentially finalised by the end of 2020. A number of companies are conducting the 2020 salary review with payment of the new salary in the first quarter of 2021. Under the new contracts, a number of companies will not conduct a salary review in 2021.

During the year, the City’s review of total employee benefits was supplemented with an estimate of the financial value of the various benefits. This work will continue in 2021.

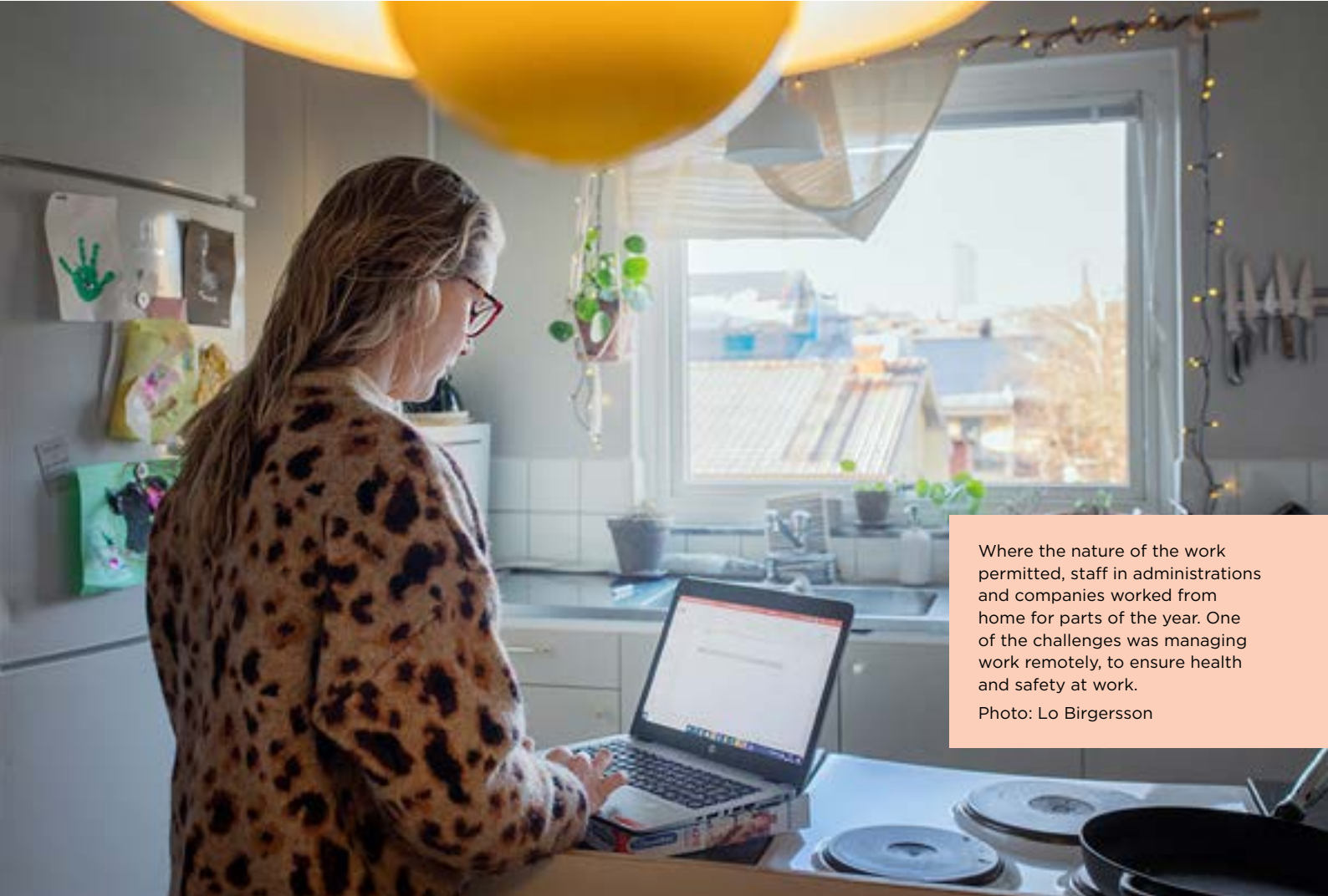
Significant personnel-related conditions, City of Gothenburg

	2019						2020					
	Municipality			Group*			Municipality			Group		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employees	37,086	11,028	48,114	40,337	15,805	56,142	35,977	11,016	46,993	38,224	15,328	53,552
Permanent employees	29,354	8,224	37,578	31,315	11,818	43,133	29,182	8,365	37,547	31,182	12,248	43,430
Fixed-term employees	2,726	1,182	3,908	3,680	1,862	5,542	2,807	1,197	4,004	2,933	1,369	4,302
Hourly employees	5,006	1,622	6,628	5,342	2,125	7,467	3,988	1,454	5,442	4,109	1,711	5,820
Permanent managers	1,418	461	1,879	1,644	784	2,428	1,415	474	1,889	1,664	850	2,514
Average age permanent employees	45.4	44.9	45.3	45.4	45.5	45.5	45.7	45.1	45.5	45.6	44.7	45.3
Sick leave, Total (%)	8.8	5.7	8.1	-	-	-	10.3	7.0	9.6	10.1	6.4	9.0
Sick leave, 1–14 days (%)	2.8	2.4	2.7	-	-	-	3.8	3.3	3.7	3.7	3.0	3.5
Sick leave, >14 days (%)	6.0	3.4	5.4	-	-	-	6.5	3.7	5.9	6.3	3.4	5.5
External recruits	8,153	2,915	11,068	10,637	4,843	15,480	7,410	2,884	10,294	8,089	3,654	11,743
for permanent employment	3,189	977	4,166	3,416	1,395	4,811	2,289	863	3,152	2,485	1,160	3,645
for fixed-term employment	4,964	1,938	6,902	7,221	3,448	10,669	5,121	2,021	7,142	5,604	2,494	8,098
External departures, permanent employees	2,687	779	3,466	2,862	1,090	3,952	2,199	632	2,831	2,368	928	3,296
of whom with a pension	550	147	697	581	221	802	520	109	629	548	188	737
of whom of own volition	1,910	547	2,457	2,033	745	2,778	1,445	427	1,872	1,543	592	2,135
External staff turnover, %	9.3	9.8	9.4	9.3	9.4	9.3	7.5	7.7	7.6	7.6	7.8	7.7

\* 2019 does not include Rescue Services. The sick leave rate for the entire City was not compiled until 2020, for which reason there are no data for 2019.

Significant personnel-related conditions, only the administrations

Per cent (%)	Municipality 2019			Municipality 2020		
	Women	Men	Total	Women	Men	Total
Mobility between administrations	2.4	2.0	2.4	1.7	1.2	1.6
Sick leave						
Total	8.8	5.7	8.1	10.3	7.0	9.6
60 days or more (percentage)	57.6	48.2	56.1	48.5	38.4	46.8
29 years or younger	7.5	5.9	7.1	9.1	7.4	8.6
30–49 years	8.1	5.4	7.5	9.6	6.7	8.9
50 years or older	9.9	6.2	9.1	11.6	7.2	10.6



Where the nature of the work permitted, staff in administrations and companies worked from home for parts of the year. One of the challenges was managing work remotely, to ensure health and safety at work. Photo: Lo Birgersson



# Expected development

This section presents known conditions and factors deemed to impact the City of Gothenburg in the near future, along with the associated risks and uncertainties. The presentation is based on the conceptual model shown below, with the City’s social mission at the heart of the political decisions made on behalf of the residents, visitors and businesses the city serves. The conceptual model also highlights a number of special urban challenges to address.



The City of Gothenburg has an extensive social mission that involves all administrations and companies. The city has undergone rapid growth, with about 70,000 new residents in ten years, and will continue to grow in the future. More citizens and a demographic shift towards an increased proportion of young people and elderly, along with an improved standard of living across the country, have entailed a growing need for and expectation of the services and support that the City of Gothenburg provides. The change in demographics also entails a reduction in the proportion of the population that is of working

age, which contributes to rising competition for personnel, while also affecting income tax, which is the predominant method for financing the welfare mission.

The ability of the Municipality to finance and staff the organisation places increased demands on streamlining the operation and setting priorities between different areas. The City of Gothenburg must be attractive as an employer, and operational development is also needed in areas such as digitalisation, including the use of artificial intelligence (AI).

As Sweden’s second largest city, Gothenburg must also cope with specific urban challenges. A growing number of homes and workplaces require expanded infrastructure to provide accessibility, while public spaces should promote a safe and attractive city. In order to create a socially sustainable society, accessibility, security and the attractiveness of the City must be intended for everyone. Everyone needs equal living conditions and the ability to shape their own lives. The social mission is fundamentally essential for equal education and job opportunities. Given the climate challenges the world faces, the City must also focus on climate change adaptation. These three urban challenges are closely related and addressing them requires a focus on the total perspective, coordination, prioritisation and innovative solutions.

### The City’s social mission

In 2020, population growth in Gothenburg was the lowest since 2007. The City grew by 3,800 residents, a 50% reduction compared with recent years. The most important explanation is that immigration declined as a result of the Covid-19 pandemic. The picture is the same throughout Sweden, though the differences between municipalities are great.

Over the first three quarters, immigration fell while the number of deaths rose. Immigration declined by one third, while the number of deaths increased by over 8% compared with recent years. The number of births, emigration and internal migration remained at the same level. Uncertainty regarding how the coronavirus pandemic will evolve in 2021 is great, but many signs suggest that immigration will be difficult and that the mortality rate will be higher than normal. This suggests that population growth will continue to slow in 2021 and will be lower than assumed in the most recent population forecast. Even in a few years’ time, when the direct effects of the pandemic have waned, many uncertainties remain. Immigration and economic trends will be extremely important for the City’s population trend. A weaker economy could affect both migration and number of births. It is also uncertain whether, and if so how, increased working from home, digitalisation and other changes will affect residential, migration and commuting patterns.

The most recent population forecast was made before Covid-19 was declared a pandemic and population growth will likely be somewhat lower

than stated in the forecast. A new population forecast that takes the new conditions into account will be published in early March 2021. Nevertheless, the current forecast provides a picture of the long-term trend for children and the elderly, the ages that are most important for municipal service production. The forecast shows major increases in these age groups until 2040, which is the last year of the forecast. The number of children in the pre-school age group will increase by 7,000, while the number of children in the compulsory school age group will increase by 11,000. However, both of these groups can be assumed to grow at a somewhat slower pace than what was assumed in the forecast. The trends for propensity to have children and number of births are of great importance for developments in both groups. The age group 65 years and older will increase most. Although this age group was particularly hard hit by the pandemic, in a few years the trend will not be significantly affected. According to the forecast, by 2040 the group is expected to increase by 35,000, a 39% increase. Within the group of older people, the very oldest, 85 years and older, will grow fastest. For the city, this increase entails increased demand for various types of social services, such as home-help services and housing for the elderly. According to the municipal plan for housing for the elderly, the need for such accommodation will increase from just over 4,100 places today, to 6,400 in 2040.

Demographic changes also affect the ability to provide adequate skills within municipal services. The proportion of citizens of working age is declining, while demand for municipal services is growing in the long term. In Sweden’s municipalities and regions, each year over a ten-year period 33,600 people will retire, while 13,200 more people will be needed annually to meet the growing need for welfare services based on demographics. The increase is greatest in health and social care and lowest in pre-school/school. Over the next few years, the Swedish Associations of Local Authorities and Regions (SALAR) expects that the need for new hires will be at a level that exceeds the average for the past 15 years. As competition for labour will be intense, the supply of skills for the future will not be solved solely by recruiting more people. The challenge will be more about using, developing and adapting skills.

The challenges related to skills provision have affected the City’s ability to carry out its mission for several years. Both quality in welfare and



deliveries in urban development are affected, although opportunities to find the right skills have improved to some extent as the economy has changed. To meet the challenge in relation to users and customers, skills need to be used more appropriately with more efficient working methods and with a greater focus on the mission. Staffing should also be planned based on a more strategic perspective. Skills also need to be able to be changed to a higher extent over the course of the individual's working life. Digitalisation needs to be a tool in the effort to effect change and skills retraining within the City's operations will be necessary to meet the challenges posed by new technologies, including artificial intelligence (AI) and robotisation, but also by working methods and practices.

Population growth and labour market trends are some of the aspects that affect the City's financing. According to the Swedish Public Employment Service, the workforce continues to grow, but at a slower pace than previously. More people are far from the labour market, which contributes to rising unemployment. Meanwhile, the employment rate will fall from 68.3% in 2019 to 67.0% in 2022. According to the Swedish Public Employment Service forecast, the number of people employed is expected to decline until

the second half of 2021, when it will slowly begin to rise. For full-year 2020 and 2021, the number of people employed is expected to decline by 1.6% and 0.5%, respectively, after which the figure will increase by 1.3% in 2022.

According to the Swedish Public Employment Service forecast, the number of people who are registered as unemployed is expected to increase in the first half of 2021, after which it will decrease when restrictions have been eased and economic activity increases. The number of people registered as unemployed has increased at a high pace for both men and women, in different age groups, for people born both in Sweden and abroad, as well as for different levels of education. Youth unemployment is high and compared with previous years, there are more young people who are neither employed nor enrolled as students. According to the Institute for Evaluation of Labour Market and Education Policy (IFAU), young people who enter the labour market during a recession are at risk of higher unemployment and lower income for as long as ten years after graduation, compared with those who begin their working life during a strong economy.

The financial challenges that the City faces, which are structural in nature and persist over time, require long-term measures. Meanwhile,

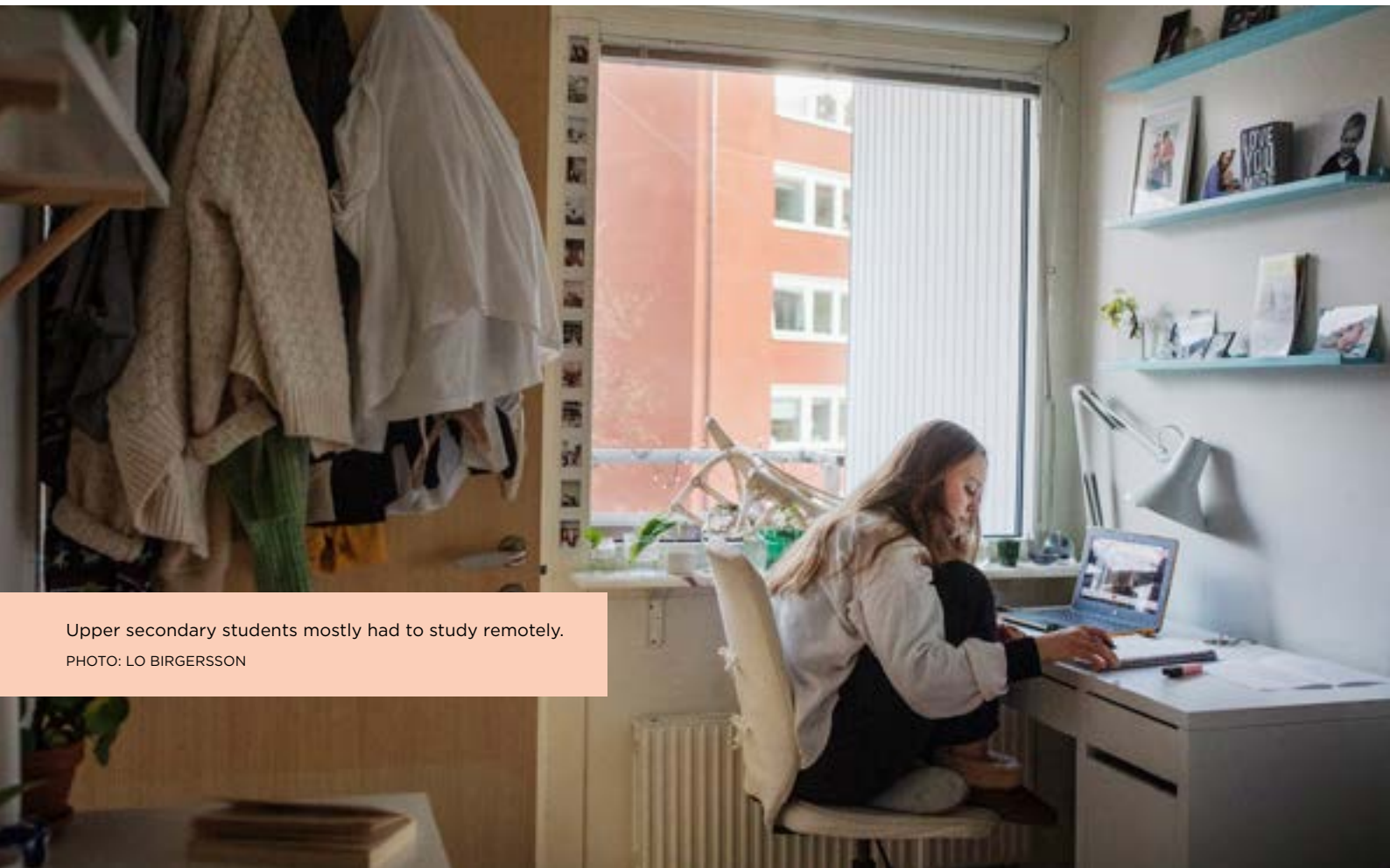
constant external changes affect the economy and pose challenges for dealing with the short-term perspective. During the current pandemic, governments around the world have focused on stimulating the economy to sustain and maintain business and public services on a large scale. The focus moving forward, both in Sweden and at the EU level, is to emerge from the recession as quickly as possible. Nevertheless, many analysts, including governments and SALAR, agree that the recession will persist for an extended period of time and that high unemployment is expected to remain. The lost growth that occurred in 2020 is expected to be recovered in 2021, but GDP is not expected to return to the level of year-end 2019 until early 2022. At the same time, considerable uncertainty about growth is related to the unknowns regarding the scope and duration of the restrictions needed to limit the spread of infection.

The recession affects the municipalities' tax revenue when the tax base trend is not as positive as earlier years. Over the past ten years, the tax base has grown an average of 4%, while the figure for 2020 was just over 2%. For 2021, SALAR expects the growth rate to be barely 3%; the growth rate is not expected to reach about 4% until 2022. The government compensated for the reduced tax revenue in 2020, and is also expected to do so

in 2021. From 2022 onwards, such government compensation is uncertain since the government has not fully taken additional decisions at the level of the 2020 and 2021 decisions.

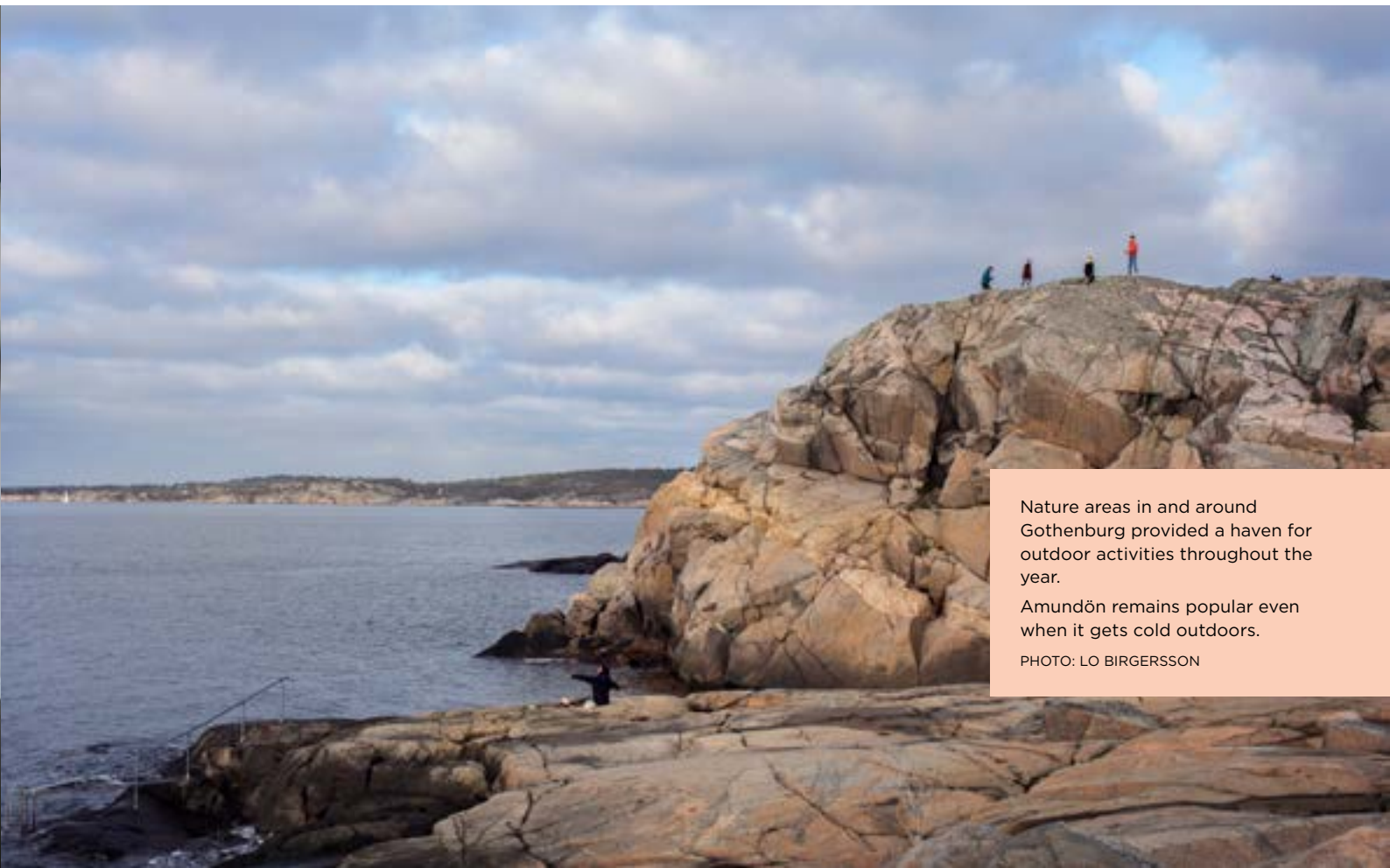
The financial market is also important to follow, especially since the indebtedness of the municipalities is likely to increase moving forward. Historically, both short-term and long-term interest rates are extremely low and continue to provide the City with a favourable trend for interest expense. Current assessments indicate that low interest rates will remain over the next few years. Two other factors that affect the lower interest expenses are that the City's credit rating continues to be high, AA+ (Standard & Poor's) and the Riksbank purchased municipal bonds as part of its relief measures.

Moreover, there is uncertainty regarding what will happen with the Swedish Public Employment Service after the reorganisation. Employment supported by labour market and adult education and the Swedish Public Employment Service may change, which could have a major impact on income support.



Upper secondary students mostly had to study remotely.

PHOTO: LO BIRGERSSON



Nature areas in and around Gothenburg provided a haven for outdoor activities throughout the year.

Amundön remains popular even when it gets cold outdoors.

PHOTO: LO BIRGERSSON



### The City's efforts in urban development

Urban development is a complex task which entails taking a holistic approach to create attractive city districts with housing, shops, workplaces, municipal activities, meeting places, parks, and opportunities for entertainment and leisure activities. In addition, infrastructure is required to provide conditions that encourage urban development, while great demands are placed on sustainability. The complexity of the issues also requires good collaboration between the different parties in the City, as well as with external players. The City can only partially influence the work flow in such a way as to reduce the time from planning to finished homes. An important part of the process is communication and citizen dialogue.

After a period of planning, the extensive urban development process is now entering the implementation phase. A slowdown in the economy and the effects of Covid-19 create uncertainty about how quickly construction can take place. Since construction is largely in the hands of private construction companies, the market's willingness to invest is a key factor in plans being realised, and the market is cyclically sensitive; nevertheless, the infrastructure projects continue to be a strong driver. Local plans have been extensively drawn up and approved, but a downturn in the economy could lead to a lower rate of implementation.

### The City's efforts to achieve a socially sustainable society

A socially sustainable Gothenburg is one of the City's major challenges, one that is shared by most other major cities.

A socially sustainable society is a society that provides security, where people feel they can make informed lifestyle choices and take responsibility for the lives of their children and themselves. A sense of belonging in the community, trusting others and confidence in the future are important factors for this to be possible. A socially sustainable society is also a society where we can live together – even when subjected to severe pressure – regardless of who we are and what our circumstances are.

Differences in living conditions have increased. The wider the gap, the more these disparities affect everyone, even those who are better off. Disparities in living conditions affect access not

only to welfare services – such as pre-school, school, care for the elderly and housing – but also to the democratic processes of society. Achieving a socially sustainable society requires a proactive effort to reduce these disparities and thereby increase access to welfare services.

The dimensions of sustainability have an impact on one another. Social unrest and perceived or actual insecurity affect the willingness of people and businesses to locate somewhere, which by extension makes it more difficult to establish businesses and a sustainable economy.

### The City's efforts to address climate challenges

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

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

The EU is formalising its policies related to climate change and the environment within the *European Green Deal*. The EU's efforts include an action plan that will promote efficient use of resources by transitioning to a circular economy, restoring lost biological diversity and reducing pollution. The plan will also specify what investments are needed, as well as the available financing tools. It also states that a fair and inclusive transition is essential for its success. Gothenburg has prepared itself to meet the EU's work through the climate contract the City signed in collaboration with the government and other cities within *Viable Cities*.

### Other future challenges – the long-term impact of the pandemic on operations

The year has been defined by the pandemic and the City's operations have been affected in various ways. The long-term consequences are difficult to predict and uncertainty with respect to the future remains. Planning for the years ahead entails uncertainty and requires preparedness.

It has also been stressful for many employees and managers; managing the increased burden will be a challenge, especially within welfare. The burden has also been heavy among those companies that have had to shut down their operations, resulting in staff layoffs and dismissals. The changes in working methods, with increased work from home, also led to adjustments in other parts of the operation. Another issue that will need to be addressed moving forward is the requested increase in basic staffing for elderly care. The year has also entailed many postponed development initiatives in most of the City's activities.



Many new routines and working methods have been implemented in healthcare and social care. It is vital to have clothing and equipment that protect employees and users alike.

PHOTO: LO BIRGERSSON

## Annual accounts

This section presents the City of Gothenburg's performance and financial position through the combined accounts, which according to the *Municipal Accounting Act* include the income statement, balance sheet, cash flow statement and notes. The accounting is presented for the Municipality and the Municipal Group. The term 'Municipality' refers to the organisation of committees in the municipal sector that constitute a legal entity. The term 'Municipal Group' refers to the Municipality, as well as the joint statutory authorities comprising rescue services, coordination associations and interpreting services; and a company sector under the parent company Göteborgs Stadshus AB.

### Annual accounts

- 64 Income statement**  
Income statement for the Municipality and the Municipal Group.
- 65 Balance sheet**  
Balance sheet for the Municipality and the Municipal Group.
- 66 Cash flow statement**  
Cash flow statement for the Municipality and the Municipal Group.
- 67 Notes including accounting policies**  
Disclosures are presented here as notes in accordance with legal requirements and recommendations. The City's accounting policies are also described here.
- 93 Definitions**  
This section defines a number of financial concepts.



## Income statement

Amounts in MSEK	Note	Municipality		Municipal Group	
		2019	2020	2019	2020
Operating income	2	11,583	9,992	26,906	24,821
Operating expenses	3, 8	-41,140	-39,842	-51,646	-50,268
Depreciation/amortisation	4	-1,639	-1,737	-4,613	-4,750
<b>Net operating expenses</b>		<b>-31,196</b>	<b>-31,587</b>	<b>-29,353</b>	<b>-30,197</b>
Tax revenue	5	28,833	29,373	28,833	29,373
General state subsidies and equalisation	6	3,634	4,623	3,634	4,623
<b>Operating earnings</b>		<b>1,271</b>	<b>2,409</b>	<b>3,114</b>	<b>3,799</b>
Financial receipts	7	978	463	65	131
Financial expenses	7, 8	-559	-464	-773	-606
<b>Earnings after financial items</b>		<b>1,690</b>	<b>2,408</b>	<b>2,406</b>	<b>3,324</b>
Extraordinary items		-	-	-	-
<b>Net earnings for the year</b>		<b>1,690</b>	<b>2,408</b>	<b>2,406</b>	<b>3,324</b>

Comparative figures for 2019 have been adjusted as a result of corrections/changes see note 23 A.

## Balance sheet

		Municipality		Municipal Group	
Amounts in MSEK	Note	2019	2020	2019	2020
ASSETS					
Non-current assets					
Intangible fixed assets	9	3	2	149	173
Property, plant and equipment	10	35,148	39,849	93,246	101,148
<i>land, plant and buildings</i>		32,421	36,189	84,912	92,094
<i>machinery and equipment</i>		2,675	3,591	8,182	8,879
<i>other property, plant and equipment</i>		52	69	152	175
Financial assets	11	41,468	47,591	3,912	4,633
Total non-current assets		76,619	87,442	97,307	105,954
Infrastructure subsidies	12	25	24	25	24
Current assets					
Supplies, etc.	13	822	999	1,579	2,195
Receivables	14	11,352	6,420	6,200	5,402
Investments in securities etc.		-	-	-	-
Cash and bank		302	941	758	1,418
Total current assets		12,476	8,360	8,537	9,015
Total assets		89,120	95,826	105,869	114,993
EQUITY, PROVISIONS AND LIABILITIES					
Equity	15	26,164	28,571	32,562	35,869
<i>of which net earnings for the year</i>		1,690	2,408	2,406	3,324
<i>of which earnings equalisation reserve</i>		3,003	4,530	3,003	4,530
<i>of which other equity</i>		21,471	21,633	27,153	28,015
Provisions					
Provisions for pensions and similar obligations	16	3,528	3,578	4,753	4,799
Deferred tax liability		-	-	3,510	3,488
Other provisions	17	903	836	1,767	2,532
Total provisions		4,431	4,414	10,030	10,819
Liabilities					
Non-current liabilities	18	38,701	42,063	40,346	45,228
Current liabilities	19	19,824	20,778	22,931	23,077
Total liabilities		58,525	62,841	63,277	68,305
Total equity, provisions and liabilities		89,120	95,826	105,869	114,993
PLEDGES AND CONTINGENT LIABILITIES					
Pledges and equivalent collateral to secure own liabilities and commitments	20	5,829	6,184	1,355	1,354
Contingent liabilities	20-22	10,653	10,673	10,817	10,864
<i>pension obligations not recognised as liabilities or provisions</i>		10,341	10,395	10,455	10,519
<i>other contingent liabilities</i>		312	278	362	345

Comparative figures for 2019 have been adjusted as a result of corrections/changes see note 23b.

## Cash flow statement

		Municipality		Municipal Group	
Amounts in MSEK	Note	2019	2020	2019	2020
OPERATING ACTIVITIES					
Net earnings for the year	BR	1,504	2,408	2,406	3,324
Items not affecting liquidity	24	871	1,234	5,005	5,860
Items affecting liquidity	25	1,113	549	122	-175
Cash flow from activities before change in working capital		3,488	4,191	7,533	9,009
Increase/decrease accrued connection charges and investment grants	18.23	-70	-675	-70	-675
Increase (-)/decrease (+) in current receivables	14.25	-963	513	-967	788
Increase (-)/decrease (+) supplies and inventories	13	-3	-2	-278	-440
Increase (+)/decrease (-) in current liabilities	19.23	562	-498	429	-51
Cash flow from operating activities		3,014	3,529	6,647	8,631
INVESTING ACTIVITIES					
Investment in intangible fixed assets		0	-	-33	-49
Sale of intangible fixed assets		-	-	-	3
Investment in property, plant and equipment	10	-5,686	-6,010	-12,752	-12,729
Sale of property, plant and equipment	10	255	209	1,014	1,142
Investment income	18	791	534	1	546
Investment in financial assets		-3	0	-2	0
Sale of financial assets		0	0	-	-
Cash flow from investing activities		-4,643	-5,267	-11,772	-11,087
FINANCING ACTIVITIES					
Newly raised loans	18	9,040	7,803	10,009	9,758
Repayment of non-current liabilities	18	-5,716	-4,453	-5,388	-6,322
Increase (+)/decrease (-) in interest-bearing current liabilities	18.19	313	1,531	500	399
Increase (-)/decrease (+) in non-current receivables	11.14	-2,224	-2,243	-320	-718
Newly raised loans for financial leases	18	147	145	-	-
Amortisation loans, financial leases	18	-378	-404	-	-
Cash flow from financing activities		1,182	2,379	4,801	3,117
DISBURSEMENT OF STATE INFRASTRUCTURE SUBSIDIES		12	0	0	-1
Cash flow for the year		-446	640	-324	660
Liquid funds at beginning of year	BR	748	301	1,082	758
Liquid funds at the end of the year	BR	302	941	758	1,418

Comparative figures for 2019 have been adjusted as a result of corrections/changes see note 23.

# Notes including accounting policies

## Note 1. Accounting principles and definitions

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

### Introduction

The Municipal Financial Report is regulated by chapter eleven of the *Swedish Local Government Act* (2018:597 Kommunallagen) and the *Swedish Municipal Accounting Act* (Lag om kommunal bokföring och redovisning, LKBR). In addition, the *Swedish Council for Municipal Accounting* (Rådet för kommunal redovisning, RKR) issues recommendations for accounting in the municipal sector. The municipal companies' accounts are prepared in accordance with the *Swedish Annual Accounts Act* and the *general recommendations of the Accounting Standards Board* (BFNAR 2012:1).

The municipal rules take precedence when preparing the Municipal Group's annual accounts. This means that the annual accounts are prepared in accordance with these rules. The combined accounts are prepared in accordance with R16 *Combined accounts*. Any deviations from the recommendations and the reasons for these deviations are reported under the appropriate header below.

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

Three new/revised recommendations from RKR apply to the 2020 annual report: R2 *Revenue*, R14

*Operations and Investment* and R15 *Administration Report*.

The comparative year 2019 has been restated based on the new accounting principles in the combined accounts and in the annual report in general. For longer time series in tables and diagrams, etc., the figures for 2018 and earlier were not restated because it was not deemed possible to do so, given a reasonable effort in relation to the benefit.

During the year RKR issued a number of statements and provided information regarding handling with respect to Covid-19, which were integrated into the accounting. The Municipality did not fully comply with RKR's assessment regarding recognition of reimbursement from the National Board of Health and Welfare for additional costs. Part of the additional costs for December were recognised as income, which improved earnings by SEK 11 million. Total recognition of reimbursement from the National Board of Health and Welfare was done based on the Council's information in December regarding reasonable precaution and experience from approved share in a previous application. No amendment was then made following the Council's opinion in January, since the amount was not considered significant.

### Changes in accounting principles

According to R2 *Income*, income from payments for street costs and developer contributions



should be recognised as revenue in their entirety already upon completion of the investment. An adjustment to the regulatory framework was made in connection with the annual accounts. Revenue is currently only recognised centrally, which means that no accounting is done at the relevant committee, but is based on when the investment to which the income relates is ready to come into use/be capitalised at the administration. The impact of the comparative year 2019 with respect to net earnings is an improvement of SEK 188 million. The effect on closing equity is an increase of SEK 669 million, while non-current liabilities decreased by an equivalent amount. The adjustment is explained in notes 23 a. and 23 b.

Beginning in 2020, equity is no longer affected by earnings for the Eco-cycle and Water Committee within operations financed by tariffs. Instead, the result is recorded as a surplus/deficit withdrawal and thus as a liability/receivable to the subscriber. The impact on the comparative year 2019 entails a decrease in net earnings of SEK 2 million. Equity decreases and current liabilities increase by SEK 101 million. The adjustment is explained in notes 23 a. and 23 b.

### Corrections

In conjunction with adaptation to R2 as noted above, a plant that was coded in the ledger as a negative asset was corrected. The comparative figures for 2019 were adjusted in property, plant and equipment and in non-current liabilities by SEK 10 million. See note 23 b.

An internal adjustment was made in the Group within property, plant and equipment. The adjustment is made for those companies that account for the majority of the value of the line item 'plant', which gives a more accurate picture of the Group's distribution of non-current assets. The 2019 closing balance was adjusted for accumulated values related to cost of SEK 21,488 million, depreciation/amortisation of SEK -12,065 million and write-downs of SEK -1,271 million for the line *Land, plant and buildings*. The corresponding amount has affected *Machinery and equipment*. The net adjustment amount SEK +/-8,152 million can be seen in note 23 b.

### Combined accounts

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

According to the SWEDISH MUNICIPAL ACCOUNTING ACT, the Annual Report must include all operations run by the Municipality, regardless of organisational structure. The Municipal Group consists of the Municipality's committees along with the municipal group companies. The latter comprise companies and joint statutory authorities in which the Municipality has a lasting significant influence, which is primarily applied as ownership greater than 20%. In the Municipal Group, the joint statutory authorities are *Greater Gothenburg Rescue Services*, *Tolkförmedling Väst* and *Gothenburg Coordination Association*. The Municipality's share of the joint statutory authority Tolkförmedling Väst AB comprises about 17%, but according to R16 may be considered to "have special implications for the Municipality's activities" in its current scope, since previously this operation was part of the Municipality's committees.

The Göteborg Region Association of Local Authorities (GR), in which the Municipality holds a 56% stake, has not previously been included in the combined accounts. In view of the SWEDISH MUNICIPAL ACCOUNTING ACT and the requirement to justify which municipal group companies should or should not be included, the conditions for this will be investigated.

Neither the linked foundations managed by the City Executive Board, nor the foundations with their own administration where the Council appoints one or more Board members, are considered to be municipal group companies. The reason is that the Municipality is not considered to have a controlling influence over the performance and financial position of the foundations. The foundations are completely separate from the Municipality's finances, are subject to the respective foundation ordinance, are under the supervision of the County Administrative Board and any changes in purpose must be approved by the Legal, Financial and Administrative Services Agency.

### Consolidation principles

The combined accounts are prepared using proportional consolidation. This means that consolidation takes place in proportion to the Municipality's share of a municipal group company's revenues, costs, assets and liabilities. The annual accounts of each sub-group are used as the basis for consolidation. Internal transactions and internal profit of significant value within the Municipal Group have been eliminated.

### Cash flow statement

The cash flow statement is carried out according to the indirect model and essentially follows the layout recommended by RKR in RKR R13. To clarify the cash flow structure and its links to the income statement and balance sheet, a supplementary disclosure with a note was made. The corrections of errors presented in note 23 affect several lines in the cash flow. See notes 23, 24 and 25.

### Items affecting comparability and extraordinary items

Events of a significant scope that are not expected to occur often and have no link with the ongoing operations are viewed and recognised as extraordinary items.

Items affecting comparability are the result of events that are not extraordinary but are important to consider when comparing with other periods. The item must amount to a considerable sum and be of such a nature that it is not expected to occur often or regularly.

Extraordinary items are reported separately on their own lines and items affecting comparability as a note to the income statement, see note 8.

The information on reporting of infrastructure co-financing that was received in November 2020 has not been followed for the comparative item in note 8. While this had no effect on earnings, operating expenses are SEK 43 million too high, and financial expenses are SEK 43 million too low. See notes 3 and 7.

### Operations and investment

According to RKR R14, information is provided about the structure of the Municipality's operations and investment budget, as well as the most significant financial control principles for reporting of operations and investment.

### Operational accounts

The City Council allocates municipal subsidies (net grants) to the committees to carry out the activities for which they are responsible. The municipal subsidy must cover the costs that remain when income from tariffs, charges and subsidies does not fully cover operating expenses. The municipal subsidies are allocated per committee. In their own committee budgets, the committees allocate the City Council's municipal subsidies among the various activities and organisational entities for which the committees are responsible. Under the City's regulations,

the committees have the right, based on certain circumstances, to accumulate and use equity. The committees therefore have the opportunity, within certain limits, to budget for both a surplus and a deficit.

Income and expenses in the operational accounts must reflect the financial relations of each committee with the outside world, of which the other committees are a part. This means that compared with income and expenses in the income statement, which contains only non-municipal items, the operational accounts also include intra-municipal items, such as purchases and sales between committees.

There are also items in the income statement that have been allocated on an accrual basis in the operational accounts. Examples are personnel costs (40.25%) comprising employer's contributions, contractual pension and payroll tax, as well as internal interest (1.5%) allocated on the basis of the residual book value of capitalised non-current assets.

### Investment accounts

In its 2020 budget, the City Council set an investment framework per committee for the period 2020 to 2023. Just as for operations, the investment framework is allocated per committee. For the Eco-cycle and Water Committee, however, the City Council established separate investment frameworks for water and sewage operations and for waste management operations, respectively. In their own approved budgets, the committees allocate the City Council's investment frameworks among the various investment areas and projects for which the committees are responsible. Some committees have investment income through sources such as government investment subsidies and developer contributions. The City Council's budget decisions refer to net amounts per committee.

In addition, the City Council decides separately regarding project budgets for individual projects of a fundamental nature. These designated projects will be managed within the committees' allocated investment frameworks and monitored on an ongoing basis in interim and full-year reporting.

## Income

### Tax revenue

The Municipality's reported tax revenue consists of preliminary tax payments credited to the

Municipality during the year, a forecast for the final settlement and the difference between the final assessment and the reported tax revenue for the previous year. The preliminary final settlement for tax revenue is based on the *Swedish Association of Local Authorities and Regions’* (SALAR) December forecast, in accordance with recommendation R 2 *Revenue*. See note 5.

Other revenue

Regarding deferred income, investment grants are accrued in the interval 10 to 70 years, depending on the component. For older revenue (before the introduction of component accounting in 2017), dissolution is applied for essentially 33 years. Connection charges are accrued over 50 years, except for Göteborg Energi’s connection charges. Göteborg Energi recognises its connection charges for electricity, gas and district heating in their entirety as revenue in accordance with R3 when delivery of the connection begins. External connection charges amounted to SEK 137.8 million in 2020 (previous year SEK 85.2 million). In the combined accounts, the item has been adjusted to deferred income in accordance with R2. The charge is distributed over five years according to a simplified model in order to meet costs incurred. All income is accrued on a straight-line basis. See notes 2 and 18.

Costs

Depreciation/amortisation

Depreciation of intangible assets and property, plant and equipment is normally made for the estimated useful life, with linear depreciation

based on the cost excluding any residual value. Depreciation begins from the time the asset is put into use. Non-current assets such as land, art and work in progress are not written down. The useful life undergoes a review if there are circumstances that make this necessary, such as operational changes and changes to technology.

Component depreciation has been applied as of 2017 to new acquisitions of buildings and facilities, in line with R4 *Property, plant and equipment*. The table below shows the intervals for the depreciation periods currently applied, as well as the Municipality’s recommended depreciation periods for existing assets acquired up to and including 2016. The table also shows the depreciation periods applied by the companies. See notes 4, 9 and 10.

Chapter 9, section 9 of the SWEDISH MUNICIPAL ACCOUNTING ACT states that information must be provided on the estimated average useful life for each item recognised as property, plant and equipment. Recommendation R4 states that the cost (adjusted for how much of the year the accounting unit held the asset) of each item is to be summed up for the assets that are subject to depreciation and then divided by depreciation costs attributable to these assets. Their estimated average useful life is presented in note 10.

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

Depreciation periods (years)

Plant	Municipality up to and incl. 2016	Municipality 2020	Companies
Capitalised expenditure for development and similar	5	3-5	3-7
Goodwill	5-10	5-10	5-10
Land improvements	20-50	7-80	10-50
Buildings	20-50	15-80	10-100
Leasehold improvements	-	2-33	10-20
Kiosks, pavilions, barracks	10	10	10
Plant, machinery and equipment	5-10	5-30	3-25
Personal computers and IT equipment	3	3-4	3
Pipe/cable rights	-	-	100
Tenancy rights	-	-	20

Write-downs

Recommendation R6 on write-downs is to be applied for write-downs of the value of a non-current asset used in such municipal services and regulated by the cost-price principle. In accordance with R6 *Value Adjustments*, a valuation must 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. If a write-down based on a different principle is made by a municipally owned company, it must be reversed in the consolidated accounts.

The Municipality’s earnings have been affected by reversed write-downs for a total of SEK 30 million, consisting of almost SEK 1 million for part of Gårdstensskolan, which will continue to be used, but which was previously written down in full. The reversal also relates to just over SEK 29 million for a goodwill item from 2011, which is no longer relevant and is offset by an equally large write-off in profit or loss. This item has no impact on the combined accounts since it was written off over time.

For Group companies, the write-down and possible reversal of the write-down are based on market valuations according to the rules in R3. Items written down by companies and reversed in the Municipal Group have not changed during the year. For the Group, new write-downs total SEK 384 million and reversed write-downs SEK 258 million. See notes 4 and 10.

Interest expense in connection with investments

Interest expenses in connection with investments can be reported according to the main rule or the alternative rule in accordance with recommendation R4. Gothenburg Municipality has applied the main rule since 2014, which means that the loan expenses directly affect earnings. The company sector follows the alternative rule which means that the loan expenses, under certain conditions, may be charged to the cost of the asset. In the company sector, loan expenses are capitalised primarily for property companies that have a yield requirement and therefore follow the alternative rule. When calculating loan expenses to be capitalised, the average financing cost of loans for investment purposes were used. The combined

accounts include the capitalised borrowing costs for the year, with SEK 42 million (previous year SEK 47 million) in Property, plant and equipment, calculated at an interest rate of 2%. Closing capitalised loan costs are SEK 566 million. See notes 7 and 10.

Assets

Drawing a boundary between cost and investment

Within the City of Gothenburg, assets for continuous use or holdings with a useful life of at least three years are viewed as non-current assets if the amount is greater than half a price base amount. The boundary is the same for property, plant and equipment as it is for intangible assets, as well as for financial lease agreements. When reinvesting, Municipality guidelines for component accounting specify rules for classifying component replacement as operations or investments. Art deviates from the boundary and two price base amounts are applied, with the exception of cases that fall under artistic decoration/design according to the “one per cent rule”. The boundary for art is a deviation from R4. The reason for this deviation is that the purpose of such purchases is primarily to promote local culture; in addition, the amounts are insignificant in relation to the City’s investment volumes. See notes 10 and 22.

Intangible fixed assets

Intangible fixed assets are shown at acquisition cost less depreciation according to plan and any write-downs. In the combined accounts, intangible fixed assets consist among other things of goodwill. Goodwill is the difference between the cost and the fair value of the Group’s share of net assets acquired. See note 9.

Property, plant and equipment

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

Component accounting according to R4 has been applied since 2017 to new acquisitions of property, plant and equipment. This means that the components that make up an asset are assigned different depreciation periods based on an assessment of the actual useful life. This model is also used when replacing existing assets



or acquiring new components. As a result of the change, items that were previously classified as running costs for ongoing maintenance will from now on, to a larger extent, be treated as reinvestment.

The companies have applied component depreciation for all property, plant and equipment since 2014. See note 10.

## Leases

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

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

Future minimum lease fees are calculated based on data from the lessor and are reported as an obligation in memorandum items. See note 22.

## Financial assets

See the section *Financial liabilities*.

## State infrastructure subsidies

The SWEDISH MUNICIPAL ACCOUNTING ACT requires disclosure regarding state infrastructure subsidies. The dissolution period is set to 25 years for existing projects. See note 12.

# Liabilities and provisions

## Financial liabilities

Financial assets and liabilities are recognised as non-current or current items depending on their character. Reclassification to current occurs when the item matures within twelve months or for the part that is amortised, within twelve months, unless an extension agreement exists at the balance sheet date. Financial assets and liabilities are recognised at cost.

Lending to Group companies is not reclassified as current if the company expects the debt to be settled on a non-current basis. Lending to companies that is expected to be repaid within twelve months is classified as current. For premiums, discounts and charges, straight-line accrual is used over the life of the loan.

The Municipality's bond investment of SEK 3 billion is classified in accordance with RKR R7 as a non-current asset, since the purpose is to hold the asset until maturity, for which reason the investment is not measured at fair value.

Assets and liabilities denominated in foreign currencies are measured at the hedged exchange rate when available; otherwise they are translated at the exchange rate on the balance sheet date as provided by the Riksbank. See notes 18 and 19.

## Derivative and hedge accounting

Hedge accounting in accordance with RKR R8 is applied. Documentation of the hedging relationship is prepared, including the purpose of the hedge, description of the nature of the hedged risk, identification of hedging instruments and description of how the Municipality will assess the effectiveness of the hedge.

The City of Gothenburg hedges part of the debt through interest rate derivatives. The aim is to eliminate variability in future cash flows relating to the payment of variable interest and to fix interest expenses. The Municipality also hedges its foreign exchange exposure through currency derivatives. The effectiveness of the hedging relationship is assessed at each balance sheet date by comparing the principal terms of the hedging instruments with the principal terms of the hedged item. The hedging relationship is considered to be effective as long as there is no material change in the principal terms of either the hedging instrument or the hedged item. The Municipality complies with the requirements for hedge accounting as at 31 Dec. 2020.

Swap interest is recognised in profit and loss on an ongoing basis as part of the City's interest expenses, taking into account the accrual of interest on the swap. The effect of termination of a derivative contract due to termination of the hedging relationship is recognised directly in profit and loss and is not allocated over time. See notes 18 and 19.

## 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 21.

Pension benefits earned in pension schemes from 1998 onwards are shown as a cost in the income statement and a provision in the balance sheet. A special employer's contribution of 24.26% of pension provisions made is also reserved under provisions. See note 16.

Defined-contribution pension including employer's contribution is included in the accruals and deferred income item under current liabilities. See note 19.

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

## Provisions

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

Provisions for landfill sites have been entered at amounts assessed to be necessary to settle the obligation on the balance sheet day. Provisions relate to restoration of the City's closed landfills. No present value has been calculated for a provision for landfill sites and the City of Gothenburg therefore does not comply in these aspects with R9 *Provisions and contingent liabilities*. Reliable information to make this calculation is not available.

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

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

According to R9, informal obligations reported as provisions in municipal companies are reclassified as contingent liabilities in the combined accounts. Provisions exceeding SEK 5 million have been reviewed. See note 17.

## Memorandum items

Memorandum items: an accounting concept according to which pledged assets and contingent liabilities are not included as liabilities or provisions in the balance sheet, but are disclosed as a note immediately below. Contingent liabilities consists of possible commitments where there is uncertainty as to the size of the sum and/or degree of realisation. These include the Municipality's guarantee commitments, the portion of pension obligations dating back further than 1998, and leases. See notes 20, 21 and 22. The pension obligation is described in its entirety in the Administration Report under the section *Disclosures on pension obligations*.

## 2. Operating income

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Charges	2,554	2,584	7,624	7,177
Rents and leases	1,466	1,469	8,211	8,414
Government subsidies and reimbursements	2,646	2,980	2,646	2,996
EU grants	31	24	33	25
Other subsidies	239	130	414	322
Sales activities and contract work	2,618	1,548	3,626	3,210
Development income	1,071	634	1,033	494
Capital gains	240	172	338	363
Other revenue	718	451	2,981	1,820
<b>Total operating income</b>	<b>11,583</b>	<b>9,992</b>	<b>26,906</b>	<b>24,821</b>

Comparative figures for 2019 have been adjusted as a result of corrections/changes, see notes 23 a. and 23 b.

## 3. Operating expenses

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Wages and social security contributions	-20,471	-20,839	-24,385	-24,655
Total pension costs and special employer's contribution	-1,961	-1,694	-2,445	-2,080
Other personnel costs	-	-	-123	-58
Financial assistance	-942	-960	-942	-960
Cost of premises	-1,327	-1,397	-1,192	-1,387
Contract work and purchased activities	-11,115	-10,205	-9,033	-9,175
Fuel, energy, water, etc.	-391	-361	-4,466	-4,008
Consumables and repairs	-952	-1,108	-1,602	-1,732
Lease expenses	-309	-328	-243	-284
Development expenses	-347	-116	-347	-116
Capital losses and disposals	-319	-86	-532	-264
Current and deferred tax	-	-	-346	-186
Other operating expenses	-3,006	-2,748	-5,990	-5,363
<b>Total operating expenses</b>	<b>-41,140</b>	<b>-39,842</b>	<b>-51,646</b>	<b>-50,268</b>

## 4. Depreciation/amortisation and write-downs

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Amortisation, intangible assets	-2	-1	-30	-18
Depreciation, buildings and plant	-1,133	-1,224	-3,419	-3,573
Depreciation, machinery and equipment	-480	-542	-942	-1,034
Write-downs	-24	30	-222	-125
<b>Total depreciation/amortisation and write-downs</b>	<b>-1,639</b>	<b>-1,737</b>	<b>-4,613</b>	<b>-4,750</b>

## 5. Tax revenue

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Preliminary municipal tax	29,065	29,926	29,065	29,926
Preliminary final settlement, current year	-245	-139	-245	-139
Final settlement, previous year	13	-414	13	-414
<b>Total tax revenue</b>	<b>28,833</b>	<b>29,373</b>	<b>28,833</b>	<b>29,373</b>

## 6. General state subsidies and equalisation

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Income equalisation	2,698	2,544	2,698	2,544
Cost equalisation	-681	-1,080	-681	-1,080
Settlement subsidy	401	593	401	593
Municipal property charge	837	862	837	862
Subsidy for LSS equalisation	172	188	172	188
Other subsidies	207	1,516	207	1,516
<b>Total general state subsidies and equalisation</b>	<b>3,634</b>	<b>4,623</b>	<b>3,634</b>	<b>4,623</b>

## 7. Financial income and expenses

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Dividends on shares and participations	549	24	2	67
Interest income	33	33	55	50
Interest income from subsidiaries	368	376	-	-
Other financial income	27	30	8	14
<b>Total financial income</b>	<b>977</b>	<b>463</b>	<b>65</b>	<b>131</b>
Interest expenses	-414	-405	-603	-528
Interest expenses, Group companies	-10	-14	-	-
Interest on pension costs	-94	-76	-120	-108
Other financial expenses	-41	31	-50	30
<b>Total financial expenses</b>	<b>-559</b>	<b>-464</b>	<b>-773</b>	<b>-606</b>

Comparative figures for 2019 have been adjusted for the line Interest expenses, SEK +94 million, and Interest on pension costs, SEK -94 million, for the Group. In 2020, interest rate hedges in the form of interest rate derivatives increased the Municipality's borrowing costs by SEK 47 million (previous year SEK 68 million).



## 8. Items affecting comparability

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
<b>Total receipts affecting comparability</b>	-	-	-	-
Reversal co-financing E 45: fundamental provision (included in operating expenses)	-	11	-	11
Reversal co-financing E 45: indexing (included in financial expenses)	-	43	-	43
<b>Total costs affecting comparability</b>	-	54	-	54
<b>Total items affecting comparability</b>	-	54	-	54

## 9. Intangible fixed assets

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
<b>In-house developed intangible fixed assets</b>				
Opening cost	19	19	641	633
Cost	-	-	5	50
Sales/disposals	-	-	-19	25
Reclassifications/transfers	-	-	6	-11
<b>Closing cost</b>	<b>19</b>	<b>19</b>	<b>633</b>	<b>697</b>
Opening accumulated depreciation/amortisation	-19	-19	-605	-611
Sales/disposals	-	-	19	1
Reclassifications/transfers	-	-	1	0
Depreciation/amortisation for the year	-	-	-26	-19
<b>Closing accumulated depreciation/amortisation</b>	<b>-19</b>	<b>-19</b>	<b>-611</b>	<b>-629</b>
Opening accumulated depreciation/amortisation	-	-	29	29
Sales/disposals	-	-	-	-
Reclassifications/transfers	-	-	-	-
Write-downs/reversals for the year	-	-	-	-29
<b>Closing accumulated write-downs</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>0</b>
<b>Closing book value</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>68</b>
<b>Intangible fixed assets acquired</b>				
Opening cost	52	52	467	482
Cost	-	-	15	0
Sales/disposals	-	-29	-	-29
Reclassifications/transfers	-	-	0	11
<b>Closing cost</b>	<b>52</b>	<b>23</b>	<b>482</b>	<b>464</b>
Opening accumulated depreciation/amortisation	-19	-20	-296	-301
Sales/disposals	-	-	-	0
Reclassifications/transfers	-	-	-	0

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Depreciation/amortisation for the year	-1	-1	-5	-4
<b>Closing accumulated depreciation/amortisation</b>	<b>-20</b>	<b>-21</b>	<b>-301</b>	<b>-305</b>
Opening accumulated write-downs	-29	-29	-83	-83
Sales/disposals	-	-	-	-
Reclassifications/transfers	-	-	-	-
Write-downs/reversals for the year	-	29	-	29
<b>Closing accumulated write-downs</b>	<b>-29</b>	<b>0</b>	<b>-83</b>	<b>-54</b>
<b>Closing book value</b>	<b>3</b>	<b>2</b>	<b>98</b>	<b>105</b>
<b>Total intangible fixed assets</b>	<b>3</b>	<b>2</b>	<b>149</b>	<b>173</b>
<b>Intangible fixed assets</b>				
<b>Carrying amount at beginning of year</b>	<b>5</b>	<b>3</b>	<b>153</b>	<b>149</b>
Cost	-	-	20	50
Sales/disposals	-	-29	-	-3
Write-downs	-	29	-	0
Depreciation/amortisation	-2	-1	-31	-23
Other changes	-	-	7	0
<b>Carrying amount at year-end</b>	<b>3</b>	<b>2</b>	<b>149</b>	<b>173</b>

## 10. Property, plant and equipment

	Municipality		Municipal Group	
Amounts in MSEK	2019	2020	2019	2020
<b>Land, plant and buildings</b>				
Opening cost	43,003	47,101	130,484	139,459
Cost	5,081	5,744	10,038	11,193
Sales/disposals	-616	-352	-987	-860
Reclassifications/transfers	-367	-668	-76	-297
<b>Closing cost</b>	<b>47,101</b>	<b>51,825</b>	<b>139,459</b>	<b>149,495</b>
Opening accumulated depreciation/amortisation	-13,776	-14,626	-49,183	-52,060
Sales/disposals	282	259	498	681
Reclassifications/transfers	1	8	-59	-10
Depreciation/amortisation for the year	-1,133	-1,224	-3,316	-3,477
<b>Closing accumulated depreciation/amortisation</b>	<b>-14,626</b>	<b>-15,583</b>	<b>-52,060</b>	<b>-54,866</b>
Opening accumulated depreciation/amortisation	-30	-54	-2,313	-2,487
Sales/disposals	-	-	47	76
Reclassifications/transfers	-	-	0	2
Write-downs/reversals for the year	-24	1	-221	-126
<b>Closing accumulated write-downs</b>	<b>-54</b>	<b>-53</b>	<b>-2,487</b>	<b>-2,535</b>
<b>Closing book value</b>	<b>32,421</b>	<b>36,189</b>	<b>84,912</b>	<b>92,094</b>
Estimated average useful life (years)	26.0	26.4	29.9	30.2
<b>Machinery and equipment</b>				
Opening cost	3,697	5,043	13,247	15,003
Cost	998	875	2,552	2,025
Sales/disposals	-4	-12	-957	-534
Reclassifications/transfers	352	221	161	-252
<b>Closing cost</b>	<b>5,043</b>	<b>6,127</b>	<b>15,003</b>	<b>16,242</b>
Opening accumulated depreciation/amortisation	-1,974	-2,368	-6,181	-6,708
Sales/disposals	4	9	438	465
Reclassifications/transfers	79	362	46	97
Depreciation/amortisation for the year	-477	-539	-1,011	-1,105
<b>Closing accumulated depreciation/amortisation</b>	<b>-2,368</b>	<b>-2,536</b>	<b>-6,708</b>	<b>-7,251</b>
Opening accumulated write-downs	0	0	-112	-113
Sales/disposals	-	-	-	-
Reclassifications/transfers	-	-	-	-
Write-downs/reversals for the year	0	-	-1	1
<b>Closing accumulated write-downs</b>	<b>0</b>	<b>0</b>	<b>-113</b>	<b>-112</b>
<b>Closing book value</b>	<b>2,675</b>	<b>3,591</b>	<b>8,182</b>	<b>8,879</b>
Estimated average useful life (years)	8.7	9.8	9.7	10.1
<b>Other property, plant and equipment</b>				
Opening cost	89	88	226	231
Cost	-	2	1	3
Sales/disposals	-	-6	0	-6

	Municipality		Municipal Group	
Amounts in MSEK	2019	2020	2019	2020
Reclassifications/transfers	-1	17	4	32
<b>Closing cost</b>	<b>88</b>	<b>101</b>	<b>231</b>	<b>260</b>
Opening accumulated write-downs	-33	-36	-69	-79
Sales/disposals	-	6	-	6
Reclassifications/transfers	-	-	2	-
Depreciation/amortisation for the year	-3	-2	-12	-12
<b>Closing accumulated depreciation/amortisation</b>	<b>-36</b>	<b>-32</b>	<b>-79</b>	<b>-85</b>
Opening accumulated write-downs	-	-	-	-
Sales/disposals	-	-	-	-
Reclassifications/transfers	-	-	-	-
Write-downs/reversals for the year	-	-	-	-
<b>Closing accumulated write-downs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing book value</b>	<b>52</b>	<b>69</b>	<b>152</b>	<b>175</b>
Estimated average useful life (years)	24.9	28.9	17.8	16.9
<b>Total property, plant and equipment</b>	<b>35,148</b>	<b>39,849</b>	<b>93,246</b>	<b>101,148</b>
<b>Property, plant and equipment</b>				
<b>Carrying amount at beginning of year</b>	<b>30,976</b>	<b>35,148</b>	<b>86,099</b>	<b>93,246</b>
Cost	6,079	6,621	12,591	13,221
Sales/disposals	-334	-95	-962	-172
Write-downs	-24	1	-222	-125
Depreciation/amortisation	-1,613	-1,765	-4,339	-4,594
Other changes	64	-61	79	-428
<b>Carrying amount at year-end</b>	<b>35,148</b>	<b>39,849</b>	<b>93,246</b>	<b>101,148</b>
<b>Spec: Of which leases</b>				
<b>Machinery and equipment</b>				
Cost	2,928	3,113	-	-
Acc. depreciation/amortisation	-1,758	-1,798	-	-
Write-downs	-	-	-	-
<b>Closing book value</b>	<b>1,170</b>	<b>1,315</b>	<b>0</b>	<b>0</b>
Estimated average useful life (years)	7.2	7.5	-	-
<b>Spec: Of which ongoing</b>				
Opening cost	9,666	10,861	15,699	17,482
Cost	6,079	6,621	12,591	13,222
Transfers	-4,884	-5,386	-10,424	-10,735
Sales/disposals	-	-	-346	-56
Write-downs	-	-	-62	-126
Other	-	-	24	-55
<b>Closing book value</b>	<b>10,861</b>	<b>12,096</b>	<b>17,482</b>	<b>19,732</b>

Comparative figures for 2019 have been adjusted as a result of corrections/changes see note 23 b.

Municipality 2020: Investment in property, plant and equipment in cash flow is linked to Investments for SEK 6,010 million. The amounts differ because of accruals and handling. Sales of material assets in cash flow total SEK 209 million.



## 11. Financial assets

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Shares and participations in:*				
Göteborgs Stadshus AB	9,451	9,451	-	-
Kommuninvest Cooperative Society	337	336	336	336
Other companies, tenant-owner dwellings and basic fund capital trusts	18	18	57	57
Non-current liabilities to Group companies	28,662	34,786	-	-
Other non-current receivables	3,000	3,000	3,519	4,240
<b>Total financial assets</b>	<b>41,468</b>	<b>47,591</b>	<b>3,912</b>	<b>4,633</b>

\* A list of the City of Gothenburg's shareholdings in companies and associations can be found in note 28.

Municipality 2020: Increase (-)/decrease (+) non-current receivables in cash flow is linked to Other non-current receivables for SEK -6,123 million.

## 12. Infrastructure subsidies

Amounts in MSEK	Municipality		Municipal Group	
	2018	2019	2018	2019
Swedish Transport Administration subsidies				
Other subsidies	30	30	30	30
Acc. dissolution	-5	-6	-5	-6
<i>of which dissolution for the year</i>	-2	-1	-2	-1
<b>Total infrastructure subsidies</b>	<b>25</b>	<b>24</b>	<b>25</b>	<b>24</b>

The original total grant was SEK 30 million. Closing value refers to seven projects for a pedestrian and bicycle path, roundabout and commuter parking. The largest project corresponds to an original amount of SEK 15 million. Time for dissolution is 25 years for all projects. Dissolution for the year is SEK -1 million (-2) and accumulated dissolution is SEK 6 million.

## 13. Supplies, etc.

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Supplies and inventories	789	35	424	398
Development properties	822	964	1,155	1,797
<b>Total inventories</b>		<b>999</b>	<b>1,579</b>	<b>2,195</b>
<b>Itemisation: Development properties</b>				
Value brought forward	597	789	627	1,155
Expenses for the year	540	345	911	1,171
Withdrawal of book value	-132	-189	-161	-545
Reclassification/revaluation	-216	19	-222	16
<b>Total development properties</b>	<b>789</b>	<b>964</b>	<b>1,155</b>	<b>1,797</b>

## 14. Receivables

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Accounts receivable	447	448	1,831	1,419
Accounts receivable, Group companies	115	98	-	-
VAT receivables	632	329	666	407
Receivables from the government	424	647	610	868
Prepayments and accrued income	1,881	1,232	1,284	912
Other current receivables	731	441	1,809	1,796
Other current interest-bearing receivables, Group companies	7,122	3,225	-	-
<b>Total current receivables</b>	<b>11,352</b>	<b>6,420</b>	<b>6,200</b>	<b>5,402</b>

Municipality 2020: Increase (-)/decrease (+) in interest-bearing non-current receivables in cash flow is linked to Current receivables for SEK 3,880 million. 'Increase (-)/decrease (+) in current receivables' in cash flow are linked to 'Current receivables' for SEK 513 million; the amount is reduced by the liquid dividend for 2019 of SEK 540 million.

## 15. Equity

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Equity brought forward	24,474	26,164	30,110	32,562
Other adjustments	0	-1	46	-17
Net earnings for the year	1,690	2,408	2,406	3,324
<b>Closing equity</b>	<b>26,164</b>	<b>28,571</b>	<b>32,562</b>	<b>35,869</b>

Comparative figures for 2019 have been adjusted as a result of corrections/changes, see notes 23 a. and 23 b.

## 16. Provisions for pensions and similar obligations

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Defined-benefit pension scheme	2,822	2,857	3,969	3,991
Collective agreement occupational pension, fixed-term pension, etc.	18	23	17	23
<b>Total pensions</b>	<b>2,840</b>	<b>2,880</b>	<b>3,986</b>	<b>4,014</b>
Employer's contribution	689	698	767	785
<b>Total provisions for pensions and similar obligations</b>	<b>3,529</b>	<b>3,578</b>	<b>4,753</b>	<b>4,799</b>
<b>Itemisation: Change in provision over the year</b>				
Provision brought forward	3,122	3,529	4,333	4,753
New commitments during the year	421	140	497	200
<i>of which newly earned pension</i>	325	59	350	78
<i>of which interest and base amount indexation</i>	95	76	144	124
<i>of which change in actuarial bases</i>	-2	-	-2	-3
<i>of which pension to survivors</i>	6	20	6	20
<i>of which miscellaneous</i>	-3	-15	-1	-19
Payouts for the year	-93	-100	-159	-164
Change in special employer's contribution for the year	79	9	82	10
<b>Total provisions for pensions and similar obligations</b>	<b>3,529</b>	<b>3,578</b>	<b>4,753</b>	<b>4,799</b>

There are 11 fixed term appointments. Degree of updating 100%.

17. Other provisions

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
<b>A. Provision for restoration of landfill</b>				
Carrying amount at beginning of year	21	21	60	75
Provisions for the period	-	0	26	10
Provisions utilised	-	-	-11	-3
Unused amounts reversed	-	-	-	-
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>21</b>	<b>21</b>	<b>75</b>	<b>82</b>
<b>B. Provision for infrastructure measures</b>				
Carrying amount at beginning of year	782	709	782	709
Provisions for the period	8	2	8	2
Provisions utilised	-80	-8	-80	-8
Unused amounts reversed	-1	-54	-1	-54
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>709</b>	<b>649</b>	<b>709</b>	<b>649</b>
<b>C. Provision for measures in the construction sector</b>				
Carrying amount at beginning of year	106	137	438	739
Provisions for the period	41	40	430	974
Provisions utilised	-6	-43	-96	-161
Unused amounts reversed	-4	-22	-33	-45
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>137</b>	<b>112</b>	<b>739</b>	<b>1,507</b>
<b>D. Provision for environmental measures</b>				
Carrying amount at beginning of year	11	24	64	76
Provisions for the period	15	10	15	17
Provisions utilised	-2	-9	-3	-9
Unused amounts reversed	0	-2	0	-1
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>24</b>	<b>23</b>	<b>76</b>	<b>83</b>
<b>E. Other provisions</b>				
Carrying amount at beginning of year	9	12	107	168
Provisions for the period	4	21	91	45
Provisions utilised	-1	-1	-29	-1
Unused amounts reversed	0	-1	-1	-1
Reclassification	-	-	-	-
<b>Closing provision</b>	<b>12</b>	<b>31</b>	<b>168</b>	<b>211</b>
<b>Total opening balance</b>	<b>929</b>	<b>903</b>	<b>1,451</b>	<b>1,767</b>
<b>Total provisions for the period</b>	<b>68</b>	<b>73</b>	<b>570</b>	<b>1,048</b>
<b>Total utilised</b>	<b>-89</b>	<b>-61</b>	<b>-219</b>	<b>-182</b>
<b>Total unused amounts reversed</b>	<b>-5</b>	<b>-79</b>	<b>-35</b>	<b>-101</b>
<b>Reclassification</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total closing balance</b>	<b>903</b>	<b>836</b>	<b>1,767</b>	<b>2,532</b>

Municipality

A. Landfill

This provision refers to the restoration of the City’s 17 closed landfill sites. The environmental protection measures relating to this are the responsibility of the Eco-cycle and Water Committee. Brudaremossen is the biggest of the landfill sites and accounts for the largest proportion of the restoration costs. There is still uncertainty surrounding the size of the provision as the restoration requirement changes over time. This could be a result of either changes in the environment or different technical solutions. 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. Leachate facility at Brudaremossen was commissioned in May 2020.

B. Infrastructure

In 2010, the Municipality signed an agreement on the co-financing of infrastructure measures as part of the West Sweden Package. SEK 400 million concerns land use within the scope of the West Sweden Package. This was entered into the Municipality’s income statement and balance sheet in 2011. In 2014, the Municipality entered into a co-financing agreement for the extension of the E20 highway and the work to take a stretch of the E45 highway underground. The agreement for the extension of the E20 is a sub-agreement between the Göteborg Region Association of Local Authorities and the City of Gothenburg. In the main agreement, the City of Gothenburg is represented by the Göteborg Region Association of Local Authorities. The amounts have been index adjusted by SEK 2 million (corresponding figure the previous year SEK 7 million). The provision for taking a stretch of the E45 highway underground has been reversed in its entirety; asset ownership has been redistributed between the Swedish Transport Administration and the City compared with the earlier estimated distribution

C. Measures in the construction sector

This provision refers to the Municipality’s future obligations to the developer on the sale date, such as relocating pipes/cables, decommissioning and surveys.

D. Environmental measures

This provision refers to the Municipality’s future obligations to the developer on the sale date, such as land decontamination.

E. Other provisions

Other provisions relate to expected damages, penalties, outstanding claims, etc.

Municipal Group

A. Landfill

The provision for restoration of the landfill, aside from the Municipality’s portion of SEK 21 million, primarily refers to the restoration of landfill sites within the Renova Group (OB of SEK 43 million has increased to SEK 54 million, with Tagene accounting for SEK 33 million). Just over SEK 3 million of funds earmarked for Göteborgs Hamn AB for the restoration of Torsviken dredging depot (OB SEK 11 million) have been used. The work is expected to be completed in 2022 (OB SEK 7 million).

B. Infrastructure

See the Municipality.

C. Measures in the construction sector

The provision for measures in the construction sector refers, aside from the Municipality’s provision, which in total decreased from SEK 137 million to SEK 112 million, to future commitments in construction projects within Älvstranden Utveckling AB. Their provisions have increased overall from SEK 543 million to SEK 1,302 million, where the majority of the change comprises an increased provision of SEK 865 million relating to Masthuggskajen. The OB of SEK 334 million, along with the new provision and amount utilised of SEK 70 million, is now an OB of SEK 1,129 million. The provision is expected to have an ongoing outflow through 2028. Other provisions at Älvstranden primarily concern Kvillebäcken (OB SEK 19 million/CB SEK 6 million), Stora Torp (OB SEK 17 million/CB SEK 1 million, of which SEK 13 million was reversed), Västra Eriksberg (OB SEK 23 million/CB SEK 26 million), Lindholmshamnen (OB SEK 105 million/CB SEK 98 million), Skeppsbron (unchanged OB SEK 13 million) and Celsiusgatan (unchanged CB SEK 24 million). Älvstranden also reports several smaller, ongoing provisions regarding various construction projects (OB SEK 8 million/CB SEK 6 million), as does Higab AB (OB SEK 12 million/CB SEK 45 million, where a new provision of SEK 40 million was made during the year) and Förvaltnings AB Framtiden (OB SEK 7 million/CB SEK 10 million). The item also contains provisions for guarantee commitments relating to one-coat rendered facades within Förvaltnings AB Framtiden, which fell from SEK 39 to SEK 38 million during the year.

D. Environmental measures

Funds earmarked for environmental measures refer, aside from the Municipality’s provision of SEK 23 million, to the provision within the Göteborg Energi Group linked to on-going confirmed future environmental measures, such as the restoration of land. Provision for the year totals SEK 6 million, which gives a CB of SEK 31 million. Liseberg AB reports an unchanged provision for contaminated land in a subsidiary company (CB SEK 20 million). The remaining amounts are also unchanged and encompass both a provision for decontamination of the Färjenäs training area used by Greater Gothenburg Rescue Services and a provision to Gryaab for land decontamination of Färjestaden of SEK 4 million each.

E. Other provisions

Aside from the Municipality’s provision (OB SEK 12 million/CB SEK 21 million), other provisions largely comprise costs for outstanding claims within Försäkrings AB Göta Lejon, where an additional provision of SEK 12 million was made during the year (OB SEK 154 million/CB SEK 166 million). Other provisions include costs for restructuring and severance pay.



## 18. Non-current liabilities

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Liabilities to banks and credit institutions	34,451	36,674	36,331	39,969
Deferred income	2,857	3,682	2,999	3,881
Liabilities to Group companies	430	427	-	-
Other non-current liabilities	963	1,280	1,016	1,378
<b>Total non-current liabilities</b>	<b>38,701</b>	<b>42,063</b>	<b>40,346</b>	<b>45,228</b>
<i>Itemisation: Deferred income, regulated over several years</i>				
Connection charges	448	525	590	724
Investment grants	2,409	3,157	2,409	3,157
<b>Total deferred income</b>	<b>2,857</b>	<b>3,682</b>	<b>2,999</b>	<b>3,881</b>
<i>Non-current liabilities change over the year</i>				
Opening borrowing	34,047	38,701	35,797	40,346
Amortisation for the year	-6,094	-4,857	-6,345	-6,322
Newly raised loans	9,187	7,948	10,009	9,758
Reversal of previous year's reclassification	6,094	4,857	6,345	6,322
Current portion of non-current liabilities	-4,857	-6,038	-6,322	-6,288
Accrual premium and discount reserves	181	313	181	168
Change in deferred income	376	825	376	882
Change in other non-current liabilities	-233	317	305	362
<b>Total non-current liabilities</b>	<b>38,701</b>	<b>42,063</b>	<b>40,346</b>	<b>45,228</b>
<b>Information on loans from banks and credit institutions</b>				
Average interest during the year (%)	0.98	0.85	1.38	1.10
Average interest during the year excluding derivatives (%)	0.66	0.57	0.65	0.57
Average fixed interest period (years)	2.4	2.1	3.7	3.0
Average fixed interest period excluding derivatives (years)	1.6	1.4	1.6	1.5
Average capital commitment (years)	3.3	3.2	3.2	3.2
Loans maturing within 0–1 years	4,857	6,038	6,322	6,401
Loans maturing within 1–2 years	6,038	7,266	6,402	8,556
Loans maturing within 2–5 years	18,666	19,561	21,353	22,767
Loans maturing within 5+ years	8,395	8,183	8,395	8,182
<b>Market value of hedging instruments</b>				
Nominal amount of interest rate swaps	4,900	5,100	25,010	22,460
Market value of interest rate swaps	-236	-250	-731	-717
Secured debt in foreign currency	2,284	3,338	2,284	3,338
Market value cross currency swaps	94	-235	94	-235

Comparative figures for 2019 have been adjusted as a result of corrections/changes see note 23 b.

Municipality 2020: Increase/decrease of interest-bearing current liabilities in cash flow of SEK 1,531 million relates to deferred compensation and other liabilities of SEK 4 million. Investment income in cash flow is impacted by deferred compensation and technical adjustment linked to R2. Increase/decrease in accrued connection charges and investment grants in the cash flow statement is linked to a note for SEK 80 million. Newly raised loans in the cash flow statement are linked to Newly raised loans for SEK 7,803 million and Repayment of non-current liabilities in the cash flow analysis is linked to Amortisation for the year of SEK -4,453 million. Included here are new loans for finance leases of SEK 145 million, as well as amortisation of these loans of SEK -404 million.

## 19. Current liabilities

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Liabilities to Group companies	2,474	2,332	-	-
Liabilities to banks and credit institutions	8,926	10,520	10,461	10,860
Accounts payable	2,950	2,061	3,947	3,154
Employee taxes	323	353	376	412
Accruals and deferred income*	4,484	5,103	6,502	7,396
Other current liabilities	667	409	1,645	1,255
<b>Total current liabilities</b>	<b>19,824</b>	<b>20,778</b>	<b>22,931</b>	<b>23,077</b>
<b>Market value of hedging instruments</b>				
Secured debt in foreign currency	2,312	2,327	2,312	2,327
Market value of currency swaps	-75	-155	-75	-155

\* This item includes the Municipality's defined-contribution pension including employer's contribution of SEK 854 million (previous year SEK 826 million).

Comparative figures for 2019 have been adjusted as a result of corrections/changes, see notes 23 a. and 23 b.

Municipality 2020: Increase/decrease of interest-bearing current liabilities in cash flow of SEK 1,531 million is linked to other current liabilities of SEK -267 million.

## 20. Pledges and equivalent collateral to secure own liabilities and commitments

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
<b>Guarantees for loans and pension obligations</b>				
Göteborgs Hamn AB	425	393	-	-
Göteborg Energi AB	236	237	-	-
Higab AB	1,196	784	-	-
Göteborgs Stadshus AB	2,960	3,330	-	-
Förvaltnings AB Framtiden	-	412	-	-
Other companies	280	288	-	-
<b>Total guarantees City companies</b>	<b>5,097</b>	<b>5,444</b>	<b>-</b>	<b>-</b>
<b>Other contingent liabilities</b>				
Private houses – government home loans	1	1	1	1
Foundations	501	500	501	500
Associations	171	174	171	174
Other	59	65	59	65
<b>Total external guarantees</b>	<b>732</b>	<b>740</b>	<b>732</b>	<b>740</b>
<b>Total guarantees</b>	<b>5,829</b>	<b>6,184</b>	<b>732</b>	<b>740</b>
<b>Other contingent liabilities</b>	<b>-</b>	<b>-</b>	<b>154</b>	<b>163</b>
<b>Pledged assets</b>	<b>-</b>	<b>-</b>	<b>623</b>	<b>614</b>

In some cases the Municipality issues guarantees for loans to the municipality-owned companies, and for other external operations such as associations and foundations.

Other contingent liabilities in the Group mainly consist of bank guarantees at Göteborg Energi AB, deferment of stamp duty at Förvaltnings AB Framtiden and Higab AB, as well as commitments related to the landfill at Renova AB.

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 292 municipalities and regions that were members of Kommuninvest Cooperative Society on 31 December 2020 have entered into identical guarantee commitments. Kommuninvest's total obligation amounted to SEK 501 billion and its total assets to SEK 525 billion on 31 December 2020. Gothenburg's share of the guarantee liability is 2.06%, SEK 10.3 billion.

A recourse agreement has been concluded between all members of the 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 763 million at the end of the year. There was no need for the City of Gothenburg to redeem guarantee commitments in 2020.

## 21. Pension obligations not recognised as liabilities or provisions

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
PA-KL pension obligations, active	2,916	2,858	2,923	2,865
PA-KL pension obligations, retired	5,073	5,195	5,154	5,285
Pension obligations, annuity	325	302	325	301
<b>Total PA-KL pension obligations</b>	<b>8,314</b>	<b>8,355</b>	<b>8,402</b>	<b>8,451</b>
Pension obligations, managers' agreements	-	-	-	-
Other pension obligations	8	11	8	11
Guarantee commitments, FPG/PRI	-	-	6	6
<b>Total pension obligations</b>	<b>8,322</b>	<b>8,366</b>	<b>8,416</b>	<b>8,468</b>
Special employer's contribution	2,019	2,029	2,039	2,051
<b>Total pension obligations and special employer's contribution</b>	<b>10,341</b>	<b>10,395</b>	<b>10,455</b>	<b>10,519</b>
<b>Itemisation: Contingent liability change over the year</b>				
Opening contingent liability for pension obligation	10,535	10,341	10,652	10,455
New commitments during the year	310	520	314	540
<i>of which interest and base amount indexation</i>	293	252	296	254
<i>of which change in actuarial bases</i>	-	-	-	-
<i>of which pension to survivors</i>	-	-	-	-
<i>of which miscellaneous</i>	17	268	18	286
Payouts for the year	-466	-477	-472	-488
Change in special employer's contribution for the year	-38	11	-39	12
<b>Total contingent liability for pension obligation</b>	<b>10,341</b>	<b>10,395</b>	<b>10,455</b>	<b>10,519</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 86 million (equivalent the previous year was SEK 80 million) on 31 December 2020.

## 22. Lease expenses

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
<b>Operational lease agreements</b>				
Lease fees paid for the year	309	328	243	284
<b>Contracted future lease fees</b>				
Maturing within 1 year	138	131	54	53
Maturing within 1-5 years	173	142	126	107
Maturing in more than 5 years	1	5	28	22
<b>Total contracted future lease fees (and contingent liabilities in the balance sheet)</b>	<b>312</b>	<b>278</b>	<b>208</b>	<b>182</b>
<b>Financial lease agreements</b>				
Lease fees paid for the year	571	608	-	-
<b>Contracted future lease fees</b>				
Maturing within 1 year	374	386	-	-
Maturing within 1-5 years	649	713	-	-
Maturing in more than 5 years	144	172	-	-

The Municipality's fees for financial leases refer to the actual payments made for the agreements classified as financial leases. These fees are then eliminated at central municipal level to satisfy RKR recommendation R 5. Read more under the section on accounting principles.

Financial leases are eliminated in the combined accounts because the lessor, Göteborgs Stads Leasing AB, is a wholly-owned subsidiary of Göteborgs Stadshus AB which is owned by City of Gothenburg.

The contracted future lease fees for financial leases are nominal.

## 23 a. Effects in the income statement for the comparative year 2019 as a result of corrections/amendments

Amounts in MSEK	Note	Municipality			Municipal Group		
		2019	+/-	2019	2019	+/-	2019
Extract:							
Operating income: A, B	2	11,397	186	11,583	26,720	186	26,906
Operating expenses	3, 8	-41,140		-41,140	-51,646		-51,646
Depreciation/amortisation	4	-1,639		-1,639	-4,613		-4,613
Net operating expenses		-31,382	186	-31,196	-29,539	186	-29,353
Operating earnings		1,085	186	1,271	2,928	186	3,114
Earnings after financial items		1,504	186	1,690	2,220	186	2,406
Net earnings for the year		1,504	186	1,690	2,220	186	2,406



23 b. Effects in the balance sheet for the comparative year 2019 as a result of corrections/amendments

		Municipality			Municipal Group		
Amounts in MSEK	Note	2019	+/-	2019	2019	+/-	2019
Extract:							
NON-CURRENT ASSETS							
Intangible fixed assets	9	3		3	149		149
Property, plant and equipment	10	35,138	10	35,148	93,236	10	93,246
<i>machinery and equipment: D</i>		<i>32,411</i>	<i>10</i>	<i>32,421</i>	<i>76,750</i>	<i>8,162</i>	<i>84,912</i>
<i>land, plant and buildings: C, D</i>		<i>2,675</i>		<i>2,675</i>	<i>16,334</i>	<i>-8,152</i>	<i>8,182</i>
<i>other property, plant and equipment</i>		<i>52</i>		<i>52</i>	<i>152</i>		<i>152</i>
Financial assets	11	41,468		41,468	3,912		3,912
Total non-current assets		76,609	10	76,619	97,297	10	97,307
Total assets		89,110	10	89,120	105,859	10	105,869
EQUITY	15	25,596	568	26,164	31,994	568	32,562
<i>net earnings: A, B</i>		<i>1,504</i>	<i>186</i>	<i>1,690</i>	<i>2,220</i>	<i>186</i>	<i>2,406</i>
<i>earnings equalisation reserve</i>		<i>3,003</i>		<i>3,003</i>	<i>3,003</i>		<i>3,003</i>
<i>other equity A, B</i>		<i>21,089</i>	<i>382</i>	<i>21,471</i>	<i>26,771</i>	<i>382</i>	<i>27,153</i>
LIABILITIES							
Non-current liabilities: C	18	39,360	-659	38,701	41,005	-659	40,346
Current liabilities: B	19	19,723	101	19,824	22,830	101	22,931
Total liabilities		59,083	-558	58,525	63,835	-558	63,277
Total equity, provisions and liabilities		89,110	10	89,120	105,859	10	105,869

A. Adaptation to R2 Revenue  
RR: Development income 208, Other income -20 = 188  
BR: EK 208-20+481 = 669, Non-current liabilities -669  
B. EK becomes liability to subscriber at Eco-cycle and Water Committee  
RR: Charges -2  
BR: EK -2-99 = -101, Current liability +101  
C. Correction in conjunction with adaptation to R2 Revenue, incorrectly coded plant in ledger  
BR: Property, plant and equipment 10, Non-current liabilities 10  
D. Correction technical plant, lines moved for certain companies  
BR: Property, plant and equipment +/-8,152

24. Cash flow, Items not affecting liquidity

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Capital gains/loss, reversal	79	-85	-80	-970
Earnings development, reversal	-613	-327	-692	-346
Depreciation/amortisation and write-downs	1,261	1,334	4,666	4,654
Premiums and discounts, loans, accrual basis for the year	181	167	-	-
Investment grants, revenue recognition on disposal	-74	0	-	-
Provisions, made	582	214	1,244	1,237
Provisions, reversed	-5	-69	-35	-101
Dividends, non-cash	-540	0	-	-
Adjustment according to note 18, items not affecting liquidity	-	-	-	992
Adjustment according to note 23, items not affecting liquidity non-current liabilities	-	-	-98	394
Total items not affecting liquidity	871	1,234	5,005	5,860

25. Cash flow, items not affecting liquidity

Amounts in MSEK	Municipality		Municipal Group	
	2019	2020	2019	2020
Exploitation, sales proceeds	863	516	863	516
Exploitation, liquid cost	-363	-345	-363	-345
Premiums and discounts, loans	0	0	-	-
Provision, payouts	-197	-162	-378	-346
Dividends/shareholders' contribution, cash	810	540	-	-
Total items affecting liquidity	1,113	549	122	-175

26. Disclosure of separate reporting

Special reports prepared in accordance with the Swedish Public Water Services Act (2006:412), and special reports for waste management services are available at the Eco-cycle and Water Committee's website: [goteborg.se/kretsloppochvatten](http://goteborg.se/kretsloppochvatten).  
Special reports prepared in accordance with the Swedish Electricity Act (1997:857), Swedish District Heating Act (2008:263) and Swedish Natural Gas Act (2005:403) relating to the electricity grid, gas network and district heating will be available at the Göteborg Energi AB website: [goteborgenergi.se](http://goteborgenergi.se).

27. Disclosure about costs for auditing of accounts

Amounts in SEK thousand	Municipality		Municipal Group	
	2019	2020	2019	2020
Expert assistant	4,168	4,018	-	-
Elected auditors	31	32	-	-
Total costs for auditing of accounts	4,199	4,050	-	-

The total cost for the municipal auditors to review the accounting, interim report and annual report. Reported only for the Municipality.

28. List of companies, etc., in which the City of Gothenburg has ownership interests

Company Organisation	Company Reg. no.	Ownership stake
GÖTEBORGS STADSHUS AB	556537-0888	100.0%
INTERNAL COMPANIES (internal operations)		
Göteborgs Stads Upphandlings AB	556070-5054	100.0%
Försäkrings AB Göta Lejon	516401-8185	100.0%
Göteborgs Stads Leasing AB	556442-1716	100.0%
Boplatz Göteborg AB	556467-7390	100.0%
REGIONAL COMPANIES		
Gryaab AB	556137-2177	70.6%
Göteborgsregionens Fritidshamnar AB (Grefab)	556185-4109	80.0%
Renova AB	556108-3337	85.0%
Renova Miljö AB	556946-0321	100.0%
Fastighets AB Rödningen	556051-2096	100.0%
GÖTEBORG ENERGI AB	556362-6794	100.0%
Göteborg Energi Nät AB	556379-2729	100.0%
Göteborg Energi GothNet AB	556406-4748	100.0%
Netwest Sweden AB	559028-5656	2.4%
Ale Fjärrvärme AB	556041-0978	91.0%
Göteborg Energi Gasnät AB	556029-2202	100.0%
Sörred Energi AB	556618-8651	100.0%
Göteborg Energi Din El AB	556572-4696	100.0%
Svenska EnergiAskor AB	556208-0829	8.3%
Svenskt Gastekniskt Center (SGS) AB	556381-6684	10.0%
Göteborg Energi Backa AB	556550-2043	100.0%
Västanvind Vindkraftskooperativ ek förening	769621-9141	28.0%
FÖRVALTNINGS AB FRAMTIDEN	556012-6012	100.0%
Bostads AB Poseidon	556120-3398	100.0%
Ellesbokomplementären AB	556432-9810	33.0%
KB Ellesbo 2	916844-6442	33.0%
Familjebostäder i Göteborg AB	556114-3941	100.0%
Gärdsås Utvecklings AB	556599-9694	49.0%
Gärdsås Torgbolag KB	969673-5233	56.0%
Gårdstensbostäder AB	556536-0277	100.0%
Göteborgs Stads Bostads AB	556046-8562	100.0%
Fastighetsbolaget Bredfjäll AB	556662-9035	100.0%
Fastighetsbolaget Bredfjäll KB	969676-6923	100.0%
Fastighetsbolaget Gropens Gård KB	969676-6881	100.0%
Fastighetsbolaget Biskopsgården 51:16 KB	969667-0562	100.0%
Västra Sandarna Fastighetsutveckling i Göteborg AB	556707-2409	46.0%
Göteborgs Egnahems AB	556095-3829	100.0%
Bygga Hem i Göteborg AB	556643-7934	100.0%

Company Organisation	Company Reg. no.	Ownership stake
Framtiden Byggutveckling AB	556731-5170	100.0%
Störningsjouren i Göteborg AB	556657-1443	100.0%
Förvaltnings AB GöteborgsLokaler	556082-4897	100.0%
HANTVERKS- & INDUSTRIHUS i GBG AB (HIGAB)	556104-8587	100.0%
Myntholmen AB	559011-5563	100.0%
Fastighets 718:1 AB	559173-4438	100.0%
Älvstranden Utveckling AB	556659-7117	100.0%
Södra Älvstranden Utveckling AB	556658-6805	100.0%
Älvstranden Gullbergsvass AB	556023-2646	100.0%
Norra Älvstranden Utveckling AB	556001-3574	100.0%
Fastighets AB Fribordet	556248-5747	100.0%
Norra Älvstranden Bostäder AB	556260-3281	100.0%
GVA Fastigheter KB	916836-2888	100.0%
GVA Fastigheter AB	556291-8390	100.0%
Ferux Fastighet i Göteborg AB	556615-0123	100.0%
Norra Älvstranden Service AB	556558-0619	100.0%
Menlin Fastighets AB	556602-4922	100.0%
Fastighets AB Radny	556992-7790	100.0%
Fastighets AB Vinstra	556992-7808	100.0%
Fastighets AB Esterel	556992-7832	100.0%
Fastighets AB Raila	559057-5923	100.0%
Fastighets AB Navet	556609-4354	100.0%
Eriksbergs Förvaltnings AB	556079-4306	100.0%
Lindholmspiren Beta AB	556625-8074	100.0%
Torphuset Fastighets AB	556690-7571	100.0%
Fripoint AB	556024-1456	100.0%
Göteborgs Frihamns AB	556246-9519	100.0%
S Tingsvassen 739:137 Fastighets AB	556606-2641	100.0%
Göteborgs Stads Parkerings AB	556119-4878	100.0%
BUSINESS REGION GÖTEBORG AB	556439-5878	100.0%
Almi Företagspartner Väst AB	556488-1307	12.3%
Lindholmen Science Park AB	556568-6366	24.0%
Johanneberg Science Park AB	556790-3108	38.8%
Sahlgrenska Science Park AB	556547-7832	22.9%
Göteborgs Tekniska College AB	556570-6768	49.0%
GÖTEBORG & CO AB	556428-0369	100.0%
Svensk Turism AB	556452-7157	2.0%
Got Event AB	556015-9823	100.0%
Liseberg AB	556023-6811	99.9%
Hotell Liseberg Heden AB	556050-2501	100.0%
Lisebergs Gäst AB	556422-0845	100.0%

Company Organisation	Company Reg. no.	Ownership stake
AB Liseberg Skår 40:17	556909-9731	100.0%
Skår Fastigheter 1 AB	559272-9106	100.0%
Göteborgs Stadsteater AB	556016-7875	99.9%
<b>GÖTEBORGS HAMN AB</b>	<b>556008-2553</b>	<b>100.0%</b>
Göteborgs Stuveri AB	556284-3614	100.0%
Scandinavian Distripoint AB	556206-1654	100.0%
Arendal Holding AB	556711-0365	100.0%
<b>GÖTEBORGS STADS KOLLEKTIVTRAFIK AB</b>	<b>559161-0190</b>	<b>100.0%</b>
Göteborgs Spårvägar AB	556353-3412	85.0%
GS Buss AB	556771-4380	100.0%
GS Trafikantservice AB	556771-2251	100.0%
<b>OTHER</b>		
Kommuninvest Cooperative Society*	716453-2074	2.1%
Greater Gothenburg Rescue Services	222000-0752	69.7%
Gothenburg Coordination Association	222000-3285	25.0%
Göteborg Region Association of Local Authorities*	222000-0265	55.6%
Tolkförmedling Väst	222000-2972	17.2%

\* Not included in City of Gothenburg combined accounts

Definitions

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

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

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

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

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

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

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

**Level of self-financing of investments:** (Cash flow from activities before change in workingcapital + Sale of property, plant and equipment)/net investments.

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

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

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

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

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

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

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

**Cash flow statement** Shows inward and outward cash flows. The sum of the inward and outward cash flows is the total cash flow for the year.

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

**The Municipal Group** consists of the Municipality along with the municipal group companies.

**Municipal group company** A legal entity over whose activities, objectives and strategies a municipality has lasting and significant influence.

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

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

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

**Net debt** The Municipality’s external borrowing less lending to the companies and the liquidity that the Municipality invested in the market.

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

**Equity (1) vs total assets (2) as a share of earnings:** 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.

**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.

**Combined accounts** Compilation of the income statements, balance sheets, cash flow statements and notes of the Municipality and the municipal group companies.

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

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

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

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



# 3

## Economic and Financial Report

This section includes operational accounts, investment accounts and a presentation of the foundations that the City manages. The operations and investment accounts will satisfy the City Council's requirement to report on progress and demonstrate the accountability of the boards and committees. The accounts must also satisfy the requirements of external stakeholders for information about how resources are allocated and used by the services. Comments are provided regarding negative deviations, as well as major positive deviations, from the budget.

### Economic and Financial Report

- 96 Operational accounts**  
The operational accounts are set out to allow comparison of outcomes with the City Council's budget for the committees.
- 104 Investment accounts**  
The investment accounts must meet the City Council's requirements to monitor progress and demonstrate the accountability of the boards and committees. The accounts must also satisfy the requirements of external stakeholders for information about how resources are allocated and used by the services.
- 111 Foundations**  
The City of Gothenburg manages linked foundations and gifts for various purposes. The city only manages grant-making foundations and is responsible for the foundations' capital and for the yield paid out according to the donors' instructions.

# Operational accounts

## Municipality's operational accounts

The operational accounts for the Municipality are set out to allow comparison of the outcomes of the committees with the City Council's budget. The column municipal subsidies states the limits that the City Council allocated to the committees. For some of the committees, the City Council took decisions during the year that changed the municipal subsidies in relation to the original budget decision. In such cases the table shows the updated framework. Separate tables later in this section present the dates and amounts of adjustments to the committees' limits.

The 'budget' column presents the result that the committees themselves had budgeted for the year. Most of the committees budget to achieve a break-even result. Under the City's regulations, however, the committees have the right, based on certain circumstances, to accumulate and use equity. The committees therefore have the opportunity to budget for both a surplus and a deficit. The 'budget' column also shows the result that the Council budgeted for the central municipal items and for the City as a whole.

Amounts in MSEK	Income	Costs	Municipal subsidy	Net earnings for the year	Budget	Income previous year	Costs previous year
<b>DISTRICT COMMITTEES</b>							
Angered	420	-2,038	1,677	59	-2	426	-2,023
Östra Göteborg	380	-1,988	1,615	7	0	402	-1,935
Örgryte-Härlanda	666	-1,927	1,309	48	0	693	-1,946
Centrum	297	-1,379	1,114	31	0	325	-1,374
Majorna-Linné	625	-1,816	1,258	67	0	560	-1,731
Askim-Frölunda-Högsbo	612	-2,286	1,753	79	0	516	-2,142
Västra Göteborg	541	-1,755	1,275	61	0	557	-1,764
Västra Hisingen	437	-1,750	1,336	23	-7	453	-1,744
Lundby	381	-1,416	1,079	45	0	360	-1,377
Norra Hisingen	439	-1,621	1,285	103	0	409	-1,596
Allocations to Committee for Allocation of Social Welfare	15	-137	121	-1	0	25	-176
<b>COMMITTEES WITH A SPECIAL FOCUS AREA</b>							
Planning and Building Committee	183	-329	147	1	0	193	-329
Property Management Committee	777	-802	34	9	0	653	-702
Pre-school Committee	536	-4,801	4,426	161	0	384	-4,694
Compulsory School Committee	980	-8,928	8,201	254	0	829	-8,642
Sports and Associations Committee	129	-651	522	0	0	147	-599
Municipality Management	176	-530	389	36	0	193	-536
Cultural Affairs Committee	129	-714	595	10	-2	139	-638
Commercial Premises Committee	3,276	-3,089	-146	41	0	3,044	-2,918

Amounts in MSEK	Income	Costs	Municipal subsidy	Net earnings for the year	Budget	Income previous year	Costs previous year
Environmental and Climate Committee	80	-152	79	7	0	62	-137
Labour Market and Adult Education Committee	291	-907	691	75	0	285	-951
Purchasing and Procurement Committee	71	-72	0	-1	0	68	-68
Committee for Intraservice	1,116	-1,136	20	0	0	1,010	-1,029
Committee for Consumer and Citizen Services	75	-130	62	7	2	68	-127
Parks and Landscape Committee	472	-762	291	2	0	438	-735
Committee for Allocation of Social Welfare	613	-1,286	690	17	0	600	-1,296
Road Traffic Committee	1,194	-2,068	858	-16	-22	2,425	-3,335
Education Committee	1,005	-3,115	2,114	4	0	995	-3,004
Electoral Committee	0	-2	2	0	0	12	-23
<b>DEPARTMENTAL COMMITTEES WITH ACTIVITIES FINANCED BY TARIFFS</b>							
Eco-cycle and Water Committee	1,569	-1,570	0	0	-51	1,635	-1,632
<b>Financial framework for special budget items</b>							
Archives Committee	39	-56	21	5	0	39	-57
Property Management Committee: Transfers	0	-60	68	8	0	0	-62
Committee for Allocation of Social Welfare: Adult education associations	0	-31	31	1	0	0	-31
Auditors' Office	5	-36	35	4	0	5	-38
Chief Guardians' Committee: Fees	1	-24	25	3	0	2	-26
<b>Total for committees</b>	<b>17,531</b>	<b>-49,362</b>	<b>32,977</b>	<b>1,147</b>	<b>-82</b>	<b>17,952</b>	<b>-49,389</b>
Central municipal items	35,370	-2,125	-32,977	267	-290	33,813	-2,198
<b>Structural earnings</b>	<b>52,901</b>	<b>-51,487</b>	<b>0</b>	<b>1,415</b>	<b>-372</b>	<b>51,765</b>	<b>-51,587</b>
Dividend	20	-	-	20	540	540	-
Capital gains on property sales	540	-	-	540	500	785	-
Other non-recurring items	96	337	-	432	0	-	-
<b>Total for whole Municipality</b>	<b>53,557</b>	<b>-51,150</b>	<b>-</b>	<b>2,408</b>	<b>668</b>	<b>53,091</b>	<b>-51,587</b>

As of 2020, the Traffic & Public Transport Authority no longer handles invoicing between Göteborgs Spårvägar and Västtrafik regarding the operation and leasing of trams; instead, invoices are now handled directly between Göteborgs Spårvägar and Västtrafik. The change reduces earnings (income and expenses) by approximately SEK 805 million compared with 2019.

The City’s committees report earnings for 2020 of SEK 1.1 billion, which is SEK 1.2 billion higher than the budgeted outcome for the year. This historically high result can largely be attributed to the special circumstances that prevailed in 2020. The most important reasons for the high earnings are:

- » The City Council decision to expand municipal subsidies to the committees
- » State subsidies because of the pandemic
- » Activities could not be carried out, or were carried out to a lesser extent, due to the pandemic

For the district committees and the Committee for Allocation of Social Welfare, earnings for the year totalled SEK 540 million, almost SEK 550 million higher than was budgeted, SEK -8.4 million. Pursuant to a City Council decision in June, the committees received an expanded municipal subsidy of SEK 300 million to mitigate the effects of the pandemic. At the same time, the committees were allocated state subsidies to cover extra costs in elderly care and disability services. The committees also received state subsidies for sick pay costs, which exceeded the increased cost compared with a normal year.

The education committees report total earnings of SEK 494 million, to be compared with a budgeted break-even result. These committees also received an expanded municipal subsidy, which in their case was SEK 120 million. The education committees needed fewer temporary staff because of the higher absence rate among children and pupils due to the pandemic. At the same time, the committees received state subsidies to cover sick pay costs for personnel.

Committees such as the Sports and Associations Committee and the Cultural Affairs Committee, which are financed in part by income from events and visitor entrance fees, have had to cancel their activities. The result was lower income, but also lower costs. To support associations and parties affected in various ways by the pandemic, additional support for cultural life and associations was disbursed.

The Labour Market and Adult Education Committee, municipal management, the Commercial Premises Committee and the Eco-cycle and Water Committee report large surpluses over the budget caused by reasons other than those described above related to the pandemic.

The Labour Market and Adult Education Committee reports earnings of SEK 75 million. The most important reasons to explain why earnings exceeded the budgeted break-even result are state subsidies of SEK 23 million and a new agreement for adult education services that entailed a net cost reduction of SEK 27 million.

The municipal management’s surplus is SEK 36 million for the full year. The main reasons for the surplus are that funds for the project ‘more security-promoting cameras in collaboration with the police’ were not used, and because implementation of a strategic planning function under the City of Gothenburg Executive Office was postponed. Political activities also show a surplus over the budget, as personnel costs and the costs for the City Council’s entertainment activities were lower than budgeted.

The Commercial Premises Committee’s surplus, in addition to the effects of the pandemic, of SEK 41 million is mainly attributable to higher than planned insurance compensation, lower staff and damage costs, as well as lower heating costs because of the mild spring and winter.

The Eco-cycle and Water Committee’s outcome for the year was SEK -24 million, which means that tariff income did not cover costs for the year for the tariff-financed waste management, water and sewage operations (vA). The operations had budgeted SEK -51 million, with the aim of reducing the accumulated surplus from previous years. The outcome in relation to the budget is positive at SEK 27 million.

The outcome for waste management deviated from the budget by SEK 12 million, which can primarily be attributed to an unbudgeted repayment from Renova. For the water and sewage operation, the deviation was SEK 16 million, primarily attributable to increased sales of water to neighbouring municipalities, as well as higher subsidy income for surface water and heavy rainfall. The presentation of surpluses and deficits at the end of the financial year has changed to comply with good accounting practice for tariff-financed activities. Any surplus arising in a tariff collective is now recognised in the balance sheet as a liability to subscribers instead of as a surplus. When income exceeds costs, the surplus must be settled with subscribers within a reasonable time by temporarily budgeting tariff income lower than the costs for each tariff collective.

Consequently, from now on, the reported outcome is always zero for these activities.

The Sports and Associations Committee, the Purchasing and Procurement Committee and the Electoral Committee all show a deficit compared with the budget. The Purchasing and Procurement Committee shows a deficit of SEK 1 million, while the deficits for the other two committees were negligible.

Central municipal level

A surplus of SEK 267 million is reported for items at the central municipal level. This result deviates positively from the budget by about SEK 550 million. The deviation can largely be attributed to the expansion of the general state subsidies during the year by almost SEK 1,100 million. While tax revenue was under budget, total income from taxes, general state subsidies and equalisation exceeded the budget by about SEK 630 million. A surplus also arose for pension costs, which were SEK 200 million lower than the budget, and for the Group Bank, which recorded a surplus of SEK 120 million over the budget. The increases in the municipal subsidy decided by the City Council during the year had an impact

on the central municipal costs and reduced the central municipal result.

In addition to the above, the Municipality’s earnings are also impacted by a number of other central municipal items that are recognised outside the ‘structural earnings’. Capital gains from property sales total SEK 540 million. The budgeted dividend requirement of SEK 540 million from Göteborgs Stadshus AB was paid according to a decision by the City Council on 10 December, though a dividend of SEK 20 million from Renova AB is recognised, relating to repayment of a previously paid conditional shareholder contribution.

In addition to capital gains and dividends, three additional items are recognised outside structural earnings. A one-off adjustment of the pension provision was therefore made, which helps to strengthen earnings by SEK 283 million. A positive one-off effect of SEK 54 million arose because of the adjustment of the City’s provision for co-financing covering of the Götaleden city tunnel link. In addition, changes in the municipal rules for revenue recognition also resulted in a positive impact on earnings. The effect on earnings for 2020 is SEK 96 million. Taken together, these other items amount to SEK 432 million.

City Council (KF) and City Executive Board (KS) decision on municipal subsidy (KB) to district committees

Committee, amount in MSEK	Council budget 2020	KS 5 Feb.	Council 20 Feb.	Ö-H 23 March	Council 16 June	Ö-H 15 June	Ö-H 19 Oct.	Ö-H 14 Dec.	Total KB 2020
Angered	1,612.8	-	-	11.3	35.0	16.5	1.5	0.3	1,677.4
Östra Göteborg	1,560.9	-	-	16.8	33.5	-2.3	2.0	3.6	1,614.5
Örgryte-Härlanda	1,257.4	-	-	18.6	27.0	1.6	1.2	3.6	1,309.4
Centrum	1,087.4	-	-	0.7	23.5	-	2.1	-	1,113.7
Majorna-Linné	1,220.6	-	-	0.8	26.5	1.3	7.4	1.0	1,257.6
Askim-Frölunda-Högsbo	1,686.8	-	-	3.4	36.0	4.6	15.0	6.7	1,752.5
Västra Göteborg	1,223.7	-	-	11.8	26.5	8.7	-	4.7	1,275.4
Västra Hisingen	1,303.6	-	-	3.8	28.0	-	-	0.6	1,336.0
Lundby	1,049.2	-	-	5.3	22.5	-	0.8	1.3	1,079.1
Norra Hisingen	1,252.1	-	-	-0.4	27.0	-	-	6.2	1,284.9
Allocations to Committee for Allocation of Social Welfare	145.9	1.7	-26.5	-	-	-	-	-	121.1
<b>Total</b>	<b>13,400.4</b>	<b>1.7</b>	<b>-26.5</b>	<b>72.1</b>	<b>285.5</b>	<b>30.4</b>	<b>30.0</b>	<b>28.0</b>	<b>13,821.6</b>

Ö-H=SDN Örgryte-Härlanda (resource committee for allocation of expansion grant LSS).



# City Council (KF) and City Executive Board (KS) decision on municipal subsidy (KB) to committees with a special focus area

Committee, amount in MSEK	Council budget 2020	Council 20 Feb.	KS 11 March	Council 19 March	Council 14 May	Council 16 June	KS 30 Sept.	Council 12 Nov.	Total KB 2020
Municipal Management	390.9	-	-	-0.5	-1.0	-	-	-	389.4
Committee for Consumer and Citizen Services	60.4	-	-	-	-	-	-	2.0	62.4
Committee for Intraservice	19.9	-	-	-	-	-	-	-	19.9
Committee for Allocation of Social Welfare	675.6	-	-	-	-	14.5	-	-	690.1
Electoral Committee	1.6	-	-	-	-	-	-	-	1.6
Property Management Committee	33.6	-	-	-	-	-	-	-	33.6
Commercial Premises Committee	-146.1	-	-	-	-	-	-	-	-146.1
Planning and Building Committee	147.3	-	-	-	-	-	-	-	147.3
Parks and Landscape Committee	279.4	5.0	-	-	-	3.0	3.5	-	290.9
Sports and Associations Committee	461.9	3.1	6.0	0.7	-	10.0	-	40.0	521.7
Road Traffic Committee	842.9	-	-	-	-	-	-	15.0	857.9
Pre-school Committee	4,405.9	-	-	-	-	20.0	-	-	4,425.9
Compulsory School Committee	8,130.2	-	-	0.5	-	70.0	-	-	8,200.7
Education Committee	2,084.0	-	-	-	-	30.0	-	-	2,114.0
Labour Market and Adult Education Committee	691.0	-	-	-	-	-	-	-	691.0
Cultural Affairs Committee	545.8	23.4	-	-	1.0	-	-	25.0	595.2
Environmental and Climate Committee	79.2	-	-	-	-	-	-	-	79.2
<b>Total</b>	<b>18,703.5</b>	<b>31.5</b>	<b>6.0</b>	<b>0.7</b>	<b>0.0</b>	<b>147.5</b>	<b>3.5</b>	<b>82.0</b>	<b>18,974.7</b>

# Joint statutory authorities' operational accounts

Amounts in MSEK	Income	Costs	Net costs	Municipal subsidy	Net earnings for the year	Closing equity
Greater Gothenburg Rescue Services	680	-676	4	-	4	95
Acquisition company for Gothenburg's joint statutory authorities	266	-259	7	-	7	53
Eliminations	-266	260	-6	-	-6	-70
<b>Total for joint statutory authorities</b>	<b>680</b>	<b>-675</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>78</b>

Each line represents the total outcome and the share that is not owned by the city is deducted on the Eliminations line.

The City of Gothenburg is the largest owner of Greater Gothenburg Rescue Services (RSG) with a 70% stake. RSG's earnings for 2020 amount to SEK 4.4 million. As with the rest of the Municipality's activities, the pandemic and current conditions around the world have affected RSG. Because of the pandemic, income fell sharply in the spring as activities based on in-person meetings, such as fire safety inspections and training, were limited. New working methods and adaptations made it possible for some activities to be carried out, which stabilised income for the rest of the year.

Costs increased in some areas in 2020 as a result of the pandemic, but overall costs decreased due to cancellations, postponements and changes in activities. Recruitment activities were also postponed for a period. The development of rescue services without boundaries to achieve greater robustness in the event of major disasters continued during the year, with the aim of including rescue services in the municipalities of Strömstad, Tanum, Sotenäs and Herrljunga by 1 January 2022.

# Companies – financial performance

Just as for the Municipality, a financial performance review is conducted here for the cluster of companies and those companies that are not included in the cluster. Unlike the committees, the City Council does not decide on the budgets

for the companies, for which reason the review here focuses on the companies’ own approved budgets. In addition, information on total assets, equity ratio and equity is also provided to give an idea of the financial position of the companies.

Amounts in MSEK	Operating income	Earnings after fin. items	Budget	Earnings 2019	Total assets	Equity/ assets ratio
Energy	5,636	575	651	697	12,709	53.2%
Housing	6,673	714	745	717	37,746	30.5%
Commercial Premises	1,626	196	189	86	11,429	21.3%
Business	172	-45	-45	-50	147	44.8%
Public Transport	1,263	31	14	32	766	66.2%
Port	808	243	221	189	3,546	54.7%
Tourism, Culture & Events	451	-661	-202	-61	2,803	33.7%
Försäkrings AB Göta Lejon	155	5	9	-25	396	42.3%
Göteborgs Stads Leasing AB	806	32	14	28	2,652	36.6%
Göteborgs Stads Upphandling AB	0	0	0	-1	16	100%
Gryaab AB	262	12	0	-3	968	6.3%
Renova AB	1,187	19	60	106	1,718	30.7%
Grefab AB	52	1	0	0	87	15.8%
Parent company (Göteborgs Stadshus AB)	30	-355	-387	-332	20,532	69.7%
Boplat	38	8	0	0	49	36.1%
Eliminations	-1,032	150	340	249	-21,300	
Total	18,127	924	1,609	1,632	74,264	28.4%

The table shows amounts corresponding to the stake the City owns in each company (unlike the accounts of the Stadshus Group, which are calculated based on K3 regulations).

The companies posted net earnings after financial items of SEK 924 million, which is SEK 685 million lower than the budget and can be compared with net earnings of SEK 1,672 in 2019. The deficit in relation to the budget is mainly due to the effects of Covid-19, where the impact was greatest on the cluster of companies in Tourism, culture and events. Because of decisions to limit public gatherings and events, the Liseberg amusement park was unable to open. Liseberg’s income dropped by more than SEK 1.2 billion and earnings were just over SEK 600 million lower than the previous year. With the aim of limiting the deficit, efforts were made to reduce operating and personnel costs. Government compensation for short-term lay-offs and reorientation support have offset the negative effects to some extent.

For the Energy cluster, the mild weather at the beginning of the year reduced the need for both energy and power, which had a negative impact on earnings compared with the budget. Low prices for electricity and electricity certificates, combined with lower demand resulted in lower gross earnings from providing energy than in a normal year.

Income for the Port cluster was higher than budgeted, mainly because of a new agreement to share income from leases in the Energy business area that was signed in 2020. During the year, four feasibility studies were also written down, such as part of the feasibility study and exploration related to Kustkajen. Overall, the Port reports better earnings than the budget.

The Housing cluster saw an increase in income from new construction, as well as through the acquisition of GöteborgsLokaler from the Commercial Premises cluster. Reclassification from investment expenditure to maintenance cost in existing stock contributed to higher maintenance costs. Write-downs were higher than budgeted and overall, earnings for the year were lower than budgeted, although lower heating costs offset the deficit.

Renova’s earnings were affected, directly and indirectly, by the ongoing pandemic. Reduced activity in society during the year resulted in less waste, which is reflected in lower transport and processing income for waste. Earnings were also impacted by lower income for heating because of the mild winter and low market prices for energy. Renova had also budgeted with a new heating agreement in 2020 that will allow higher prices. However, the agreement will not come into force until 2021.

Earnings for the Stadshus AB group include capital gains of SEK 49 million, write-downs of SEK 126 million and capital losses of SEK 210 million. In the capital losses, Älvstranden’s sales at Masthuggskajen generated a loss for the year of SEK 137 million in the Commercial Premises

cluster. This is according to plan, with a surplus expected at the end of a five-year sales period. The Stadshus AB group’s total assets increased from SEK 71.5 billion in 2019 to SEK 74.3 billion. The equity/assets ratio decreased by almost one half percentage point to 28.3%. The reason is the increased volume of investment, where both higher borrowing and dividends in recent years affect the capital structure and the equity/assets ratio. At the end of 2020 the Group’s total loan volume is SEK 44.4 billion, up from the previous year’s loan volume of SEK 40.1 billion. Equity as a share of earnings is 3.5%, compared with 6.2% the previous year, due to the lower result in 2020 compared to 2019.

The Stadshus Group’s tax burden shall primarily fall to Stadshus AB. Final taxable earnings before a provision to the tax allocation reserve for Göteborgs Stadshus AB is SEK 1,042 million and after provision to the tax allocation reserve SEK 781 million, which means tax expense of SEK 167 million. In 2019, final taxable earnings before a provision to the tax allocation reserve was SEK 1,303 million and after provision to the tax allocation reserve SEK 977 million, with a tax expense of SEK 211 million. The tax expense is outside earnings after financial items

# Investment accounts

The investment accounts must meet the City Council's requirements to monitor progress and demonstrate the accountability of the boards and committees. The accounts must also satisfy the requirements of external stakeholders for information about how resources are allocated and used by the services.

## The Municipality's investment accounts

In its 2020 budget, the City Council set an investment framework per committee and year. For the Eco-cycle and Water Committee, the City Council established one limit for water and sewage, and one limit for waste. The City Council's budget decisions

refer to net amounts per committee. The breakdown of expense and income limits in the various investment areas shown in the table relate to the budgets approved by the committees themselves.

Amounts in MSEK	Outcome 2020			Budget 2020		
	Expenses	Income	Net	Expenses	Income	Net
<b>Property Management Committee</b>	<b>-153</b>	<b>-</b>	<b>-153</b>	<b>-286</b>	<b>1</b>	<b>-286</b>
Acquisitions and demolitions	-74	-	-74	-187	-	-187
Investments in development of land and buildings	-79	-	-79	-97	-	-97
West Sweden Package	0	-	0	-2	1	-1
<b>Sports and Associations Committee</b>	<b>-151</b>	<b>1</b>	<b>-150</b>	<b>-471</b>	<b>-</b>	<b>-471</b>
Sport halls	-8	-	-8	-111	-	-111
Ice sports facilities	-6	-	-6	-85	-	-85
Swimming and bathing facilities	-17	-	-17	-11	-	-11
Ball fields	-30	-	-30	-21	-	-21
Sports areas	-24	-	-24	-50	-	-50
Other investments	-7	-	-7	-147	-	-147
Reinvestments	-60	-	-60	-46	-	-46
<b>Eco-cycle and Water Committee</b>	<b>-543</b>	<b>94</b>	<b>-450</b>	<b>-748</b>	<b>-</b>	<b>-748</b>
<b>Investments Water and sewage</b>	<b>-515</b>	<b>94</b>	<b>-421</b>	<b>-708</b>	<b>-</b>	<b>-708</b>
Of which reinvestments	-138	-	-138	-201	-	-201
Of which new builds, extensions, conversions	-377	94	-283	-508	-	-508
<b>Investments, Waste</b>	<b>-28</b>	<b>-</b>	<b>-28</b>	<b>-40</b>	<b>-</b>	<b>-40</b>
Of which reinvestments	0	-	0	-1	-	-1
Of which new builds, extensions, conversions	-28	-	-28	-39	-	-39
<b>Commercial Premises Committee</b>	<b>-2,261</b>	<b>3</b>	<b>-2,258</b>	<b>-3,904</b>	<b>-</b>	<b>-3,904</b>
<b>Pre-school</b>	<b>-562</b>	<b>-</b>	<b>-562</b>	<b>-955</b>	<b>-</b>	<b>-955</b>
Of which reinvestment	-64	-	-64	-135	-	-135
Of which new builds, extensions, conversions	-498	-	-498	-820	-	-820

Amounts in MSEK	Outcome 2020			Budget 2020		
	Expenses	Income	Net	Expenses	Income	Net
<b>Compulsory school</b>	<b>-1,298</b>	<b>-</b>	<b>-1,298</b>	<b>-2,052</b>	<b>-</b>	<b>-2,052</b>
Of which reinvestment	-314	-	-314	-455	-	-455
Of which new builds, extensions, conversions	-984	-	-984	-1,596	-	-1,596
<b>Upper secondary schools</b>	<b>-118</b>	<b>-</b>	<b>-118</b>	<b>-221</b>	<b>-</b>	<b>-221</b>
Of which reinvestment	-72	-	-72	-155	-	-155
Of which new builds, extensions, conversions	-46	-	-46	-67	-	-67
<b>Housing for the elderly</b>	<b>-93</b>	<b>-</b>	<b>-93</b>	<b>-206</b>	<b>-</b>	<b>-206</b>
Of which reinvestment	-45	-	-45	-95	-	-95
Of which new builds, extensions, conversions	-48	-	-48	-111	-	-111
Special service housing	-78	-	-78	-177	-	-177
Of which reinvestment	-12	-	-12	-25	-	-25
Of which new builds, extensions, conversions	-66	-	-66	-152	-	-152
<b>Other</b>	<b>-112</b>	<b>3</b>	<b>-109</b>	<b>-292</b>	<b>-</b>	<b>-292</b>
Of which reinvestment	-57	-	-57	-120	-	-120
Of which new builds, extensions, conversions	-55	3	-52	-172	-	-172
<b>Parks and Landscape Committee</b>	<b>-93</b>	<b>1</b>	<b>-91</b>	<b>-105</b>	<b>-</b>	<b>-105</b>
Parks and natural areas	-73	1	-72	-78	-	-78
Refurbishment of play environments	-10	1	-10	-19	-	-19
Tree planting	-8	0	-8	-8	-	-8
<b>Road Traffic Committee</b>	<b>-1,926</b>	<b>769</b>	<b>-1,157</b>	<b>-2,424</b>	<b>1,174</b>	<b>-1,249</b>
Sustainable mobility and good urban environments	-193	26	-167	-423	15	-408
Reinvestment/refurbishment	-366	-1	-367	-429	0	-429
Named projects Road Traffic Committee	-20	1	-19	-235	11	-224
Named projects Koll2035	-	-	-	-	-	-
Named projects National Negotiation on Housing and Infrastructure	-36	35	-1	-61	46	-15
Named projects KomFram Göteborg	-8	3	-5	-10	-	-10
Named projects West Sweden Package	-1,303	706	-597	-1,407	768	-639
Other items	-1	1	0	141	335	476
<b>Investments, Committees</b>	<b>-5,127</b>	<b>868</b>	<b>-4,259</b>	<b>-7,938</b>	<b>1,175</b>	<b>6,762</b>
<b>Central municipal level</b>						
Leases	-609	-	-609			
<b>Investments, Municipality</b>	<b>-5,736</b>	<b>868</b>	<b>-4,868</b>	<b>-7,938</b>	<b>1,176</b>	<b>-6,762</b>
<b>Development</b>						
<b>Development</b>	<b>-1,032</b>	<b>958</b>	<b>-74</b>	<b>-2,264</b>	<b>2,252</b>	<b>-12</b>
of which neighbourhood land development	-346			-1,189		
of which developer-financed public space	-631			-818		
of which tax-financed public space	-55			-257		
<b>Water/sewage facilities expansion project (explo)</b>	<b>-144</b>	<b>-*</b>	<b>-144</b>	<b>-115</b>	<b>58</b>	<b>-57</b>
<b>Development, Municipality</b>	<b>-1,176</b>	<b>958</b>	<b>-217</b>	<b>-2,379</b>	<b>2,310</b>	<b>-69</b>
<b>Total incl. development</b>	<b>-6,911</b>	<b>1,826</b>	<b>-5,085</b>	<b>-10,317</b>	<b>3,486</b>	<b>-6,831</b>

\* The actual outcome relating to connection charges linked to land development activities totals SEK 53 million, but it has been booked as investment income in 2020 and is therefore presented in this summary as part of investment income under the Eco-cycle and Water Committee in the table above.



The committees' investment expenditure totalled SEK 5.1 billion in 2020. Government investment subsidies and other investment income totalled just under SEK 0.9 billion during the year, for a net investment of approximately SEK 4.3 billion.

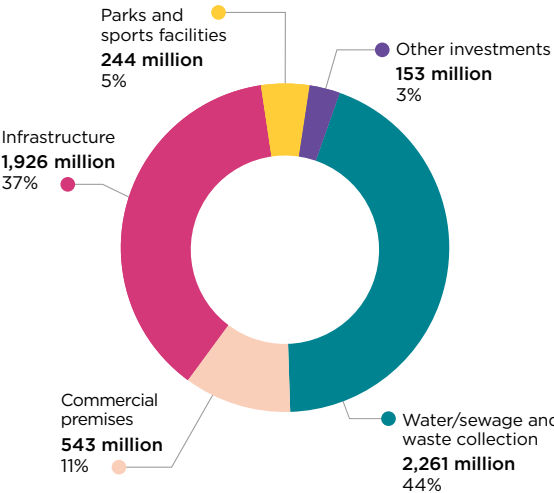
The committees' net budget for 2020 was SEK 6.8 billion and the budgeted investment pace was therefore not carried out as planned. The pattern resembles previous years, when activities did not reach budgeted levels – levels which in part are based on high expectations of progress in project after project. In general, the deviations can be attributed to delays in planning and implementation, where a growing proportion of volumes relate to more complex and extensive projects, with greater impact on total investment volumes. The delays were caused by everything ranging from internal work and resource allocation to market conditions to complete the projects, or the progress of regulatory and bureaucratic procedures.

The Commercial Premises Committee in particular did not use the committee's allocated investment framework. The Commercial Premises Committee reports an investment outcome of SEK 2.3 billion for the year, compared to an investment framework of SEK 3.9 billion. The committee cites multiple reasons in its annual accounts to explain the deviation in relation to budgeted volumes. For example, the population trend and thus the needs scenario declined in relation to the assessment that served as the basis for the investment framework allocated to the committee for 2020. As a result, projects were postponed and fewer assignments were received. In addition, the pandemic has disrupted the progress of some projects and some delays have occurred due to appeals against building permits and procurement procedures under review.

The Road Traffic Committee reports a substantial increase in the level of investment compared to previous years. The increased volume is mainly due to the construction of the Hisingsbron bridge. The project outcome amounts to over 60% of the administration's total investment expenditure of SEK 1.9 billion in 2020. Although the Road Traffic Committee's investment expenditure increased compared with previous years, the committee still did not fully achieve the budgeted level. The Road Traffic Committee's investment budget includes several large projects where the complexity and need for coordination is high, which has resulted in

delays. The Hisingsbron bridge project and other selected investment and development projects are presented separately below in this section. Other committees also report an outcome that is somewhat or considerably lower than the allocated investment framework.

Investment expenditure

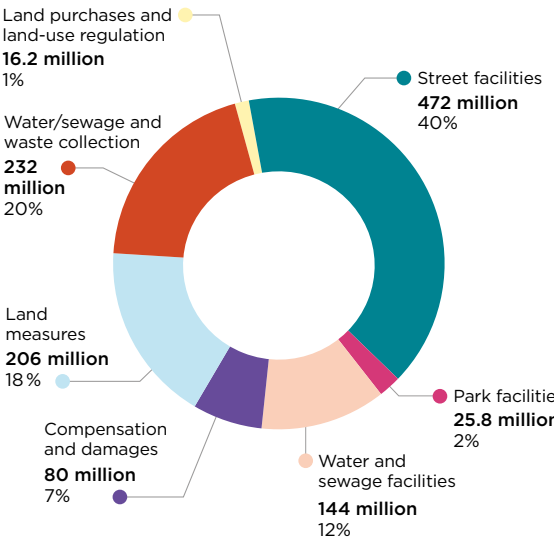


The diagram shows how the investment outcome is distributed among the different investment areas. Although the Commercial Premises Committee did not reach the budgeted investment volume at all, half of the year's investments were made in commercial premises. The largest investments were made in compulsory schooling. Other major investment areas include investments in infrastructure.

The Municipality's development expenses totalled SEK 1.2 billion, while income (including development-linked connection charges) amounted to SEK 1 billion, for a total net development for the year of SEK 0.2 billion.

The total budget space for development expenses amounted to SEK 2.4 billion, which means that only 50% of the planned space was used. The main explanation provided is delays in the implementation or planning of large and complex urban development projects, such as Masthuggskajen, Frihamnen and the covering of the Götaleden city tunnel link within development of the Central Area.

Development expenses



As in previous years, a large part of development expenses consist of land-related measures to acquire, regulate and prepare saleable land, as well as the development of various street facilities. The majority of the other measures shown in the diagram comprise expenses for covering the Götaleden city tunnel link, prior to the upcoming development. As a result of delays in major urban development projects and overly optimistic assessments for when in time land sales are expected to occur, development income for the year was also substantially lower than the SEK 2.3 billion budgeted for the year.

Although total net development for the year of SEK -0.2 billion was lower than the budgeted net, the City is still able to achieve the long-term target of a positive level of self-financing over a rolling 10-year period.



The Garden Society of Gothenburg had many more visitors than usual, which was reflected in the use of more benches and tables with increased costs for cleaning.  
PHOTO: LO BIRGERSSON

# The companies' investment accounts

The Stadshus Group's investments in 2020 totalled SEK 7.3 billion, a decrease of SEK 1.4 billion compared with the budget, but a slightly higher outcome compared with 2019. The deviation from the budget can mainly be seen in the Housing and Commercial Premises clusters.

Göteborg Energi mainly invested in district heating, the electricity grid, and district cooling.

Göteborgs Hamn AB reports investments in future terminal space. During the year, Sveaterminalen, a storage and transshipment terminal where wood products will be transferred into containers, was commissioned.

During the year the Commercial Premises cluster completed co-localisation for the Eco-cycle and Water Committee in Alelyckan and began to invest in the Bergsjön Cultural Centre, the Maritime Museum and the third stage at Stadsteatern, the City Theatre. During the year, a decision was also taken to invest in a new warehouse for several of the City's museums. Parkeringsbolaget acquired a property

for development of Masthuggskajen Väst and Älvstranden continued to invest in several ongoing urban development projects.

The Housing cluster, reports lower investments in both new construction and existing stock as a result of delays. During the year the group completed 866 homes for occupancy; the previous year 978 homes were completed.

The Tourism, Culture and Events cluster's investments largely consist of Liseberg's Anniversary Project, with hotel and water park.

Göteborgs Stads Leasing AB invested SEK 0.7 billion during the year. The increase in relation to the budget is mainly in financial leases, where the number of contracts has increased significantly. The company's responsibilities include the City of Gothenburg's need to coordinate leasing of movable property.

During the year, the Renova Group started construction of a new workshop and leachate treatment facility at Tagene.

Amounts in MSEK	Outcome investments	Budgeted investments
Energy	1,101	1,300
Housing	3,804	4,423
Commercial Premises	614	916
Business	0	0
Public Transport	14	45
Port	393	551
Tourism, Culture & Events	512	518
Försäkrings AB Göta Lejon	0	0
Göteborgs Stads Leasing AB	700	554
Göteborgs Stads Upphandling AB	0	0
Gryaab AB	16	33
Renova AB	181	381
Grefab AB	2	8
Parent company (Göteborgs Stadshus AB)	0	0
Boplat	0	0
Eliminations	0	0
Total	7,337	8,729

The table shows amounts corresponding to the stake the City owns in each company (unlike the accounts of the Stadshus Group, which are calculated based on K3 regulations) under Eco-cycle and Water Committee in the table above.

# Selected investment and development projects

A number of selected investment and development projects from the project portfolios of the committees and companies are presented below. The selection mostly includes projects and initiatives that have been approved by the City Council and have entered the implementation phase. A number of other projects have been included, which the committees for various strategic reasons, such as their size, believe it is important to bring to the City Council level. The list of projects will be expanded as individual decisions are addressed at the City Council level. The figures in brackets are project costs on which the investment decision is based.

## Selected investment and development projects

Amounts in MSEK Project	Council approval	Acc. outcome		Total project forecast		Project budget		Ending year
I=Income E=Expenses		I	E	I	E	I	E	
Investments, Committees								
Lindholmen Technical High School (ongoing)	no	-	-334	-	-331	-	-354	2020
Hisingsbron bridge (2009)	yes	1,306	-2,327	1,566	-3,650	1,566	-3,500	2021
Skeppsbron Stage 2 (2017)	yes	17	-34	150	-1,405	-	-1,405	2027
Kvilleleden and streets in Backaplan (2016)	yes	52	-89	318	-768	318	-768	2027
E45, underground section of Götaleden (2013)	yes	422	-759	490	-849	490	-849	2021
Korsvägen junction (2017)	yes	27	-27	746	-860	746	-860	2027
Haga station urban development (2017)	yes	1	-21	1	-660	0	-660	2026
Engelbrekt Link (2019)	yes	4	-9	138	-260	138	-260	2024
New barrier (Ultrafilter) Alelyckan water treatment plant (2017)	yes	-	-52	-	-820	-	-900	2026
Björlanda Pump Chain (2020)	yes	-	-28	-	-350	-	-350	2024
Modernisation of Kodammarna wastewater pumping station (ongoing)	no	-	-301	-	-496	-	-540	2023
Investments, companies								
Bergsjön Cultural Centre (ongoing)	yes	-	-59	-	-145	-	-145	2022
The Maritime Museum, renovation and extension (ongoing)	yes	-	-84	-	-136	-	-136	2022
Stadsteatern, 3rd stage (ongoing)	yes	-	-52	-	-90	-	-90	2021
Storage facilities for the Cultural Affairs Committee (ongoing)	yes	-	-2	-	-540	-	-540	2023
Kaj Garage Skeppsbron (ongoing)	yes	-	-105	-	-828	-	-828	2027
Parking facility Liseberg (ongoing)	yes	-	-	-	-429	-	-429	2023
Liseberg: Anniversary Project Hotel	yes	-	-277	-	-1,179	-	-1,179	2023



Amounts in MSEK Project	Council approval	Acc. outcome		Total project forecast		Project budget		Ending year
I=Income E=Expenses		I	E	I	E	I	E	
Liseberg: Anniversary Project Water park	yes	-	-87	-	-1,070	-	-1,070	2024
<b>Developments</b>								
Gamlestaden Stage 1 (ongoing)	no	123	-601	203	-658	203	-658	2024
Selma Stad (ongoing)	no	198	-212	201	-240	198	-249	2024
Ringön Tram depot, land (ongoing)	no	17	-235	187	-333	187	-323	2024
Järnvågsgatan/Masthuggskajen (2017)	yes	1,071	-139	1,860	-2,020	1,860	-2,020	2029
Centenary Park phase 1, part of development of Frihamnen harbour (2018)	yes	0	-74	0	-201	206	-347	2023

New construction of Lindholmen Technical High School was completed and commissioned in August 2020. The final cost of the project was below budget and can be attributed to close cooperation among project members and the prioritisation of the actual needs of the operation, combined with high-quality procurement and risk management.

The estimate for the Hisingsbron bridge was raised in the spring of 2020 from SEK 3.5 billion to SEK 3.65 billion. This increase was made following a risk assessment that noted potential additional costs such as contractor demands related to steel production, prolonged construction time and coordination with the West Link (Västlänken). If the project remains on schedule, it is still possible to stay within the existing budget. The closure of the tram track in the summer of 2021 is critical for staying both on schedule and on budget.

The City Council decided during the year to proceed with the urban development initiative in the Skeppsbron area based on updated assessments of the level of investment for expansion of the public space and parking garages, as well as revised assessments of potential financing options. The project participants are now actively working to monitor the project as a whole and to take a more transparent approach regarding how to account for and allocate the internal financial flows.

The completion date for the Kvilleleden and streets in Backaplan project will be postponed by several years because of the restart. The new estimated schedule for the project is to have a new contractor in place in 2022 and completion

of the project in 2027. The project is in line with the allocated project budget based on the revised assignment and mandate that the City Council approved in 2020.

Regarding the significant Eco-cycle and Water Committee project, completed planning of Ultrafilter at Alelyckan revealed a need to expand the project somewhat. The revision also entails a certain delay in the schedule and an increased project forecast in relation to previous reporting, from SEK -815 million to SEK -820 million, though the total is still deemed to be manageable within the framework of the City Council's approved budget.

Urban development within the Järnvågsgatan/Masthuggskajen area refers to the collective development measures and sales within the Municipality and Älvstranden Utveckling AB. Several land sales have taken place, while development of public space has not yet taken off, which is reflected in the accumulated outcome.

Because of the Frihamnen urban development planning situation, the forecast for the Centenary Park was revised downwards from the budgeted SEK -347 million to SEK -201 as no development income can be assured, since the local plan work has not yet begun. Consequently the forecast related to developer contributions has also been revised downwards from SEK 206 million to SEK 0 million. Through the 2021 budget decision, SEK 201 million has been allocated to the affected committees in order to continue implementation while waiting for future planning and development.

# Foundations

The City of Gothenburg manages linked grant-making foundations and gifts for various purposes. The responsibility for management includes capital management of the foundations' assets, as well as day-to-day management of the foundations and the distribution of funds based on the purposes stipulated by the donors. Capital management is based on the Council's investment guidelines, and the ongoing management of the linked foundations follows guidelines approved by the City Executive Board.

The foundations' capital is kept in a jointly managed fund, in which each foundation has a share. The capital is completely separate from the City of Gothenburg's finances. The total yield, after deductions for a certain degree of capitalisation

and management costs, can be used as a dividend in the foundations. This will be supplemented by the non-restricted equity that is already available in the gifts and some of the foundations.

Amounts in MSEK	2018	2019	2020
Number of foundations	76	74	74
Number of gifts	4	3	2
Net earnings, MSEK	-7.0	67.6	169.9
Approved grants MSEK	31.1	21.7	19.3
Management costs MSEK	3.8	3.1	2.9
Equity and liabilities MSEK	924.1	968.7	1,111.9
Market value, wealth MSEK	924.1	1,081.8	1,189.3

The education foundations have contributed grants and travel subsidies to pupils and teachers, primarily in the municipal compulsory schooling and upper secondary schools. Students also received bonuses for school achievements and other progress and schools have been awarded financial support for various class activities. In all, these foundations awarded a total of SEK 5.2 million. Foundations with a social focus have granted funds to people who are in financial need based on three categories: families with children, the elderly and adults, and special needs children and their families. In all, these foundations awarded a total of SEK 5.4 million.

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

Museum of Fashion, Design and Decorative Arts, the Museum of Gothenburg and the Maritime Museum. The museums used the money to buy works of art in the form of paintings, sculptures and other objects. Money was also used for conservation work, exhibitions, research and other purposes. In all, these foundations awarded a total of SEK 5.1 million.

During the year foundations awarded money to associations and other voluntary organisations for various projects and activities. Activities were organised for children in Gothenburg and for public interest, cultural and charitable causes that benefit the Gothenburg community. In all, these foundations awarded a total of SEK 3.6 million.



# 4

## Overall operational goals and developments in operations

This section gives an in-depth report on progress towards the City Council's three overall goals and the overall operational goals.

It also gives a summary of progress in each of the municipal operations towards some of the overall operational goals. The section begins with an account of how the City Council's goals relate to the goals of Agenda 2030.

The Annual Report concludes with the Auditor's Report.

### Overall operational goals and developments in operations

#### **115 City Council's goals and Agenda 2030**

The section begins with an account of how the City Council's goals relate to the global sustainability goals of Agenda 2030.

#### **117 Gothenburg is an attractive metropolitan city where everyone has the chance to shape their own life and no one is excluded**

#### **131 Gothenburg is a metropolitan city that is growing sustainably and has confidence in the future**

#### **142 Gothenburg is a metropolitan city with a stable economy and strong growth**

#### **149 Auditor's Report**

# City Council's goals and Agenda 2030

The City of Gothenburg has been committed to sustainable development for a long time, and for the past 15 years the City's budget has focused on three dimensions of sustainability – economic, ecological and social. Since its adoption in 2015, the UN's Agenda 2030 resolution has become the benchmark for sustainable development: what it means, what needs to be achieved and how it will be achieved.

In 2015, the UN General Assembly adopted the *Agenda 2030* resolution for Sustainable Development. The goal is to bring about social transformation that leads to economically, socially and environmentally sustainable development that protects the planet, eradicates poverty and generates good welfare for everyone by 2030. The agenda is made up of 17 global goals for sustainable development that are sub-divided into 169 targets. Key principles are that the goals should be integrated and indivisible, that success is required in all areas in order for an overall goal to be achieved, and that the goals should be achieved for everyone without excluding anyone. It is up to each state to adapt the agenda to national circumstances.

Sweden, and Gothenburg, already have a good standing globally in relation to the goals of the agenda. However, one big challenge is the growing disparities in living conditions between groups, which the ongoing pandemic is likely to amplify in the short term and long term.

In Sweden, the targets of the agenda are predominantly translated into practical action at the municipal level, within the framework of the basic assignments and in collaboration with others. Municipalities implement Agenda 2030 on a voluntary basis, to suit local circumstances and priorities for their own sustainability efforts.

# Links between the City of Gothenburg's budget goals for 2020 and the global sustainability goals

The City of Gothenburg conducts an annual survey of how municipal governance, in the form of budget goals, programmes and plans, relates to the global goals. The City primarily has control over the targets that are relevant from a municipal perspective. The model shows how the City of Gothenburg's budget goals for 2020 relate to the global goals of Agenda 2030.

## Global goal for sustainable development

		Global goal for sustainable development																
		No poverty	Zero hunger	Good health and well-being	Quality education	Gender equality	Clean water and sanitation	Affordable and clean energy	Decent working conditions and economic growth	Industry, innovation and infrastructure	Reduced inequality	Sustainable cities and communities	Responsible consumption and production	Climate action	Life below water	Life on land	Peace and justice, strong institutions	Partnerships to achieve the goals
Overall goals	Overall operational goals	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Gothenburg is an attractive metropolitan city where everyone has the chance to shape their own life and no one is excluded	Gothenburg has pre-schools and schools that foster equality																	
	Gothenburg takes early social initiatives to create equal living opportunities for everyone																	
	Gothenburg provides dignified and reassuring care for the elderly, with freedom of choice																	
	Gothenburg is distinguished by close collaboration between the City, academia, civil society and the business community																	
	Gothenburg is a vibrant city of culture, sports and events for residents and visitors alike																	
	Gothenburg is an equal city that fosters a sense of community and trust																	
Gothenburg is a metropolitan city that is growing sustainably and has confidence in the future	Gothenburg takes responsibility for the quality of life of future generations																	
	Gothenburg is a city with sustainable mobility and good accessibility																	
	Gothenburg is a safe and well-managed city																	
	Gothenburg has attractive urban spaces that are dense and varied																	
Gothenburg is a metropolitan city with a stable economy and strong growth	Residents of Gothenburg get value for their taxes and high-quality welfare																	
	The City of Gothenburg is an attractive employer that provides good working conditions																	
	Gothenburg has an attractive and innovative business community of a high international standard																	
	Gothenburg is a city where everyone who can, works and supports themselves, and thus contributes to the common good																	



Overall goals

Gothenburg is an attractive metropolitan city where everyone has the chance to shape their own life and no one is excluded

The overall goal is considered to be partly fulfilled. Only one of the underlying operational goals has been fulfilled. Three goals have not been fulfilled and the remaining two are considered to be partly fulfilled.

City Council's goals and overall operational goals	Assessment of goal fulfilment for 2020
Gothenburg is an attractive metropolitan city where everyone has the chance to shape their own life and no one is excluded	<div></div>
Gothenburg has pre-schools and schools that foster equality	<div></div>
Gothenburg takes early social initiatives to create equal living opportunities for everyone	<div></div>
Gothenburg provides dignified and reassuring care for the elderly, with freedom of choice	<div></div>
Gothenburg is distinguished by close collaboration between the City, academia, civil society and the business community	<div></div>
Gothenburg is a vibrant city of culture, sports and events, for residents and visitors alike	<div></div>
Gothenburg is an equal city that fosters a sense of community and trust	<div></div>

Fulfilled  Not fulfilled  Partly fulfilled

The ongoing pandemic is a contributing factor in the failure to meet the goals *Gothenburg provides dignified and reassuring care for the elderly, with freedom of choice*, *Gothenburg is an equal*

*city that fosters a sense of community and trust*, and *Gothenburg is a vibrant city of culture, sports and events, for residents and visitors alike*. The pandemic has led to reduced accessibility as well

as a reduced sense of community and trust, which form the basis for all three goals.

The goal *Gothenburg has pre-schools and schools that foster equality* is considered to be partly fulfilled. Several indicators meet the target values for compulsory schools. With regard to activities for younger children in pre-schools and primary schools, the target values are considered difficult to achieve. The goal *Gothenburg takes early social initiatives to create equal living opportunities for everyone*, is considered to be partly fulfilled. This assessment is based on the fact that the indicators for income support and the citizen satisfaction index do not meet the target values. In contrast to

previous years, the number of households receiving long-term income support has risen during the year. The ongoing pandemic has affected the economy and hence the labour market. *Gothenburg is distinguished by close collaboration between the City, academia, civil society and the business community* is the only goal that is considered to be fulfilled completely. On the whole, these three goals show a weak but positive trend. Together, these goals are basic prerequisites for the City of Gothenburg to become an attractive city where everyone is given the chance to shape their own lives and no one is excluded.

Gothenburg has pre-schools and schools that foster equality

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Percentage who have found employment	-	-	-	Not determined
Children aged 1-5 registered in pre-schools and educational care (%)	83.7	84.3	84.5*	85
Pupils in year 6 who have met educational requirements in all subjects, registered in any municipality (%)	71.3	70.0	**	72
Pupils in year 9 who qualify for upper secondary school (%)	81.9	80.5	83.3	82
Pupils in year 9 who have met educational requirements in all subjects, registered locally (%)	73.4	72.5	74.9	75
Pupils in year 9 I feel safe in school, positive reply (%)	81.5	81	83*	83
Pupils in year 9 I am satisfied with my school in general, positive reply (%)	65	67	72*	67
Pupils in year 3 who have taken and passed all subject tests in Swedish (SV, SV2) and maths (MA), registered locally (%)	69	70	**	71
Students of Swedish For Immigrants (SFI) who have passed at least two beginner courses two years previously (%)	32.3	34.0	-	37
Upper secondary students who gained diploma within 4 years, registered locally (%)	67.5	68.1	67.2	70
Number of children registered in pre-school per full-time equivalent job	5.0	5.1	5.1*	5
Citizen satisfaction index, pre-schools		54	54	59

\* Preliminary information from committee. Answers to pupil survey of year 9 refer to municipal schools.  
\*\* Figures not available for pupils in years 3 and 6.

The goal is considered partly fulfilled. This assessment is based on the indicators for year 9 reaching the target value for 2020, while other indicators have not reached the target values. The only negative trend is in the indicator for achieving an upper secondary school diploma within four years.

It is considered that the pre-school target values for the citizen satisfaction index, the proportion of children attending pre-school activities and the educational requirements for pupils in year 6 will be difficult to achieve. This is because the long-term trends or results for 2020 point in the opposite direction.

## Pre-schools

The proportion of children attending pre-school activities increased marginally in 2020, because the number of children aged 1–5 has fallen more than the number of children who were given places in pre-schools. The long-term trend is that the proportion of children in pre-school is rising, while the proportion in educational care continues to fall. In educational care there are significantly more older children than younger children, and if this trend continues, demand will decrease. A government inquiry during the year also proposed a halt to establishing new educational care. No children have had to wait more than four months for a pre-school place. The proportion of trained pre-school teachers continues to fall, ranging between 32 and 48 per cent depending on the geographical education area. Independent pre-schools have a significantly lower but consistent proportion of trained pre-school teachers, around 15 percentage points below the average figure for municipal pre-schools.

The Pre-school Committee highlights efforts made to improve the conditions for equality, including identifying requirements to encourage more pre-school teachers to apply to socio-economically vulnerable areas, assisting principals with staffing plans, ensuring that all employees

have e-book readers, and rectifying problems with pre-school wireless networks. The organisation of the committee has also been reviewed to assess the opportunities for principals to carry out their assignments. The aim is to propose changes that may be needed to create an efficient and fit-for-purpose organisation that will improve goal fulfilment.

After two and a half years of in-depth work, the committee considers that there have not yet been any major changes in the quality of teaching or level of equality. Goal fulfilment is considered to have improved in governance and management activities. It is a challenge to identify parameters that show the effects of efforts on children in pre-schools. Work is in progress within the committee to develop suitable parameters, and this could lead to additional parameters that will capture the effects on pre-school users. The transition from the previous district organisation to departmental administration will take time.

## Compulsory schooling

For most compulsory school indicators, the target values have been reached, or the trend is in the right direction. Among pupils up to year 9, 78.7 per cent attended a municipal school in Gothenburg in 2019, which marks an upward

trend of 2.5 percentage points since 2015. The committee's preliminary figures for 2020 show that this figure has continued to rise.

A larger proportion of students in year 9 are qualifying for upper secondary school, meeting educational requirements in all subjects and achieving higher grade levels. The long-term decline in the proportion qualifying for upper secondary school may have been reversed and the results are approaching the average figure for Sweden. Independent schools show significantly better results than municipal schools, and the differences have grown over the past five years. Since 2017, the proportion of recently immigrated students has decreased from 16.5 to 8.6 per cent in municipal schools, while the figure for independent schools remains stable at around 5 per cent. Girls have obtained better results than boys in every year since monitoring began, but this year's figure shows an improvement in results for boys. However, the results for girls are further from the national average than for boys. The indicators used to measure pupils' satisfaction with their school and sense of safety show a positive trend.

For pupils in year 6, the long trend of declining grade results in Swedish, mathematics and English has continued, but the decline was smaller in 2020. There is a similar downward trend in Sweden as a whole, but results have remained consistently lower in Gothenburg, except in English, where long-term results have been in line with the national average. Girls get better grades than boys, but the differences are small in English and mathematics, and greater in Swedish or Swedish as a second language.

The trend among primary school pupils is less consistent. In municipal schools, the proportion of pupils who achieve educational requirements in year 3 is decreasing slightly, but it is increasing slightly in year 1. Figures for year 1 have only been recorded for a short period of time.

The proportion of trained teachers in municipal compulsory schools remained stable between 71 and 72 per cent over the period 2015–2019. In independent schools, the proportion of trained teachers rose from 63 to 66 per cent during the same period.

The Compulsory School Committee considers that goals have been partly fulfilled in two improvement areas – to improve the quality of teaching and to clarify responsibility in management and leadership for improving students' educational results. It is difficult to assess goal fulfilment in the third improvement area – to

increase equality within and between schools to compensate for students' differing circumstances. A number of decisions were taken during the year concerning organisational changes at school unit level, to support ongoing efforts in each of the improvement areas. The Wheel of the Year was a focal point for collegial learning at the regular workshops for principals and in quality dialogues during the year. Various forms of quality dialogues were the primary means of monitoring quality at school units during the year. The City of Gothenburg has a relatively large proportion of compensatory resource allocation. In spring 2021, the resource allocation model will be evaluated to provide a clearer picture of the effects it has had. An assessment support tool has been developed for subjects taught in special compulsory schools. However, further development of quality reporting is deemed necessary. A common assessment and monitoring basis will also be developed for subjects taught in special compulsory schools in the coming years.

## Upper secondary and adult education

Students in Gothenburg's upper secondary schools do not meet the target value for educational results, which instead show a negative trend. Nevertheless, there is reason to assume that results will improve in 2021 in light of the positive trend in the proportion of upper secondary students who achieved a diploma within three years in 2020. Gothenburg is below the national average, but the differences have decreased somewhat. Women have achieved better results than men in every year since measurements began. The main explanation for the decrease in 2020 is a fairly large decrease in the results for men, while those for women improved.

There is a long-term decline in the proportion of students who attend a municipal upper secondary school located in Gothenburg. In 2019, the figure was 43 per cent. The Education Committee's preliminary figures for 2020 show that this proportion continues to fall. The municipal provider only has limited ability to influence this trend, and achievement of the target value is mainly influenced by other providers in and beyond Gothenburg. It is not possible to compare the target achievement of municipal schools with other providers. This is due to a lack of data on results for Gothenburg students from other providers, and because municipal schools have a significantly larger proportion of students

Compulsory schools remained open but with some restrictions in place. At Rosendal school, students had to celebrate graduation without friends and relatives.

PHOTO: FRIDA WINTER





in introductory programmes and vocational programmes. The proportion of upper secondary school students who meet basic eligibility requirements for university and college within three years continues to increase, and Gothenburg has a significantly higher proportion of eligible students compared to the national average.

The proportion of trained teachers in municipal upper secondary schools remained stable between 80 and 81 per cent over the period 2015–2018, and then rose to just over 83 per cent in 2019.

The Education Committee considers that goal fulfilment in municipal upper secondary schools has increased in terms of exam grades and attendance, but there is a wide spread in results between different schools and courses. As a result of Covid-19, school-based teaching was wholly or partly carried out remotely from 18 March for students in upper secondary school and adult education. Remote education is considered to have worked well for the majority of the students, but has also presented a challenge for some students and for monitoring the students’ learning progress. Some special provisions were made for those with the greatest need. Systematic quality improvement measures have been taken by the provider and by education services, focusing among other things on improving school attendance and freedom to study without interruption, increased awareness of educational requirements and diploma objectives, extra adaptations and special support. The proportion of students who complete four years in upper secondary special schools has decreased. More students move on to daily activities before completing their studies, and fewer go on to work after completing their studies, which reflects how difficult it is for students to gain access to the labour market. Goal fulfilment has decreased in upper secondary adult education, which can be partly explained by

Covid-19 and remote education, however a larger proportion of students find employment within six months of graduation. In higher vocational education, the proportion of students who gain a diploma has increased, but fewer students are finding employment after graduating, as some industries have been hit hard by the pandemic.

Labour market and adult education

Results are not yet available for the indicator: students of Swedish For Immigrants (SFI) who have passed at least two beginner courses two years previously (%).

As a result of the economic downturn, unemployment rose sharply during the year, and hence the demand for adult education. From March onwards, the number of applicants and admissions rose by around 30 per cent compared with the previous year. More people are applying for upper secondary courses, more people are choosing remote education, and the levels of education and professional experience have risen. Most teaching has been conducted remotely.

The committee considers goal fulfilment to be good, based on the indicators. The proportion of interruptions in education at basic and upper secondary level decreased, but increased slightly in SFI. The proportion of students with approved grades showed mixed trends, but regardless of course choice, the proportion of students who found employment after completing their studies increased. The proportion of skills centre participants who went on to find employment reached the target value, even though the total number of participants decreased. 2,700 people received assistance through special initiatives aimed at those who were furloughed, made redundant or laid off – a group that is not normally served by the administration.

Key figures	2018	2019	2020
Children enrolled in educational care (number)*	426	362	326
Trained pre-school teachers in municipal pre-schools (%)	43	41	41
Full-time teachers in compulsory schools trained in at least one subject, in municipal schools (%)	71.1	71.6	-
Pupils who have achieved year 1 educational requirement in reading, in municipal schools (%)*	88.4	86.9	87.2
Pupils who have achieved year 3 educational requirement in Swedish/2, civic studies, science and maths, in municipal schools (%)*	79.2	81.3	80.5
Pupils in year 6 with minimum grade E in Swedish, including Swedish as second language, registered locally (%)	87.3	87.1	86.7
Upper secondary students who gained diploma within 3 years, registered locally (%)	61.9	60.8	63.2

\* Information from committee

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

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Non-updated cases 0–12 years (%)	67	65	-	Not determined
Number of households in long-term receipt of income support	8,049	7,467	7,620	7,500
Citizen satisfaction index: support for vulnerable people	-	47	44	48
Evictions that affected children, number of children per 100,000 residents	2.3	3.1	-	1.8

The goal is considered to be partly fulfilled. This assessment is based on the fact that the indicators for income support and the citizen index do not meet the target values for 2020. The year was largely marked by changes required as a consequence of the pandemic. For example, the previously positive trend in the number of households receiving long-term income support has stalled due to the pandemic and economic slowdown.

Children and young people

As in many other crises, it is the vulnerable areas of society and vulnerable individuals that are most seriously affected. The consequences of the pandemic on children and young people, and their own experiences of social distancing and quarantine, are still unknown.

Economic vulnerability during formative years has a negative impact on children’s future opportunities in several areas of life. Just over 5,190 children were living in families that received financial assistance, which is a reduction of two per cent compared with the previous year. Between the years 2018 and 2019, the decrease was 12 per cent.

The number of days that children and young people spend in institutional care is decreasing. Efforts to increase initiatives at home in order to prevent or shorten placements outside the home continue to have an effect, and the number of open care initiatives provided by the Municipality has increased during the year. Home initiatives that enable a child or young person to remain in their home environment have better potential to create healthy conditions for children and young people to grow up in.

Early home visits in collaboration with the CHILD CARE CENTRE have increased despite the pandemic. Their purpose is to offer early support to families in need. A number of measures intended to strengthen a family-centred working approach had to be put on hold during the year as a result of the pandemic, as access to services was reduced.

Measures to reduce the number of evictions

Preliminary statistics from the Swedish Enforcement Authority show that the number of households evicted from their homes rose by 11 per cent during the year. However, the number of evicted households with children fell from 9 to 7, and the number of children affected decreased from 18 to 10.

The board of Förvaltnings AB Framtiden decided early in the year that no tenants should be evicted as a result of the pandemic. Further decisions were reached on exceptions to the rental policy for tenants affected by the pandemic. These exceptions mean that affected tenants must be given the opportunity to move to an apartment with a lower rent, through internal relocation, even if they have received a debt collection notice, did not have a first-hand contract or were not registered at the current address. The pandemic has also led to new routines for home visits to tenants, for late rent payments and debt collection notices.

Substance abuse

The number of care days was lower than in the previous year. Reports and applications for support due to substance abuse have decreased. This decrease is believed to be due to the pandemic. To support efforts in the City’s own operations, an integrated outreach and outpatient care service



was established with Region Västra Götaland for adults with complex mental illnesses and ongoing addiction, in the form of Assertive Community Treatment (ACT-Gothenburg). Its task is to work closely with nursing care to map out and provide coordinated care and support measures to people who cannot access the conventional treatment and support measures that are available.

Domestic violence

Systematic quality measures and skills development continued during the year in order to tackle violence in domestic relationships. The feared rise in reported cases of domestic violence as a result of the pandemic did not materialise, but concerns remain that more people will seek support when the isolation ends. As a result of the pandemic the city has implemented a number of special initiatives, such as targeted information, preventive measures and increased efforts to detect violence and develop support for residents.

Parameters and key figures	2018	2019	2020
Prevention initiatives for children and young people, net cost, individual and family care (MSEK)	111	110	111
Number of days in institutional care, children and young people	107,796	86,027	72,129
Number of children and young people in foster homes	1,026	886	879
Number of days in homeless shelters	-	605,413	497,132



The ban on visitors to housing for the elderly meant disruptions to routines for many people. When visitors cannot attend a concert, the concert must come to them.

PHOTO: LO BIRGERSSON

Gothenburg provides dignified and reassuring care for the elderly, with freedom of choice

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
User assessment of home-help service in care of the elderly – affected by loneliness (%)	51	51	51	47
User assessment of home-help service in care of the elderly – overall (%)	80	81	80	84
User assessment of home-help service in care of the elderly – opportunity to choose times (%)	52	52	49	58
User assessment of home-help service in care of the elderly – security (%)	80	81	79	84
User assessment of special housing in care of the elderly – often affected by loneliness (%)	19	20	20	18
User assessment of special housing in care of the elderly – overall view (%)	78	77	80	84
User assessment of special housing in care of the elderly – opportunity to choose times (%)	56	56	60	58
Citizen satisfaction index, care of the elderly	-	46	40	48

The goal is not fulfilled. This assessment is based on the fact that only one of the indicators meets the target values for 2020. The effects of Covid-19 are a contributing factor in the failure to meet target values in care of the elderly.

The citizen satisfaction index for care of the elderly is taken from the citizen survey conducted by Statistics Sweden (scb), while other indicators for home-help services and housing for the elderly are taken from the National Board of Health and Welfare’s user survey, which is conducted annually. The 2020 survey was carried out in spring, in the middle of the ongoing pandemic, which adds some uncertainty to the results. The response rate was lower than in previous years, especially in housing for the elderly.

Covid-19 highlighted the shortcomings that have existed for a long time in care of the elderly. This not only applies to the city, but to the country as a whole. Every district reports that Covid-19 has influenced development work, since attention was focused instead on reducing the spread of infection and safeguarding human resources. The number of people who applied for housing for the elderly decreased during the year. Fear of infection and isolation in care homes means that more people are putting off applying or refusing places that are offered, which has led to more vacant apartments in the city’s housing

for the elderly. This meant that the waiting time for housing for the elderly was reduced and that people in the queue for housing were offered a place sooner. This led to a reduction in the need for short-term placements. Two of the City’s short-term homes for the elderly reorganised their operations during the year so that they could accept people with Covid-19 or a suspected infection, primarily those who were ready for discharge following a hospital stay, as well as those who came straight from their own homes and needed a short-term placement.

Although care of the elderly services identify the pandemic as the reason why the target values were not achieved and that there is some uncertainty in responses, the differences between results in recent years are small in both housing for the elderly and home-help services, matching the trend in the rest of the country.

Around 80 per cent of residents are satisfied with their housing for the elderly. The only indicator to show improvement over previous years is the percentage of users who feel they have the opportunity to choose times, which is above the target value. One positive effect of the pandemic, and a possible explanation for the improvement in this value, is that there have been more opportunities for outdoor activities during the year and that activities have been tailored more to individual needs.



Efforts are being made to introduce a zero vision in several of the city’s care homes. This means that no protective measures or restrictions may be applied in units that cater for people with dementia. This approach has been successful and has had many positive effects for individual users and for the working environment. Ongoing development of this working approach has stalled as a result of Covid-19. In order to limit the spread of infection, mitigation measures have had to be put in place for people with dementia.

Around 80 per cent of users are also satisfied with their home-help services. Results are stable at the aggregate level, with marginal changes between the years. It is believed that results could be improved through greater staff continuity.

Staff continuity, in other words the number of care staff who visit a patient over a 14-day period, has gradually declined in recent years. In 2014, the figure was 13, and by 2019 it had increased to 16. There was a slight improvement in 2020, and the average figure for the City of Gothenburg is starting to approach 15 people over a two-week period. One factor that may have contributed to the improvement is active measures in staff planning and the establishment of special Covid teams to reduce the spread of infection.

The *Attractive Home-help Service Programme* includes strategies that may contribute to increased user satisfaction, such as specially appointed contact staff for each user and implementation plans that are drawn up together with users. This provides opportunities for greater continuity and hence more involvement and self-determination for users. The programme has not yet been fully implemented. Factors that affect the introduction of the programme and measures to increase staff continuity and users’ opportunities to choose how and when help is delivered, include ongoing efforts in home-help services to improve health and safety for staff, tackle the high level of sick leave, and reduce turnover among managers and care staff. The delivery level – the time provided by home-help services in relation to the time agreed with the individual – has increased. The main reason

for this is that the public authority remit actively strives to match the time that is granted with the actual needs. It is still too early to draw conclusions about how well users’ needs are met.

The number of people who are registered for municipal healthcare and nursing care has fallen compared with the previous year. One possible reason is that the service applies a stricter interpretation of the healthcare agreement, which has meant that more patients are registered for primary care.

In 2020, the City of Gothenburg introduced a new business system in municipal healthcare and medical care, known as Profdoc Medical Office (PMO). The implementation of the new business system has worked well, although it has meant a heavy burden on trained staff during the implementation phase.

The lack of nurses in the midst of the ongoing pandemic has placed considerable pressure on municipal healthcare and medical care. Difficulties in recruiting nurses have led to an increased need for staff nurses. During the year, one of the districts was given overall responsibility and set up a recruitment unit with the aim of recruiting nurses to all administrations in the City of Gothenburg.

Circumstances during the pandemic have also highlighted the need for collaboration between regional and municipal healthcare and medical care. Market changes also affect the conditions for municipal healthcare and medical care, and require ongoing development efforts. One example of such external changes is the transition to *Collaborative Care*, which is a new way of working with health, nursing and social care. The aim is to create an integrated care chain, and more person-centred and accessible care.

The pandemic has provided an opportunity to run services in new ways and develop new methods. Like other services in care of the elderly, preventive and health-promotion services have had to adapt their operations, and this has led to the creation of digital meeting spaces offering music performances, digital training, balcony concerts and outdoor exercise, for example.

Parameters and key figures	2018	2019	2020
Continuity in home-help service, number of staff over 14 days	15.5	15.9	15.4
Delivery level of home-help service, municipal operation	-	69.7	73.5
Waiting time for special housing, number of days	83	79	59
Number of people over 65 with ongoing need for home medical care	3,166	2,650	2,565

# Gothenburg is distinguished by close collaboration between the City, academia, civil society and the business community

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
European Regional Innovation Scoreboard (regional level), total index EU28=100*	-	138.8	-	140
Leisure habits survey** – percentage who are a member of at least one association, club or special group in free time	-	-	-	Not determined
Confederation of Swedish Enterprise ranking of local corporate climate, summary assessment	283	279	229	250

\* European Regional Innovation Scoreboard, regional index reported every alternate year. Next ranking will be in 2021.  
\*\* Leisure habits survey will be conducted in 2021.

**The goal is fulfilled. This assessment is based on the fact that, in its survey of the local business climate, the overall assessment of the Confederation of Swedish Enterprise shows a significant improvement for the City of Gothenburg in 2020, and that the European Regional Innovation Scoreboard indicator (regional level) for 2019 is close to the target value and is expected to meet this value in 2021.**

The *European Regional Innovation Scoreboard* is reported every alternate year, and will next be reported in 2021. In other words the most recent value is for 2019, when the region’s ranking was 138.8, which means it is defined as an *Innovation Leader*. The national index is reported every year and Sweden is top of the ranking for EU countries in 2020. It is considered that the target value for the year – 140 – can be achieved in 2021. No results are given in this report for the target value for the leisure habits survey, since the most recent

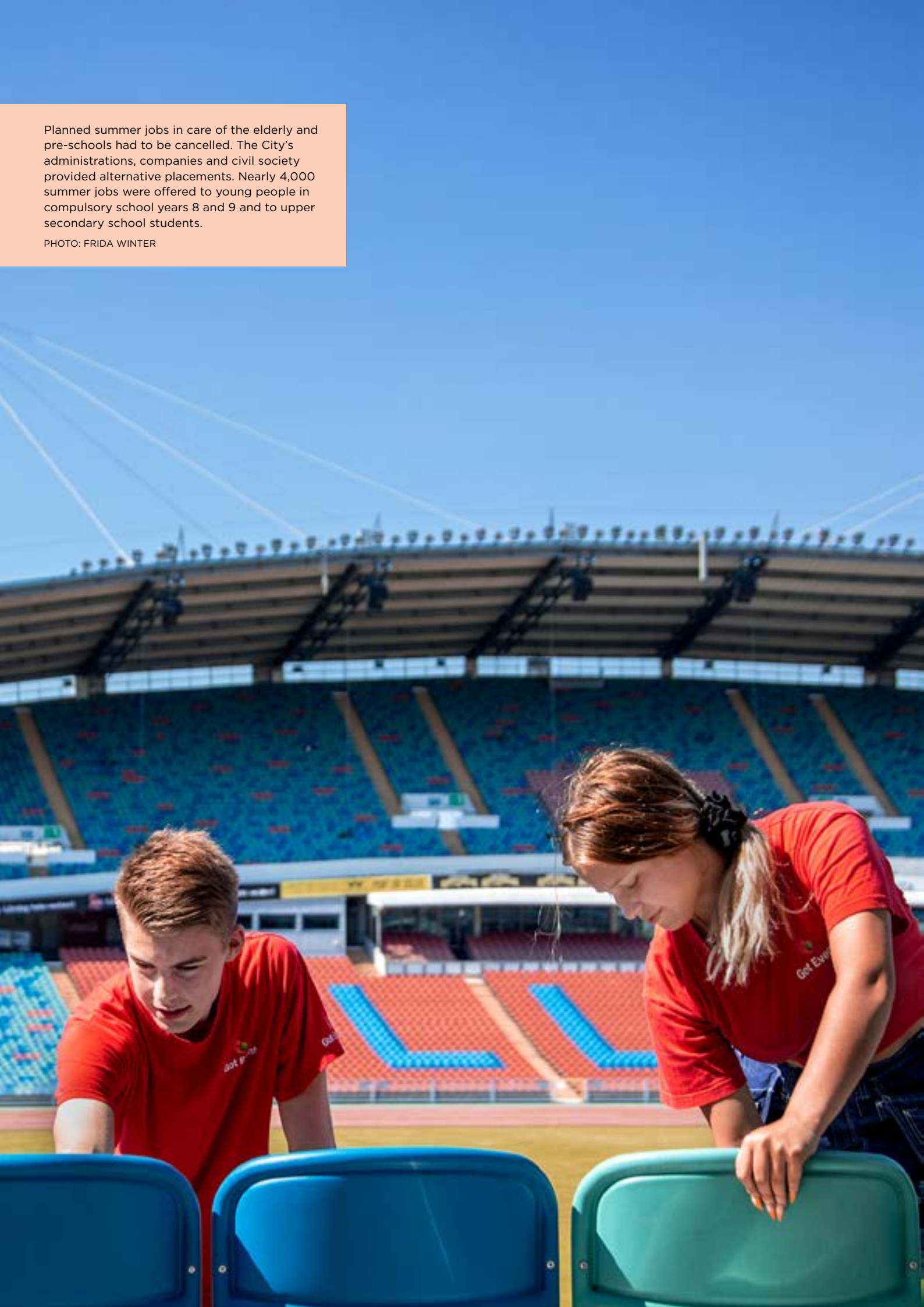
survey was conducted in 2016 and the next survey will be conducted during the first quarter of 2021.

According to Business Region Göteborg (BRG), the City’s rapid coordination of information, advice and measures for companies during the pandemic has been viewed as very positive.

In April 2020, a letter of intent was signed to extend collaboration between the City of Gothenburg, Chalmers University of Technology and the University of Gothenburg.

The City of Gothenburg’s first agreement with civil society organisations was signed by the parties in 2012. The agreement was evaluated during the year and the report will form the basis for continued collaboration. The results of the report are then intended to provide a foundation for continued collaboration and will be reported to the City Executive Board in 2021.

There has been ongoing collaboration during the year between the City Executive Board’s various councils and the Youth Council and student forum.



Planned summer jobs in care of the elderly and pre-schools had to be cancelled. The City's administrations, companies and civil society provided alternative placements. Nearly 4,000 summer jobs were offered to young people in compulsory school years 8 and 9 and to upper secondary school students.

PHOTO: FRIDA WINTER

## Gothenburg is a vibrant city of culture, sports and events for residents and visitors alike

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Number employed in tourism-dependent industries	35,098	36,788	-	34,500
Citizen satisfaction index, Sport and exercise facilities	-	62	60	67
Citizen satisfaction index, Culture	-	71	70	77

**The goal is not fulfilled. This assessment is based on the failure of indicators to reach target values, and a lack of information on actual results. There was a negative trend in the indicators due to the effects of the pandemic.**

The ongoing pandemic and the restrictions that were introduced had a major impact on the hospitality industry and the city of culture, sport and events. Big events, trade fairs and championships were cancelled or postponed until future years, and Liseberg remained completely closed to visitors.

A number of initiatives were taken at both municipal and government level to mitigate the effects of the pandemic, for example by increasing support to cultural bodies and leisure associations. Nevertheless, the range of culture, sport and events for residents and visitors was reduced or changed in a radical way, which is likely to have a negative effect on future citizen satisfaction surveys.

Most of the City's culture, sports and leisure activities had to adapt as a result of the

restrictions and managed to keep facilities and meeting places open for most of the year. The number of visits to the City's sports facilities fell by 40 per cent compared with the same period last year. In autumn there were further restrictions and closures of the City's sports facilities. Various measures were implemented, including more flexible rental of pitches and spaces, and leaving a number of pitches illuminated for spontaneous sports gatherings.

During the year, the City's museums saw a clear reduction in visits, by 52 per cent. In November, the Cultural Affairs Committee shut down public operations, with the exception of libraries, until further notice, in response to the increasing spread of infection in society. The City Library was also closed at the end of the year to help reduce pressure on public transport.

As summer approached, the City's committees and company boards took combined steps to counter social unrest, resulting in an increase in the range of summer activities for children and young people, despite the fact that the extensive government holiday support was phased out after four years.

Parameters and key figures	2018	2019	2020
Number of media loans from libraries	3,460,762	3,565,560	3,757,339
Number of visits to culture facilities (excluding libraries)	712,000	768,000	931,000*

\* Includes visits to Frölunda Kulturhus leisure complex from 2020.



# Gothenburg is an equal city that fosters a sense of community and trust

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Residents aged 16–84 who have low trust in others (%)	30	-	30	28
SCB's citizen satisfaction index, satisfied with own influence, overall index	-	33	32	35

**The goal is not fulfilled. This assessment is based on the indicators for residents who have low trust in others, and SCB's citizen satisfaction survey concerning satisfaction with one's own influence. The fact that the indicator for influence has fallen appears to be related to reduced accessibility as a result of the pandemic, which also affects trust in society.**

Promotion and prevention work is underway in the City in broad collaboration with other stakeholders. The aim is to counter unequal living conditions and inequalities in health between groups and between geographical areas. It is difficult to measure the outcome of this work and whether it affects the City's challenges. As in many other crises, it is the vulnerable areas of society and vulnerable individuals that are most seriously affected. Among young people in the age group 16–24, 41 per cent have low trust in others, while the corresponding figure for young people with disabilities in the same age group is 53 per cent.

Despite the pandemic, special initiatives to achieve an equal city that fosters a sense of community and trust have continued during the year in different ways and in different arenas. One example is increased funding for associations, which has contributed to more holiday activities in collaboration with civil society, property owners and housing companies. Public health efforts have included initiatives to promote reading through the purchase of books on various themes and in various languages.

### Initiatives for young people

The Committee for Allocation of Social Welfare and the Sports and Associations Committee jointly announced civil society funding that

enabled associations and organisations to apply for grants for initiatives to counter social unrest and domestic violence. At least 15,369 people took part in the activities, of which around 40 per cent were girls and 60 per cent were boys. It is believed that these activities have helped to counter social unrest by providing positive contexts and combating isolation in homes where there is a risk of physical and psychological violence. More children, young people and their families have been given access to a larger number of meeting places, association activities and camps, among other things. The funding prioritised areas that are socio-economically vulnerable.

### Summer jobs in the city

Planned summer jobs in care of the elderly and pre-schools had to be cancelled. The City's administrations, companies and civil society provided alternative placements. Nearly 4,000 summer jobs were offered to young people in compulsory school years 8 and 9 and to upper secondary school students. During summer 2020, for example, 1,850 upper secondary school were given summer jobs. Of these, 997 were women and 853 were men. Among the applicants, 44 young people stated in their application that they had some form of disability, and their needs were met when summer jobs were allocated.

### Increased accessibility and participation for people with disabilities

The districts have taken steps to deliver services in ways that reduce the risk of infection. Despite this, participation and accessibility are not expected to increase during the year. Many people with disabilities belong to a higher risk group or live and work close to someone who does. People with disabilities have been forced to socially

isolate themselves more than many others of a similar age. Many activities were cancelled and there is some digital exclusion among the target group. The restrictions on social interaction are believed to have had a negative effect on physical and mental wellbeing.

The *City of Gothenburg's programme for full participation by people with disabilities* was reviewed during the year through broad collaboration, and a new programme for 2021–2026 was adopted by the City Council in October. The programme clarifies the individual's rights and the City's obligations in ten areas of rights and identifies the challenges the city faces in contributing to equal conditions for people with disabilities. During the year, Gothenburg gained its first disability ombudsman, whose task is to help ensure that the programme's strategies are applied by the committees and boards.

### Education

The role of the Labour Market and Adult Education Committee includes giving students a new opportunity to improve their skills. The school committees also make considerable efforts to compensate for the disparities that exist and bolster initiatives to improve equality. During the pandemic, it has been a priority nationally and in Gothenburg to try to keep schools open wherever possible. Even when schools were closed due to a rise in the infection rate, exceptions were made for students with the greatest need.

Under the City's resource allocation models, the City of Gothenburg has a relatively large element of compensatory resource allocation,

since there is a clear connection between educational results and socio-economic background. The improved study results in year 9 in 2020 reflect higher grades for boys, and schools that have students from the poorest socio-economic circumstances have seen a greater improvement in their results than other schools. One reason for this improvement may be that the socio-economic index, which forms the basis for allocation of resources, has also improved, partly as a result of a sharp reduction in the proportion of recently immigrated students in year 9.

### Urban development

In 2020, Framtidskoncernen completed 866 new homes. Of these, 299 are located in one of the group's development areas. Based on the stated ambition of the City Council, the group has agreed a strategy that is intended to ensure that Gothenburg has no high-risk areas remaining on the police list by 2025. The strategy builds on experiences from Gårdsten and other areas, and is designed to reverse the trend in Bergsjön, Biskopsgården, Hammarkullen, Hjällbo, Lövgärdet and Tynnered.

Measures are being taken under the *Equal City* programme and the target area *sustainable and equal living environments*, with special emphasis on the city's vulnerable areas. The Parks and Landscape Administration and the Traffic & Public Transport Authority share responsibility for the now! Measures sub-programme, which involves jointly developing and prioritising measures in the city's seven particularly vulnerable areas.

Parameters and key figures	2018	2019	2020
Number of decisions not implemented within 3 months, BmSS, LSS	101	120	92
Number of people in daily activities	1,810	1,768	1,803
Number of people in Buildings with Special Service (BmSS)	1,555	1,628	1,677

Overall goals

Gothenburg is a metropolitan city that is growing sustainably and has confidence in the future

The goal is considered to be partly fulfilled, based on the achievement of targets that make up the four overall operational goals. These show a varied picture, which was partly affected by the pandemic. Some values measure the effect of a long-term process of change, for which the results for an individual year are not always available. However, it is relevant to track the trend towards a long-term goal, not just the value for an individual year.

City Council's overall goals and overall operational goals	Assessment of goal fulfilment for 2020
Gothenburg is a metropolitan city that is growing sustainably and has confidence in the future	<div></div>
Gothenburg takes responsibility for the quality of life of future generations	<div></div>
Gothenburg is a city with sustainable mobility and good accessibility	<div></div>
Gothenburg is a safe and well-managed city	<div></div>
Gothenburg has attractive urban spaces that are dense and varied	<div></div>

FulfilledNot fulfilledPartly fulfilled

The goals *Gothenburg takes responsibility for the quality of life of future generations* and *Gothenburg is a safe and well-managed city* are considered to be partly fulfilled. In several cases the indicators are fully or partly met, or show an upwards trend.

The goal *Gothenburg is a city with sustainable mobility and good accessibility* has been affected by the ongoing pandemic, with the effect that the goal is not considered to be fulfilled in 2020. The effects of the pandemic make assessment difficult, since previous years' results for the allocation of transport have shown a positive trend that was interrupted in 2020. It is difficult to judge whether this change is temporary or lasting.

The goal *Gothenburg has attractive urban spaces that are dense and varied* is considered not to be fulfilled, since none of the indicators have been met. It is however possible to see a positive trend in results over recent years, primarily in housing development.

Generally it can be said that Gothenburg is to some extent a sustainably growing metropolitan city where steps are being taken to create a safe environment with confidence in the future.

Gothenburg takes responsibility for the quality of life of future generations

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Total collected household waste (kg/person)	368	358	-	360
Lakes with healthy ecological status (%)	-	-	-	42
Percentage of nature conservation areas (%)	13	-	14	13
Total atmospheric emissions of greenhouse gases (tons CO <sub>2</sub> -eq/inhabitant)	4.2	-	-	3.6
Waterways with healthy ecological status (%)	-	-	-	10

Indicators based on data from Kolada are delayed or updated at a frequency that means no outcome can be given for several indicators.

**The goal is partly fulfilled. The assessment is based on the fact that target values have not been achieved for all indicators. For the nature conservation indicator, the target value has been met for 2020, and in waste collection the trend is positive. For the greenhouse gas indicator, the trend is difficult to assess as the latest available value is for 2018. For waterways and lakes, the most recently reported value is from 2016 and this is close to the target value.**

The City's existing 12 local environmental quality goals are all linked to Gothenburg's goal to take responsibility for the quality of life of future generations. The latest review showed that none of the goals were achieved. Two environmental goals, *Limited climate impact* and a *Toxin-free environment*, are considered to be very difficult to achieve even if extensive measures are implemented. Achieving these goals requires a transformation in society at local, national and international levels.

**City governance for the environment and climate**

The Environmental and Climate Committee has agreed on a proposal for a new environmental

and climate programme. The programme focuses on the biggest challenges involved in making Gothenburg an ecologically sustainable city. It establishes an objective and three environmental goals that relate to nature, the climate and people. The three environmental goals cover the whole of Gothenburg. These three goals are divided into 12 targets that focus on the City of Gothenburg's own operations, over which the city has greatest influence. These targets will replace the existing 12 local environmental quality targets. In addition to the targets, the programme identifies seven general strategies, which contribute in various ways to the achievement of all the goals. The programme has been developed as a framework for the City's efforts in the ecological dimension of sustainable development. It is intended to be implemented partly through the ordinary operational planning of committees and boards, with support from the environmental management system. The programme is expected to be considered by the City Council in spring 2021.

The City Council has approved the *City of Gothenburg's Guidelines for Systematic Environmental Management*. The environmental management system is based on the same principles as the Gothenburg method for environmental certification, with requirements for planning,

implementation, monitoring and improvement that are intended to improve the efficiency of environmental efforts. The Gothenburg method is also based on advisory audits that provide support and guidance to ensure that all operations have an understanding of systematic environmental efforts and their own environmental impact. As a result of the City Council's approval of the guidelines, all committees and boards will conduct their environmental efforts in line with this system. The number of companies that chose to obtain environmental certification in 2020 was lower than in previous years. This is partly due to the introduction of the environmental management system, which means that re-certification is not a priority. It is also an effect of the pandemic, since various events that are usually certified were cancelled.

Waste and resource management

The City Council has agreed on a new waste plan: *Waste Reduction in the Gothenburg Region – Waste Plan for 13 Municipalities by 2030*. This replaces the previous waste plan and specifies target areas and action areas for ongoing efforts in areas such as prevention, reuse and recycling. One new addition is that the plan also covers waste generated by the City's operations and includes new areas such as physical planning and littering.

The total amount of household waste collected in 2019 was 358 kg/person, which indicates a downward trend. The amounts of waste received by Renova's waste treatment facilities decreased during the year, and the number of visits to the City's recycling centres increased sharply, as a result of the pandemic. Renova's landfill site at Tagene has been given a new environmental permit, which is expected to ensure it remains operational until 2045.

The re-use centre has had more visitors than usual. The number of paying customers has risen by 14 per cent compared with the previous year. The centre remained open, with some changes in place, until the end of December, when it closed due to national restrictions.

Each year, the volume of litter is measured in Slottsskogen and Vasaparken and at three district squares. Overall, there was more litter at each of the sites than in previous years. The measurements were carried out during two weeks of exceptionally fine weather, when more people spent time outdoors during the pandemic.

Sewage and water quality

The Environmental Permit Office decided in January 2020 to grant Gryaab an extension of its permit to operate Ryaverket wastewater treatment plant. The new permit means that Gryaab can continue to treat wastewater from the owner municipalities, but with new treatment requirements that will involve large investments in the future.

When measured in 2016, the proportion of lakes with a healthy ecological status was 40 per cent, while the figure for waterways was 9.5 per cent. Work is in progress in the City to develop an action plan to ensure good water quality in Gothenburg. One measure intended to reduce the pollution of waterways is the commissioning of a treatment plant at the former Brudaremossen landfill site, to treat leachate. The Sports and Associations Administration has adopted a strategy to replace artificial turf with a rubber crumb sports surface. Artificial turf been identified as the second largest measurable source of microplastic emissions in Sweden.

New homes are being built in the city at a rapid pace, and this has required a similarly rapid expansion in water and sewage treatment.

Nature and green spaces

There are just over 15 municipal and national nature conservation areas in Gothenburg that are managed by both the Municipality and the West Coast Foundation. Approval of the Stora Amundön and Billdal archipelago conservation areas was granted by the government in October. The City Planning Authority now estimates that the proportion of conservation areas has reached 14 per cent.

The management of conservation areas and other green spaces is important for biodiversity. As part of efforts to increase biodiversity, the Parks and Landscape Administration is using revised management practices to increase flowering on lawns, and thus benefit insects. Other initiatives include the control of invasive species, fish conservation measures and biotope improvement projects. The annual clean-up of sea shores is important to reduce damage to plant and animal life by litter, at sea and on land. Government grants have enabled clean-ups in bird and seal conservation areas before the breeding season and before seal pups are born.

Climate and energy

In 2018, total atmospheric greenhouse gas emissions amounted to 4.19 tons of carbon dioxide equivalents per resident per year. The proposed climate target under the new environmental and climate programme is based on the objective of the Paris Agreement and requires that emissions in Gothenburg will be close to zero by the year 2030. The target value for 2030 is 1.1 tons of carbon dioxide equivalents per resident per year. One important measure to ensure this target is met is to phase out fossil fuel use in the City's energy facilities. The proportion of fossil fuels used for district heating in the city has decreased. It should be noted, however, that 2020 was the warmest year for 300 years, which led to an overall reduction in the need for electricity and heating.

Göteborg Energi has completed its second photovoltaic park. The new park is located in Utby and will be commissioned soon. It is about the same size as the existing park in Säve and has an estimated annual output of 5,400 MWh.

The *Emission-free Building and Construction Sites* project, in which all the City of Gothenburg's construction administrations and companies collaborate and consult with developers, produced five new recommendations for procurement requirements to promote emission-free building and construction sites. The project is managed by the *Gothenburg Climate Partnership*.

Air quality

At the monitoring station in Haga, the environmental quality standard for nitrogen dioxide was met for the first time since the station

began monitoring around 20 years ago. Mild and windy weather at the start of the year, and Covid restrictions that led to less traffic and lower emissions during the second half of the year, probably contributed to this result. Good air quality benefits the public health of both adults and children.

Procurement

In order to make it easier for clients of the City to make climate-smart choices, the Purchasing and Procurement Administration has developed sustainable ranges and provided support to clients in the form of training, as part of its sustainability efforts. Additional purchasing support has been offered to those businesses in the city that want to apply the re-use agreement when purchasing. A procurement agreement for dairy products means that all deliveries of dairy products in the city are now made using fossil-free fuel.

Drinking water and food

The Eco-cycle and Water Administration reports that no samples of drinking water were found to be contaminated during the year. The Environment Administration conducted just over 4,800 inspections of food businesses. More than 1,300 so-called congestion checks were also carried out, with the aim of reducing the risk of spreading the coronavirus.

WinWin Award

This year's theme for the *WinWin Gothenburg Sustainability Award* was biodiversity. The winner in 2020 was the *International Research Panel for Biodiversity and Ecosystem Services* (IPBES).

Key figures	2018	2019	2020
Recycled energy, district heating (%)*	72	73	82
Renewable energy, district heating (%)*	16	16	17
Weight of food waste, residual waste and mixed waste, change compared with previous year (%)	-0.6	-1.8	-3.8
Leakage of drinking water, litres per metre of drinking water supply pipe (24 hrs)	23.5	21.0	19.5

\* Figures for district heating are preliminary.

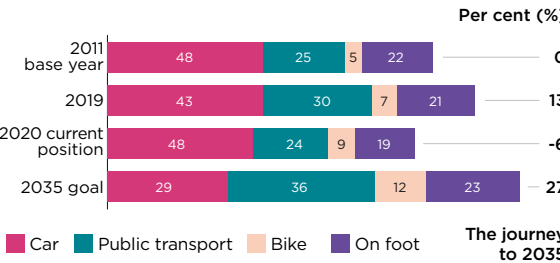


# Gothenburg is a city with sustainable mobility and good accessibility

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Share of means of transport for all journeys in Gothenburg, car (%)	43	43	47	42
Share of means of transport for all journeys in Gothenburg, bike (%)	6	7	9	7
Share of means of transport for all journeys in Gothenburg, public transport (%)	29	30	25	30
Share of means of transport for all journeys in Gothenburg, walking (%)	21	21	19	21
Average speed of urban buses in city centre	-	18.6	20.6	Not determined
Region satisfaction index – transport links	-	64	64	67
CO <sub>2</sub> emissions – production by sector – transport (kton)	-	-	-	940

The goal is not considered to be fulfilled, as the target values have not been achieved for several of the indicators. However, the negative trend in the means of transport used for journeys compared with previous years is an effect of the pandemic. The CO<sub>2</sub> emissions indicator is the latest value, for 2017. It is difficult to assess goal fulfilment for city bus services since no target value has been set for 2020.

The pandemic has had a big impact on traffic during the year and the total number of journeys has fallen. To reduce the spread of infection during travel, it was decided that extra stimulus measures would be introduced, such as subsidised and reduced fees for parking, and mobility changes in the street space. Despite the ongoing pandemic, most of the large infrastructure projects have progressed according to plan.



Estimated number of journeys and share of means of transport in base year 2011, 2019, current status in 2020 and target year 2035. The width of the bars indicates the number of journeys by different means of transport, and the numbers in the bars indicate the proportion of journeys by that means of transport (per cent). The number on the right is the percentage change in the total number of journeys compared with the base year 2011. For outcomes in 2019, rounding means that the total exceeds 100%.

## Travel must become more sustainable

The total number of journeys has decreased by 17 per cent since 2019, and by 6 per cent since the base year 2011.

In 2020, 19 per cent of journeys were made on foot, 9 per cent by bike, 25 per cent by public transport and 47 per cent by car. Although the number of car journeys has increased as a percentage of all means of transport, the total number of car journeys has decreased.

An action plan for 2020–2024 that will enable Gothenburg, Mölndal, Partille and Region Västra Götaland / Västtrafik to realise the public transport objectives of *Koll2035* was approved in autumn by the City Council. Based on this action plan, stakeholders in the City Transport Forum have developed a more coordinated approach to the planning and management of issues surrounding the development of public transport in the metropolitan area.

## Accessibility in the city

As a result of the general reduction in travel, and hence reduced congestion, accessibility for journeys in Gothenburg has been good.

During the year, the Traffic & Public Transport Authority extended collaboration in *KomFram* – a forum that deals with the impact of various construction projects on traffic. Through coordinated planning of various construction projects that affect accessibility in the city, the negative effects of major development projects in the city can be mitigated. In those areas where construction projects do affect accessibility, public

transport, walking, cycling and commercial transport have been prioritised. The rise in the number of confirmed traffic control plans, as seen in the table below, reflects the increasing volume of ongoing construction projects in the city.

A bike park for 600 bikes was opened at Gamlestads Torg in August 2020 and is the first of its kind in Gothenburg. Park & ride car parking has been extended at various sites, including Delsjömotet and Eriksdal, to promote the use of public transport.

## Special transport services

Service Travel provides passenger travel for individuals who find it difficult to travel on their own. Journeys of this type were affected considerably by the pandemic, as a significant proportion of travellers are in various risk categories, and the total number of Service Travel journeys decreased by 38 per cent. To reduce infection risks, measures were also taken to reduce car sharing and the use of ‘book a bus’ services.

A new app has been developed to make it easier for travellers to book their own bus journeys. The app will be launched in 2021. A new tendering process for the provision of Service Travel was carried out in 2020 for the five-year period starting in 2022, and will enable the transition to a fully electrified vehicle fleet.

## Average speed of city buses in city centre

There is no set target value for the *Average speed of city buses in the city centre*. As a result of Covid-19, the average speed of city buses has increased. This is due to a sharp reduction in the use of public transport, which meant shorter waiting times at stops and improved accessibility as a result of less car traffic.

## Emissions of carbon dioxide from the transport sector

According to the *City of Gothenburg’s Environmental and Climate Programme 2021–2030*, the climate impact of transport must decrease by

at least 90 per cent by 2030 compared with 2010. Between 2010 and 2017, greenhouse gas emissions from transport in Gothenburg fell by 5.4 per cent and totalled 945.6 thousand tons in 2017. Figures are not available from 2018 onwards.

## Large projects

The Port of Gothenburg is the only Swedish port that can accommodate the world’s largest ocean-going ships and thus offer direct shipping across the world’s oceans. The existing fairway depth currently limits access by the largest vessels when fully loaded, which affects the attractiveness of the port. The City Council therefore decided during the year that the Port of Gothenburg, together with the Swedish Transport Administration and the Swedish Maritime Administration, will go ahead with dredging of the fairway and quayside improvements to safeguard and enhance the ongoing competitiveness of the port in the long term.

In addition to the construction of the West Link (Västlänken), several major projects continued in 2019, including the covering of the E45 highway at the northern exit from the Götatunnel, where the Gullbergsmotet interchange has now been opened. The construction of Hisingsbron bridge is progressing, and measures were taken in autumn to deal with the consequences of Covid-19. The date for opening the bridge is unchanged, but the schedule is tight and there are still some critical steps in the construction process. The Marieholm tunnel was opened to traffic in December.

The City Council decided to cancel the *Cable Car* project during the year. Options for creating other crossings across the river are currently being considered.

The Swedish Transport Administration has decided in consultation with the City of Gothenburg to break off detailed planning and construction for the *Kvilleleden/Backaplan urban development project*. The project is currently being restarted and negotiations are underway on a new co-financing and collaboration agreement.

Parameters and key figures	2018	2019	2020
Number of Service Travel journeys	617,727	655,535	413,470
Number of confirmed traffic control plans (containing details of roadworks)	6,528	9,696	9,860

# Gothenburg is a safe and well-managed city

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Percentage of population (aged 16–84) who feel that fear of crime has a strong negative impact on their quality of life (NTU)	8	8	9	7
Reported cases of vandalism per 1,000 residents	25.7	24.4	-	24.5
Reported violent crimes per 100,000 residents	1,227	1,226	-	1,200
Number of high-risk areas	7	6	6	6
Citizen satisfaction index – street cleaning and waste collection	-	60	59	67

The goal is considered partly fulfilled. The target for high-risk areas has been achieved, and based on preliminary figures is assumed to be achieved for reported violent crime. The targets have not been achieved for fear of crime and reported vandalism, but are close to the target values. The satisfaction of residents with street cleaning and waste collection is well below the target value and the trend is clearly negative.

According to the *National Security Survey*, the proportion of residents who feel that fear of crime has a strong negative impact on their quality of life has been around 8–9 per cent in recent years. There is a small difference between men and women in this respect; a slightly larger proportion of women feel more concerned about crime. Women in Gothenburg feel a significantly higher degree of insecurity outdoors than men, and this insecurity has increased since 2015. The proportion of younger men who do not feel safe outdoors has also increased.

### Crime prevention work

According to preliminary figures for 2020 from the Swedish National Council for Crime Prevention, the declining trend in the number of reported violent crimes in Gothenburg has continued. However, the downward trend in reported vandalism has been interrupted. The total number of reported crimes has risen by two per cent over the past three years, while violence in public has decreased by nine per cent over the same period.

The City’s operations contribute, directly or indirectly, to crime prevention and efforts to improve security in Gothenburg. This work

takes several different forms. The visible aspects mainly involve the external character of the city, for example increased lighting and measures to improve security. The long-term aspects are achieved through the schooling of children and young people, and their creative leisure time. By reducing the opportunities to commit crime and equipping the city’s future generations appropriately, Gothenburg has greater potential to remain a safe and secure city in the future.

The City of Gothenburg’s efforts in crime prevention and improving security are collectively known as *Safe in Gothenburg*. Each district has an ongoing *Safe at Work* initiative that is based on knowledge-based situational awareness.

Measures to reduce crime and increase security are based on knowledge of what is happening: an analysis of causal links. The measures taken must have effects now and in the future, and when measures have been implemented their effects must be evaluated. The police force’s promises to citizens form an important part of local security improvement measures.

The City of Gothenburg set up a security council during the year. The council is the consulting body of the City Executive Board, responsible for promoting security and crime prevention efforts. The City became a member of the *Nordic Safe Cities* network during the year and is represented by the security council. The network’s purpose is to increase security and safety in Nordic cities.

All decisions taken by service personnel in the City of Gothenburg must be legally correct and impartial. The HR and security departments in the administrations that are deemed to be exposed to the greatest risk have been trained to provide support in identifying and counteracting

unauthorised influence. The City has a competence team that deals with personal safety and unauthorised influence, and covers HR, law and safety.

As part of stepping up the City’s work with individuals who want to escape a criminal lifestyle, the City Executive Board decided during the year to set up an interdisciplinary rehabilitation initiative.

Cooperation with the police, the Segerstedt Institute at the University of Gothenburg, the Center for Preventing Violent Extremism, and the Swedish Defence University has been extended. The City Executive Board held two training sessions during the year that focused on violent extremism and parallel societal structures.

The *Tickan* initiative and the *Illegal Influence* project in Angered were chosen as the Swedish winners and represented Sweden at the *European Crime Prevention Award* (ECPA). *Tickan* was set up by the Greater Gothenburg north-east local police district and Angered district administration. Several community stakeholders actors have worked together to counter a criminal family network. Among other things, the project has increased trust in the police and security in the area. Third place was achieved in the final.

### A safe and clean city

In June, the police authority granted the City of Gothenburg’s application to appoint municipal

security officers in accordance with Section 3 of the Law on Freedom of Choice, to patrol four locations in central Gothenburg. The work of the security officers has improved security and reduced crime. The City of Gothenburg aims to extend this working approach.

A number of improvement measures have been taken in the areas of Nordstan, Västra Nordstan, Lilla Bommen and Fredsgatan since 2017. These areas are perceived as vibrant during the day but desolate and unsafe in the evenings. Investments to improve security and accessibility. The measures being taken to make these areas more attractive include street lighting, safer walkways, more restaurants and cultural activities in the evening.

Based on the City Council’s ambition that no part of Gothenburg should be on the police list of high-risk areas in 2025, Förvaltnings AB Framtiden has agreed on a strategy for development areas in 2020–2030. Two strategies have been identified to achieve this target: a so-called super administration, which involves initiatives in property management, with special focus on presence and security, and urban development, which involves investments in existing properties and new housing.

The level of satisfaction of residents with street cleaning and waste collection has decreased slightly in each of the past five years, and the target for 2020 will not be achieved.

Parameters and key figures	2018	2019	2020
Men who feel unsafe outdoors, aged 16–84 (%)	14	-	17
Women who feel unsafe outdoors, aged 16–84 (%)	43	-	43
Total number of reported crimes	107,463	112,694	115,093
Total number of reported violent crimes in public	1,863	1,884	1,798

# Gothenburg has attractive urban spaces that are dense and varied

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Number of completed homes	3,168	4,357	4,494	5,000
Net movement to Municipality	4,485	3,525	730	8,000
New construction – private houses	324	331	351	500
Region satisfaction index – leisure opportunities	-	73	69	75
Region satisfaction index – commercial offerings	-	71	70	72
Region satisfaction index – transport links	-	64	64	67

**The goal is not fulfilled. This assessment is based on the fact that the targets have not been achieved for any of the indicators. Housebuilding shows a positive trend, with more homes completed during the year, while net movement to the Municipality shows a downward trend.**

Construction work is in progress in large parts of Gothenburg, and construction cranes can be seen in many locations. The city is planning to accommodate 250,000 new residents by 2050. The plans will help to create an attractive city with a mix of housing and businesses. The City’s strategy is to build close to the city, to create an integrated, well-built, dense and varied urban landscape. This will contribute to giving residents better access to the city’s offerings and at the same time provide a foundation for trade, business and city life.

The extent of the construction work, especially in the city centre, means a level of disruption that many people feel makes the inner city less attractive right now. At the same time, the ongoing pandemic has meant that urban environments are not used in the same way as before.

### The housing target has almost been achieved

Housebuilding has increased gradually since 2017 and is now at the highest level since the early 1970s. Fears that were expressed about a slow-down in construction due to the pandemic have not yet materialised. Around 9,500 new homes are currently being built. Construction of public housing in the city is also at a high level, with just over 850 homes completed during the year. This level can be explained by a favourable economy

and strong demand, as well an earlier increase in planning activity.

In the last two years, housebuilding has kept pace with housing demand, which in the longer term may help to ease the housing shortage. Almost 4,500 new homes were completed during the year, of which 47 per cent were rental properties. This is slightly lower than the target of 5,000 completed homes. However, the conditions are favourable for reaching the target of 20,000 completed homes by 2022. Approximately 48,000 homes are currently at the planning stage or have local planning approval.

Under the collaborative *BoStad 2021* project between the City and developers, around 4,300 homes are forecast to be completed by 2021. The target for 7,000 completed homes is expected to be achieved by spring 2023.

The target of 500 completed private houses has not been achieved. There are currently 244 private houses under construction and 483 that have local planning approval. This means that the target is likely to be achieved in a few years.

### Provisions for special groups

Despite a historically high level of housing construction, there is still a housing shortage, and this particularly affects the groups that the Municipality is responsible for. The average waiting time for housing through the municipal Boplats agency has increased to around 6.5 years. The new housing supply programme will focus on the elderly, homeless, recent immigrants and people with disabilities. To counter homelessness, efforts are needed to improve the general availability of housing. The number of homeless has fallen 26 per cent since 2019 and the number of homeless families with children

has almost halved. This fall is probably due to the allocation of more apartments, a reduction in immigration, a new housing coaching method to provide urgent support, and increased housebuilding. The reduction has mainly taken place among households without social problems (structural homelessness). During the year, the number of households with municipal contracts (second-hand rental agreements) decreased by 10 per cent, which is due to lower demand and an increase in the number of households that have taken over contracts.

The production target for buildings with special services (BmSS) for 2020 was 51 apartments. During the year, 48 apartments were completed, compared with 75 apartments last year.

Steps are being taken to reduce building costs for public housing in the city by 30 per cent in order to create affordable housing. Since autumn 2019, the City’s housing management company has followed guidelines for careful renovation, which require that approximately 20 per cent of apartments must be renovated without increasing the standard of accommodation or the rent.

### Urban development

Work on a new general plan has been stepped up and more detailed plans for central Gothenburg and Frölunda-Högsbo are being developed. Detailed plans for Västra Arendal and Torsviken were exhibited during autumn. The general plan, which is currently also in digital form, provides municipal guidance on land use and indicates the desired focus of urban development. The working process includes dialogues with business, academia and the general public, focusing on children and young people, as well as sustainability analyses that give special priority to social impact assessment and children’s needs. The Convention on the Rights of the Child came into legal force in 2020 and the city needs to continue developing methods that highlight the needs of children and young people.

The availability of premises for municipal purposes is a priority in the city. The City is therefore working on planning for and making land available for these purposes in both the short and long terms.

Gothenburg is committed to dense, mixed-use construction to increase its attractiveness. This densification is apparent as new buildings often dominate the surroundings, especially the new office buildings in Gårda, for example, and Geely’s office buildings on Lindholmen, which opened

during the year. Work is underway on local plans and complex construction projects around the central station, and a local plan for the West Link (Västlänken) central station was approved during the year. Local plans that cover the continued expansion of Liseberg and Universeum have been adopted and legally approved.

In Frihamnen harbour, 232 temporary homes have been completed, and work has begun on extending Centenary Park, with the first stage due for completion in 2021. In Backaplan, the first local plan for retail properties and housing has been approved, and a further two large local plans are in progress. Residential buildings at Selma Lagerlöfs Torg are ready for occupancy, and a new district building has been completed by the square. At Skra Bro in Västra Hisingen, there are now plans for around 600 homes, a market square, retail outlets and offices, housing for the elderly and buildings with special service.

Offices and homes are now being built in Gamlestaden next to the travel centre and Världslitteraturhuset library. A number of new homes were completed on Sävåns quayside during the year.

Plans for the entire area along Dag Hammarsköldsleden will create a new densified district. One link in this work is the transformation of the Högsbo industrial area, to create a mixed-use urban area with approximately 1,900 homes and schools and businesses. The local plan is the last to be adopted under the *BoStad 2021* project, but is currently subject to an appeal.

Construction work began on the renovation and extension of the Maritime Museum & Aquarium and the new cultural centre in Bergsjön. Feskekôrka fish market hall closed for renovation in autumn.

### A city for everyone

The city has been working for many years to rectify easily remedied obstructions in public spaces. These are obstructions that are easily rectified in practical and financial terms. Most easily remedied obstructions in the City’s public premises have now been removed. Removing obstructions in outdoor spaces, such as parks, playgrounds and stairways, is more problematic than in buildings. The elimination of easily remedied obstructions creates an equal and accessible environment for the city’s residents and visitors.

During the pandemic, the number of visitors to the city’s parks, pools and nature areas has



increased. This is a welcome trend, but has resulted in more litter and increased wear and tear, which requires increased maintenance to keep outdoor environments attractive, safe and accessible. Brunnsparken has been renovated and re-opened to the public. It is especially important to ensure safety and security at playgrounds and open-air pools, and the refurbishment of Gårdstensdalen playground was completed in spring.

Climate change adaptation

The large and complex challenges of climate change require the City to take climate mitigation measures, primarily in flood management but also in rainfall management and flood protection. However, there is a lack of financial resources to implement the necessary mitigation measures, and the City management therefore carries out national advocacy work to enable state funding. The City also collaborates regionally through the Gothenburg Region climate adaptation network.

Key figures	2018	2019	2020
Percentage of completed homes that are rental properties (%)	36	45	47
Number of homeless people (adults and children)	5,391	5,015	3,733

**Development of the City’s working methods**

Efforts to promote collaboration and cooperation in urban development have continued, and the relevant City administrations and companies have taken initiatives to improve common processes during planning and implementation. The City also develops tools for urban development, with the aim of ensuring a good foundation for urban living and densification. This work includes green spaces as part of the open public spaces that each area must have. Work has continued on the development of strategic tools to ensure that social sustainability is given consideration.

More of the City’s geodata was released for free use during the year. Development of the *Gothenburg Digital Clone* centenary project – a virtual city that allows the simulation and visualisation of urban development projects – also continued during the year.

The City is a member of several collaborative platforms, including *Urban Futures – Centre for Sustainable Urban Development*, which developed a strategy during the year that covers the focus areas *Challenges and Opportunities of Climate Change* and *Organisation and Governance for Sustainable Urban Development*.

Overall goals

Gothenburg is a metropolitan city with a stable economy and strong growth

Goal is partly fulfilled. This assessment is based on complete fulfilment of the overall operation goal: Gothenburg has a balanced budget and long-term sustainable finances. Other targets have been partly fulfilled and the majority of indicators with known outcomes for 2020 have met the target values.

City Council's goals and overall operational goals	Assessment of goal fulfilment for 2020
Gothenburg is a metropolitan city with a stable economy and strong growth	<div></div>
Gothenburg has a balanced budget and long-term sustainable finances	<div></div>
Residents of Gothenburg get value for their taxes and high-quality welfare	<div></div>
The City of Gothenburg is an attractive employer that provides good working conditions	<div></div>
Gothenburg has an attractive and innovative business community of a high international standard	<div></div>
Gothenburg is a city where everyone who can, works and supports themselves, and thus contributes to the common good	<div></div>
<div><div></div>Fulfilled<div></div>Not fulfilled<div></div>Partly fulfilled</div>	

Some of the indicators that have previously shown a positive trend, such as sick leave, were negatively affected by the pandemic, without necessarily meaning a long-term reversal of the trend.

On the whole, it can be reported that, in the short term at least, Gothenburg has a stable economy, but that growth in 2020 was disrupted by the pandemic that struck the city and the rest of the world.



The Hisingsbron bridge links the city together. Bronze fittings were installed during the year.  
PHOTO: LO BIRGERSSON

# Gothenburg has a balanced budget and long-term sustainable finances

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Equity/assets ratio 15%	20	21	22	15
The Municipality must achieve earnings of 2%	5.7	5.2	7.1	2.0
The City's development activities must be balanced over 10 years, self-financing level (%)	-	108	104	Balance
The City's operations must have a self-financing level of 60%	92	88	103	60
The City's operations must show good financial management	-	-	-	According to assignment

The target for a balanced budget and long-term sustainable finances is considered to be fulfilled, since all indicators exceed the target values set in the budget. It can also be reported that three out of four indicators show an improvement compared to 2019.

Four indicators are used to monitor achievement of the goal for a balanced budget and long-term sustainable finances. The first indicator is the equity/assets ratio for the Municipal Group, while the other three indicators refer solely to the Municipality.

The Group's equity/assets ratio increased to 22 per cent and is thus well above the target value of 15 per cent. The fact that the Group's equity/assets ratio has increased in recent years is largely due to the fact that the Municipality and its companies have increased their equity through positive earnings.

Earnings in relation to tax revenue, financial equalisation and general state subsidies amounted to 7.1 per cent. This outcome represents an improvement in earnings in relation to the preceding years and is well above the target of two per cent. This is despite the fact that the Municipality did not receive a dividend from Göteborgs Stadshus AB and despite the fact that capital gains were at a slightly lower level than

previous years. The strong earnings are largely explained by increased general state subsidies and lower than expected net costs for municipal operations.

Self-financing of investments totalled 103 per cent. The strong earnings, combined with a slower pace of investment than budgeted, also meant a markedly higher level of self-financing of investments than the target of 60 per cent. The level of self-financing is thus also higher than for 2019.

Land development activities are evaluated over a rolling ten-year period and the level of self-financing thus remains above 100 per cent.

The targets for good financial management are evaluated in the Administration Report. The interpretation of good financial management in the City is based on the same indicators as used above to assess target fulfilment for a balanced budget and long-term sustainable finances. However, the interpretation of good financial management is based on long-term target values for the indicators. The Administration Report also contains an in-depth financial analysis of the Municipality and the Municipal Group.

# Residents of Gothenburg get value for their taxes and high-quality welfare

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Efficiency ranking for municipal compulsory schools, (low values indicate good results)	231	220	214	240
Cost of individual and family care (SEK per resident)	7,757	7,485	7,500*	7,800
Cost of care of the elderly (SEK per resident)	10,469	10,632	11,000*	10,500
Citizen satisfaction index – support for vulnerable people	-	47	44	48
Citizen satisfaction index – care of the elderly	-	46	40	48
Staff in direct contact with residents as percentage of total staff	-	73%	-	Not determined

\* The indicators for cost per resident for individual and family care, and care of the elderly, are preliminary calculations based on the outcome for 2019 and the trends in committees' costs for 2020.

The goal is partly fulfilled. The assessment is based on the fact that the indicators for the efficiency of municipal compulsory schools and the cost of individual and family care per resident reach the target values, but that the indicators for care of the elderly and support for vulnerable people do not reach the target values.

It is likely to be difficult to keep the cost of care of the elderly below the target values in the future. The number of elderly people is expected to increase as a percentage of the total population, and the ongoing pandemic has highlighted what are seen as shortcomings in elderly care. In the 2021 budget, additional funds were allocated to care of the elderly, and in combination with increased state subsidies this means that the resources per residents will instead rise.

The cost of individual and family care has fallen since the sharp increase in costs in 2015–2017 and the target value for 2020 is expected to be comfortably achieved. It is considered that operations are now more stable and operated more efficiently than in preceding years.

The efficiency figure for compulsory schools is the key figure from the Kolada database described

as *Combined result for compulsory schools, municipal schools, ranking*.<sup>1</sup> This result refers to pupils in municipal schools located in the Municipality and shows the Municipality's ranking among the 290 municipalities in the country. Although Gothenburg is ranked in the lower third of municipalities, the trend is upward and the outcome for the year is clearly better than the target value.

The lower satisfaction with care of the elderly compared with 2019 in the citizen satisfaction survey has probably been affected by the ongoing pandemic and its effects on housing for the elderly and home-help services. A corresponding decline is not seen in the user surveys conducted for residents and home-help recipients. This makes it difficult to assess whether the change in citizens' satisfaction really reflects a deterioration in operations and hence lower efficiency.

For the indicator *Staff in direct contact with residents as percentage of total staff*, there is no target value for the year. This indicator was first introduced in 2019 as the budget requirements for 2021–2023. Similarly there are no outcomes for 2018 and previous years, so it is not possible to comment on the development trend for this key figure.

<sup>1</sup> The combined result for students in year 9 is based on the proportion that have achieved educational requirements, the proportion that qualify for vocational programmes, the average grade level (17 subjects) and the deviation from the modelled value for these three key figures.



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

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Employee engagement index (HME) for Municipality as a whole – total index	77	75	79	79
Sick leave for municipal employees (total %)	8.6	8.1	9.6	8.3

The goal is partly fulfilled. The assessment is based on the Sustainable Employee Engagement index (Hållbart Medarbetarengagemang index, HME) reaching the target value for 2020, while the sick leave indicator did not meet the target value. Sick leave has risen for women and men in all age groups. The main reason for the increase is the pandemic and the restrictions of the Public Health Agency.

The HME index was 79, an increase from previous years. The result for women was 80; for men it was 79; and for those who define themselves as other it was 76. The result for employees under the age of 30 is 77 and the result gradually increases to 82 for those who are 60 years or older.

The City of Gothenburg programme for attractive employers is intended to reflect the city’s efforts

to achieve the goal. The programme runs from 2019 until 2023 and defines three targets and eight strategies.

Other indicators that are monitored by the programme for attractive employers are the employee survey’s *Attractive Employer* Index. The result for 2020 is 69, compared with 67 in 2018.

Aside from the results shown by the indicators, interest in working in the city has increased. Staff turnover has decreased, the number of applicants per advertised position is rising, and external advertising of permanent positions in the City’s operations has continued to fall for the fourth year in a row.

Key figures	2018	2019	2020
Attractive employer index – employees	67	-	69



In readiness for summer, the City’s committees and company boards increased the range of summer activities for children and young people.  
PHOTO: FRIDA WINTER

# Gothenburg has an attractive and innovative business community of a high international standard

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
European Regional Innovation Scoreboard (regional level), total score	-	138.8	-	140
Corporate climate according to Confederation of Swedish Enterprise ranking	222	216	189	170
Corporate climate according to Insight Customer Satisfaction Index (CSI)	67.5	68.6	-	72
Newly registered companies (per 1,000 residents)*	11.3	11.7	-	9.2

\* Calculated on basis of residents aged 16–64. Target value set according to earlier calculation basis – in relation to all residents.

The goal is partly fulfilled. The assessment is based on the fact that there has been an improvement in the ranking of the corporate climate by the Confederation of Swedish Enterprise. According to Business Region Gothenburg (BRG), the city remains attractive for international investment and new company start-ups that are strategically important for long-term development.

The *Confederation of Swedish Enterprise* ranking shows a significant improvement, but the City has not quite achieved the target value. Regional scores from the *European Regional Innovation Scoreboard* are reported every two years. The reported value is for 2019 and means that the region is defined as an *Innovation Leader*. The score will be updated in 2021. The national index is reported every year and Sweden is top of the ranking for EU countries in 2020.

The overall Insight Customer Satisfaction Index for the City of Gothenburg shows a large improvement. The preliminary result for 2020 is an index of 72, which means that the target value has been achieved. It is hoped that the final full-year figure will be published in April.

Information on the number of newly registered companies per 1,000 residents will be published by the Swedish Agency for Growth Policy Analysis in spring. The reported figure is for 2019. Preliminary data from the Swedish Companies Registration Office shows that almost 5,300 new companies were registered in Gothenburg in 2020, which is an increase of 19 per cent compared with 2019, when 4,460

companies were registered according to the Agency for Growth Policy Analysis. The outcome for this indicator cannot be compared with the target value as the definition of newly registered companies has changed.

During the autumn, Statistics Sweden published statistics on industry’s investments in research and development. It shows that Region Västra Götaland is now the leading region in Sweden for research and development, with combined investments of SEK 41 billion. The technology parks in the city are vital for attracting international expertise and development-oriented companies. Thanks to the technology cluster that is primarily based in Norra Älvstranden, Gothenburg is now an international centre for the development of sustainable mobility. Research and development in Life Sciences is also conducted at Sahlgrenska Science Park and the BioVenture Hub at AstraZeneca’s facility in Mölndal. During the year, all City operations that have contacts with industry were able to develop skills in dealing with businesses and providing information. This contributed to an increased level of satisfaction among companies that have had dealings with the city.

More than 200 companies and retailers signed up for Business Region Gothenburg’s digital workshop in autumn to improve skills in e-commerce, social media and digital marketing during the Christmas shopping season.

Despite the pandemic and slump in the labour market, which had the greatest impact on employment growth in the Gothenburg region, unemployment in the region is still lower than



in the Stockholm and Malmö regions. One important reason is investments in infrastructure and construction that have helped to maintain the

employment level. However, there is considerable uncertainty about the long-term effects.

# Göteborg is a city where everyone who can, works and supports themselves, and thus contributes to the common good

Indicator	Outcome 2018	Outcome 2019	Outcome 2020	Target 2020
Unemployment, ages 16–24 (%)	3.4	3.4	4.2	3.2
Unemployment, ages 18–64 (%)	5.7	5.5	6.4	5.4
Households receiving financial assistance, per 1,000 residents	34	31	30	34

The goal is partly fulfilled. The assessment is based on the fact that the indicator for the number of households that received financial assistance is well in line with the target value for 2020, while the indicators for unemployment did not meet the target value for the year.

The unemployment indicators are taken from the Kolada database and refer to the situation in March in the respective year. They are calculated as the percentage of the population, and should not be confused with similar figures that refer to the percentage of the labour force. For young people in particular, the different calculation methods produce significantly different results. The indicators also have a slightly different age range than the figures published monthly by the Swedish Public Employment Service (age groups 16–64 and 18–24 years, respectively).

## Unemployment trend

The increase in unemployment in March 2020 compared with March 2019 was a result of the economic slowdown that became apparent even before the later impact of Covid-19 on the global economy and employment. Unemployment in March was higher for men, 6.6 per cent, than for women, 6.2 per cent. A considerably higher proportion of residents born outside Sweden were unemployed, 11.8 per cent, compared with 3.5 per cent for those born in Sweden. However,

the differences have narrowed in recent years, both between genders and between those born in Sweden and outside of Sweden.

Unemployment increased sharply in spring and summer among all groups, but more among those born in Sweden than those born elsewhere, and more among young people than the population as a whole. On the other hand, there was no significant difference in the trend between men and women. In autumn, the proportion of unemployed fell slightly compared to the situation in August, especially for young people and people born in Sweden.

## Income support trend

In recent years a shrinking percentage of single people and families have been dependent on income support. Despite the economic slowdown precipitated by the pandemic, its impact on income support has been relatively small. One important reason for this is the government measures that were taken, in the form of temporarily increased housing allowance and unemployment benefit. In December, 9,520 households were dependent on income support, an increase of three per cent compared with December 2019. This is a smaller effect than we have seen in previous economic downturns. The increase in the number of claims mainly occurred in the district committees of Askim-Frölunda-Högsbo, Centrum, Östra Göteborg and Västra Hisingen.

Other districts have seen a slight increase or a decrease in their reliance on income support.

The number of families with children, and hence the number of children, that were granted assistance in December, has decreased. Once again there is some variation between districts.

Seen over the entire year, the number of households that were granted income support at some point during the year fell by two per cent compared with 2019. The number of households that received short-term assistance continued to fall in line with the prevailing trend since monitoring began in 2002. The number of households that are long-term dependent, i.e. for more than 10 months, has started to rise for the first time since 2014. This change is directly linked to the economic effects of the pandemic.

In connection with the pandemic, social services faced a double challenge: while preparing for an increase in the number of new cases they also had to limit meetings with clients. Rapidly implemented changes included an increase in the number of online consultations and increased administrative coverage.

## Labour market initiatives

The Labour Market and Adult Education Committee is responsible for labour market employment and labour market initiatives for young people and adults who receive income support and are neither in work nor studying, as well as targeted initiatives for people with disabilities. Operations are divided as follows:

- » The Centre for Labour Market Employment
- » Skills centres

The Centre for Labour Market Employment is for people who are unemployed and referred by the Public Employment Service, the districts or the skills centres in the administrations. During the year, 568 people were placed in labour market employment and 28 per cent went on to a job or studies. This figure is slightly lower than last year and one reason is the downturn in the economy. It has become even more difficult for people with disabilities to enter the labour market.

Skills centres are aimed at people between the ages of 18 and 65 who receive income support, are registered with the Public Employment Service and are expected to be able to find work or studies within 18 months. There are four skills centres in the city: in Angered, Öster, Hisingen and Centrum-Väster.

Most skills centre users have relatively low educational qualifications and are long-term dependent on income support. During the year, the centres have worked with 1,653 participants on behalf of the districts. On average, participants are enrolled for just over nine months. Of those who were signed off in 2020, 51 per cent of all participants and 45 per cent of those with families became self-supporting and went on to work or study. This means that the living situation of 600 children has improved.

Parameters and key figures	2018	2019	2020
Number of participants in skills centres	1,554	1,784	1,636
Skills centres – transition to self-supporting (%)	58	52	51
Number of households receiving income support, average for year	9,244	8,655	8,780
Number who are long-term dependent on income support, December	8,049	7,467	7,620
Number of children in households that receive income support, December	6,024	5,300	5,193

# Auditor's Report

## 2020 Auditor's Report for the Board and Committees of the City of Gothenburg and the combined annual accounts of the City of Gothenburg, reg.no. 212000-1355.

We, the auditors appointed by the City Council of the City of Gothenburg, have examined the activities of the Executive Board and Committees of the City of Gothenburg. The activities of the City of Gothenburg's companies have also been examined by appointed lay auditors. The examination has been performed by expert advisors who assist the auditors.

The City Executive Board and Committees are responsible for activities being conducted in an appropriate and financially satisfactory manner, for the accounts and the reporting being true and fair and for the adequacy of the internal control systems.

Our responsibility is to express an opinion on the accounts, the activities and the internal control systems on the basis of our audit. We also assess whether the annual accounts are consistent with the financial and operational goals decided by the City Council.

The examination has been performed in accordance with the Local Government Act and generally accepted auditing standards in municipal activities as well as the City of Gothenburg's audit regulations. The examination has been carried out with the focus and to the extent required to provide reasonable grounds for assessment and examination of liability.

The results of the examination of the City Executive Board and Committees are shown in the audit memoranda and audit reports submitted to the Board and the Committees. The results of the examination of the companies are shown in a

corresponding way in the audit reports and audit accounts submitted to each company. The examination of the City of Gothenburg's accounts and annual accounts, including the combined accounts, can be found in a separate audit report which has been submitted to the City Executive Board. The year's examination is summarised in our annual statement, which has been submitted to the City Council.

A critical remark was addressed to the Compulsory School Committee. The examination shows several different deficiencies in how the Committee conducted the 2020 school selection, including subsequent efforts to remedy incorrect decisions and to handle appeals. The Committee's handling of the school selection for the 2020/21 academic year has not been appropriate for the purpose and was characterised by inadequate internal control.

It is our opinion that the Board and Committees of the City of Gothenburg have otherwise conducted their business in an appropriate and financially satisfactory manner, and that the internal control has been adequate.

We judge that the accounts in all essentials provide a fair and accurate picture.

In our opinion, it is not possible to determine whether the results presented in the financial statements are consistent with either the financial or operational goals set by the Council. The difficulty in assessing goal fulfilment may be related to the shortcomings in the model for control that we have seen in the examination.

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 2020.

We recommend that the 2020 Annual Report for the City of Gothenburg be adopted.

Gothenburg 31 March 2021

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<i>Vivi-Ann Nilsson</i>			<i>Monika Bandi</i>		
<i>Erik Fristedt</i>					
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<i>Gun Cederborg</i>					
<i>Stefan Dahlén</i>			<i>Birgitta Adler</i>		
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<i>Christina Rogestam</i>			<i>Tom Heyman</i>		
<i>Johan Abrahamsson</i>					
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