

City of Gothenburg Annual Report 2018



Photo: Lo Birgersson





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

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

2018 was an interesting year for Gothenburg, and in many respects a positive one. Following a period of steady upshift for the city, the next 10–15 years focus on realising the major development boom in earnest. In what remains a strong economy, important strides forward were taken in areas such as infrastructure, urban development, personnel, democracy, and trade and industry.

A flourishing economy

Although various other parts of Sweden began seeing increasing signs of economic downswing, the economy in Gothenburg continued to flourish. Development was characterised by the patterns established over the past few years: dynamic growth, strong exports, a higher number of visitors, declining unemployment and less of a need for income support. There is good

reason to expect weaker economic development for Gothenburg too, although when and how is unclear.

Green light for vital infrastructure

Work on the West Link is now finally in full swing, after a long period of doubt. The first sod has been cut and work has begun at Haga and Korsvägen, after efforts to stop the project by legal means eventually

founded. The focus from now on will therefore be fully on the construction process. Since the Marieholm Tunnel, Hising Bridge and over-decking of the E45 highway are already well under way, the main pieces of the West Sweden Package are now gradually alling into place. The government's approval of part-funding for deepening of the shipping lane in the Port of Gothenburg and a modern railway on the Göteborg–Landvetter–Borås route was excellent news. This investment is absolutely crucial to the future development of the transport system. *Målbild Koll2035* – the public transport programme for the core network in Gothenburg, Mölndal and Partille — has now been adopted following a long and thorough process, and means that a clear framework is now in place for extension of the regional infrastructure.

Building boom

In addition to infrastructure, for some time there has also been a real construction boom in the housing sector. With construction having started on many new projects, at the end of the year there were some 7,300 new homes under construction. Gothenburg is therefore now seeing a good rate of development. With over 53,600 homes now in different stages of planning and extension, the lack of housing can start being dealt with in earnest in the not too distant future. Having said that, volume is not the only parameter in play. Urban development also has to be about reducing gaps and breaking segregation. This requires extensive, mixed homebuilding in the suburbs. With the public interest Framtiden group in a lead role, an ever better mix of housing forms is now being built and planned, Gårdsten, Selma Stad and Gamlestaden being good examples.

Better working life

During the year, there was an important break in trend among the City's almost 56,000 employees. For the first time since 2010, sick leave fell on the previous year. At 8.6% it is still high, but the development does suggest that increasingly strong efforts regarding the working environment are starting to have an impact. The employee survey conducted at the end of the year substantiates this positive view. The survey also shows improved results overall. In virtually all areas, employees feel that the working environment has improved or remains unchanged. All of this is promising. It is impossible to overstate how important it is to the City to have happy, healthy employees.

Strategic efforts in trade and industry

While trade and industry continued to steam ahead, the City took a clearer approach to its efforts to promote this key area. The strategic business programme, which was adopted during the spring, will consolidate coordination, planning and delivery on the City's part across a wide array of trade, industry and enterprise-related issues. The programme's premise is to help create 120,000 new jobs in the Gothenburg region up to 2035. This is an ambitious yet realistic target. Taking the hospitality industry specifically, the positive trends that have characterised developments for a couple of decades continued. The summer featured a remarkable range of fine events, with the Volvo Ocean Race, Nordea Masters and EuroPride + Gothenburg Culture Festival standing out this year in particular. A political agreement was reached during the spring to build ultra-modern replacements for Scandinavium, Lisebergshallen and Valhallabadet within the framework of the upgrade plan for the entire event zone. This is a large-scale project that would open up brand new opportunities for locals and visitors alike.

Vital democracy

There were some concerns in the run-up to the 2018 elections. The outcome, from a general democratic perspective, was however very good. There were no real problems or disruptions. In addition, democracy-promoting efforts produced good results. Ahead of the elections, the City conducted various activities to encourage more people to vote. Particular efforts were made in areas with low turnout historically. There was also a particular focus on first-time voters. Turnout in the municipal elections was 79%, an increase of 1.7 percentage points on 2014. It was especially pleasing to see voting increase in areas that have long had the lowest turnout.

Ann-Sofie Hermansson (Soc. Dem.)

Chairman of the City Executive Board

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

By way of introduction in the Annual Report the Chairman of the City Executive Board in 2018, Ann-Sofie Hermansson, gives a summary of the past year. This is followed by an outline of the City of Gothenburg's organisation, assignments and future challenges. The City of Gothenburg Annual Report is then divided into five blocks:

How to read the City of Gothenburg Annual Report

1

Administration Report pages 11–37

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

2

Activities of the City of Gothenburg pages 38–66

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

3 **Gothenburg Municipality Financial analysis** pages 67–84

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

4 **Combined accounts financial analysis** pages 85–98

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

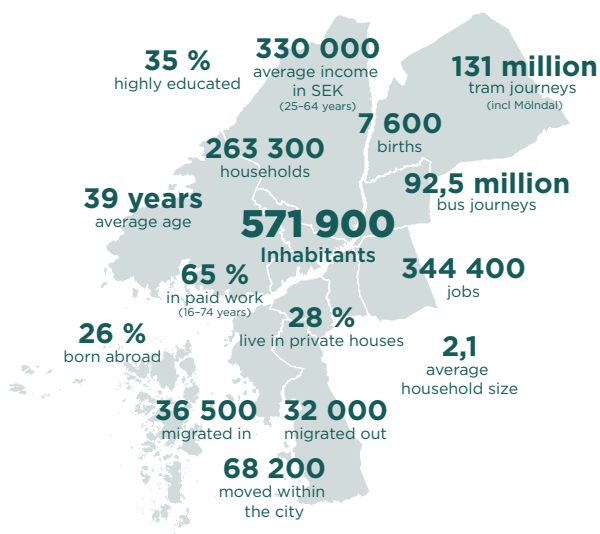
5 **Municipality accounts and consolidated accounts** pages 99–123

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

Sustainable city – open to the world

Göteborg is Sweden's second largest city, with a population of just over half a million. The city is strategically located between Oslo and Copenhagen, and is the heart and the growth engine of the Göteborg region and Region Västra Götaland. It is home to a variety of strong industries and Scandinavia's largest port. Göteborg has always been open to people and influences from around the world.

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



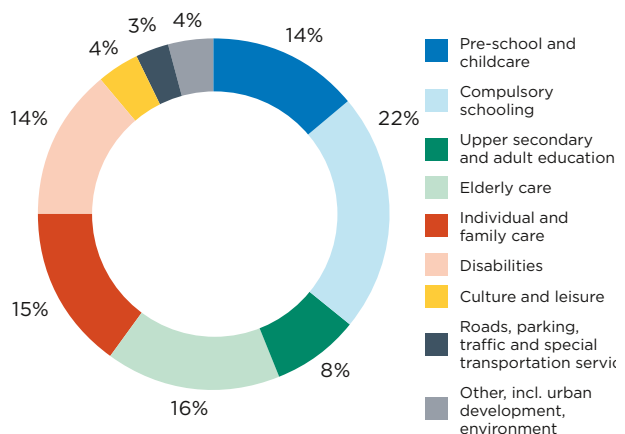
Our main challenges: Göteborg is currently on the cusp of a major development boom. The city is growing strongly to make space for 700,000 residents by the year 2035 – that's 130,000 more than at present. Such a change is noticeable, and it demands that we think sustainably. Over the next 20 years we will build 80,000 new homes and workplaces. Public transport will be developed to make it easier for people to move around in the city, and to commute in a sustainable way.

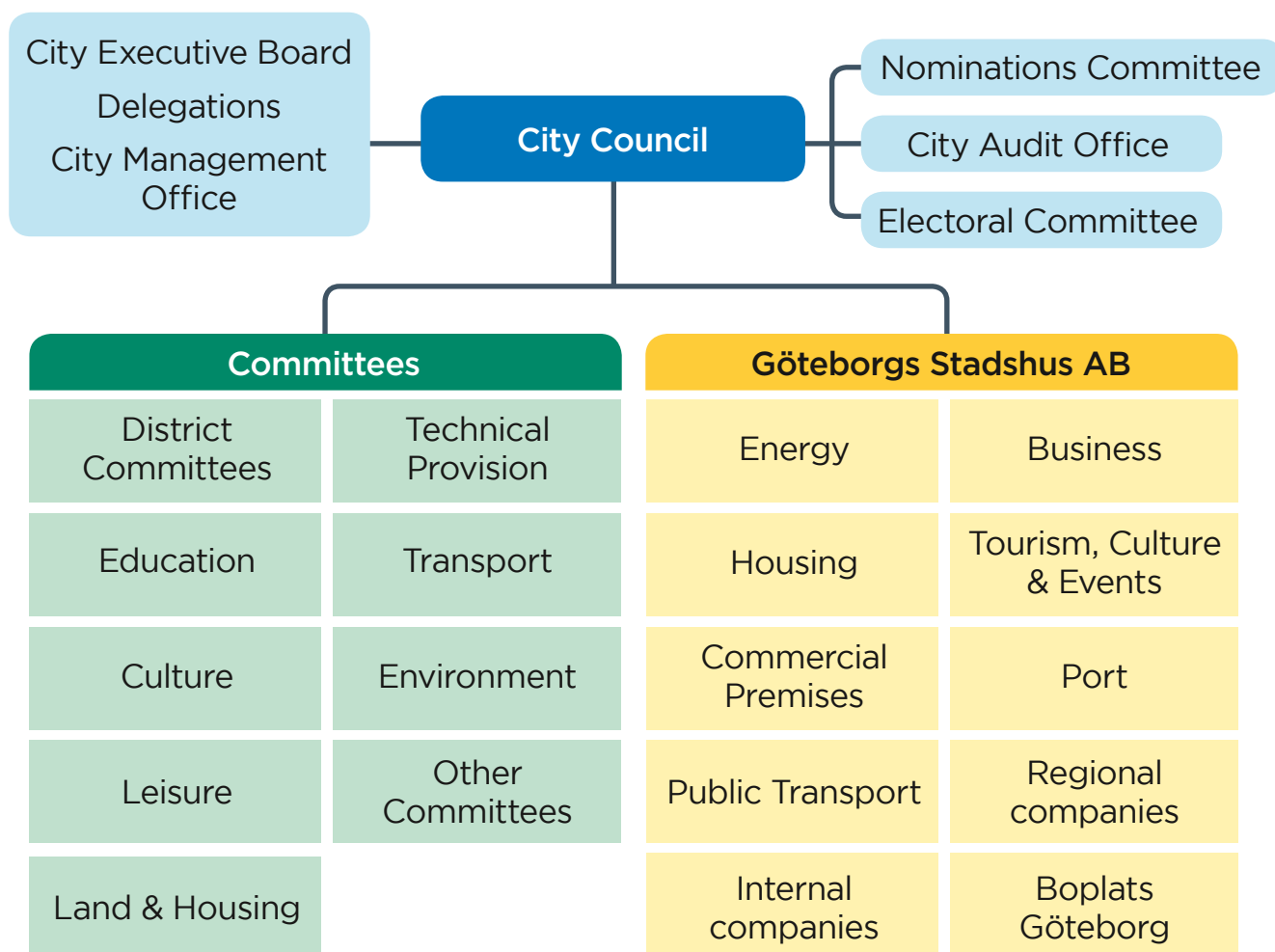
Our mission: Sweden's municipalities are responsible by law for a number of areas that are vital to the public good. These include healthcare, schools, child care and social care, and other mandatory areas are libraries, planning and building issues, health and environmental protection, cleaning and waste management, water supply and emergency services. The City also conducts voluntary activities that are also important to society, such as cultural and recreation activities, park and garden maintenance and other technical services.

On a normal weekday, we are responsible for 30,000 children in pre-school, 59,000 pupils in compulsory schooling and 18,000 in upper secondary education. 7,200 people with disabilities receive service and support, 8,000 receive home-help services and 4,000 receive care in housing for the elderly.

During 2018, 1.4 million people visited our swimming pools, 500,000 our museums and 4.2 million visited the city's libraries. Liseberg also welcomed 3.1 million guests.

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

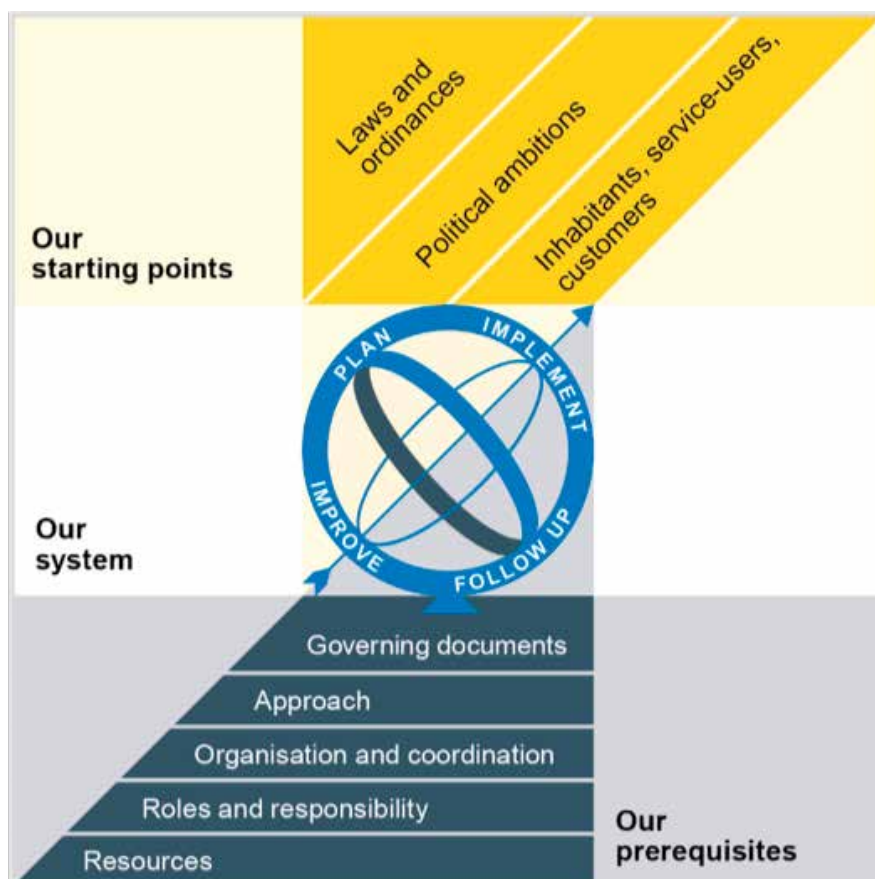




Our organisation: The City of Gothenburg was led by a governing minority comprising the Social Democrats, the Green Party, the Left Party and the Feminist Initiative during the period 2015 to Maj 2017. The Feminist Initiative chose to leave the cooperation in May 2017 for the remainder of the mandate period up to the end of 2018. The City Council is the supreme decision-making body and its politicians are elected by the citizens. Under the City Council is the City Executive Board, which leads and co-ordinates operations. The City of Gothenburg is an organisation comprised of administrations and companies.

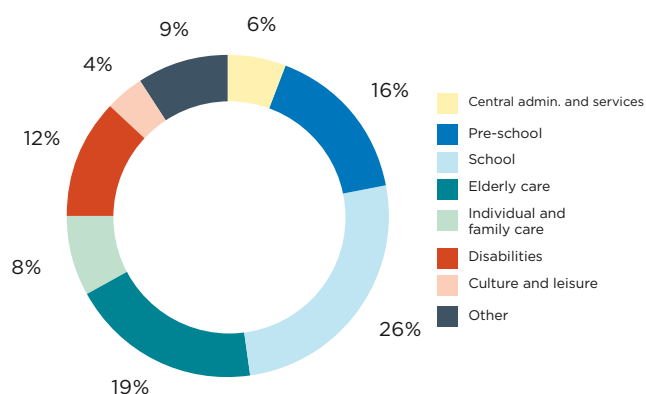
The City Audit Office examines and assesses the operations of the City Executive Board, the committees and the company boards to ensure, for example, that the assignments the City Council has decided on are carried out efficiently and purposefully.

Our employees: The City of Gothenburg is the largest employer in Gothenburg, with 56,000 employees working in more than 100 different professions in city districts, specialist administrations and municipal companies. Our common mission is to create opportunities for a good life for all the city's residents and to develop Gothenburg for the future. The average age of permanent employees in the administrations is 45 years, and the proportion of employees born outside of Sweden is 28%, which well reflects the composition of the city's population as a whole.



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

Number of employees in Gothenburg Municipality administrations



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

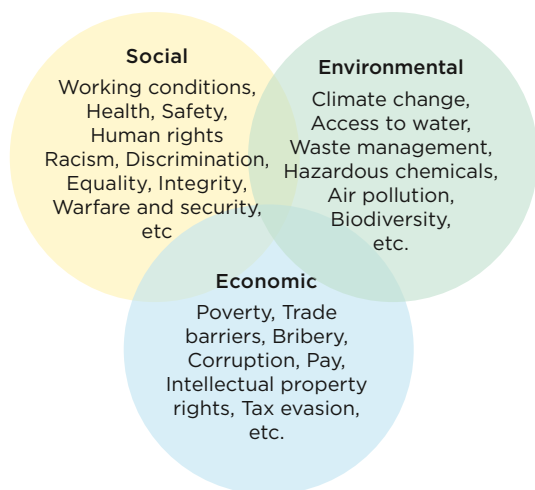
damental remit of each operation. Residents, visitors and the business community have an influence on the operations through their daily contacts with the organisation.

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

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

Sustainable development: The whole of the City of Gothenburg's budget is focused on creating a sustainable society. It states for instance that, "We want to create an equal, sustainable Gothenburg. We therefore govern the city based on three sustainability dimensions: social, ecological and economic sustainability, all of which are mutually dependent on one another." Collaboration for achieving the goals runs right across the organisation and affects both the municipal and the company sector. The municipal sector works exclusively for sustainable social development. The foundation is in healthcare, education, child care and social care, culture and recreation, with a public authority remit that gives individuals, groups and society the conditions to generate sustainability in different respects. Urban development is also a key to sustainable social development. The company sector, which is run on business grounds, has corresponding directives from the budget to contribute in this work based on its circumstances.

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



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



"I want to be a part of the journey Gothenburg is on right now. I have an opportunity to have an influence, and what I do will leave an impression." Caroline Valen, City Planning Authority. Photo: Lo Birgersson.

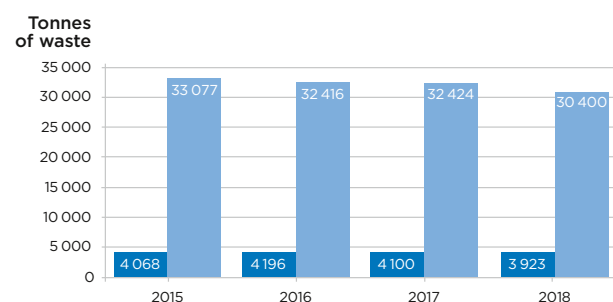
Sustainable development at the societal level:

Developments in Gothenburg are affected by various players, such as trade and industry, clubs and the Municipality, but also by everyone who lives and spends time in the city, and also by changes in the wider world such as trends, legislation and technological advances.

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

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

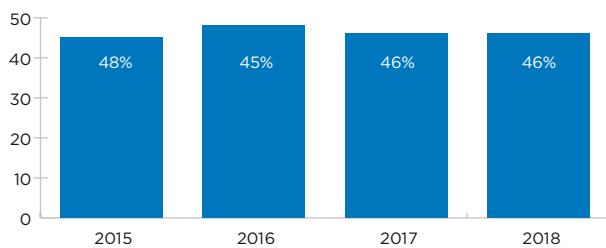
Waste volumes, companies and administrations



Source: Eco-cycle and Water Committee

The statistics include only the residual and food waste which the Eco-cycle and Water Committee is responsible for collecting from the City's administrations and companies. It is difficult to determine what is causing the downward trend since the number of operations has decreased. Other waste also arises in the City's activities, from packaging and construction waste to slag from combustion. The City is working to produce a new waste plan, one new feature being that it will include waste from the City's own activities.

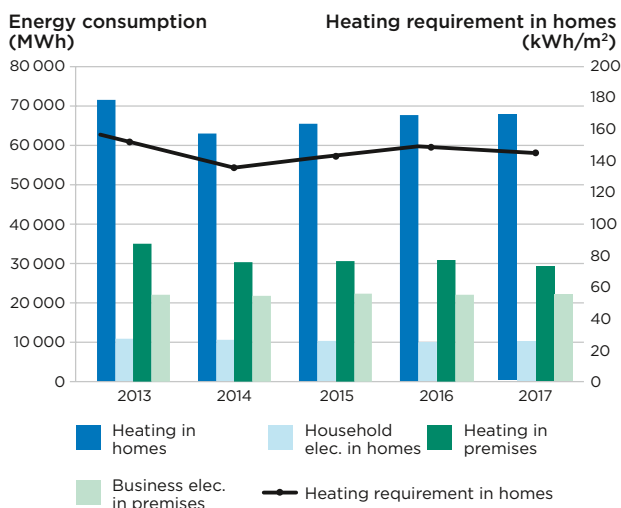
Organic foods



Source: Purchasing and Procurement Administration

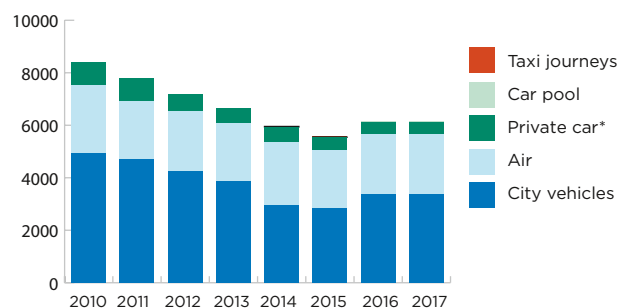
The City Council's budget included a requirement that the percentage of organic food in City activities should be at least 50% before the end of the mandate period. In total, organic food accounted for 46% of the City of Gothenburg's food purchases under framework agreements during 2018, the same level as in 2017 (measured in kilograms). From a high of 48% in 2016, the percentage has now fallen. Although the range of organic food has increased with time, it is limited and there is uneven access on the market. Generally speaking, organic food is more expensive than conventional food.

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



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

Greenhouse gases from the City's business travel



Source: Traffic & Public Transport Authority

Emissions of greenhouse gases from the City's vehicles have gradually decreased. During 2017, however, they increased again. This is primarily due to the increasing use of diesel-powered light goods vehicles, where no alternatives are currently available. Air travel has also increased slightly. For many years, the City has been promoting the increased use of green vehicles. During the previous year, the City Council decided on a revised plan for its work on green vehicles, vehicle pools and support for introducing electric vehicles. The City also has guidelines and a policy for travel, which govern the choice of transport mode, and also works with internal climate compensation.

1 Administration Report

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

Administration Report

14 Important decisions and events during the year

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

15 Projections based on a strategic analysis

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

18 City Council's goals and assignments

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

29 Democracy, management and governance

This section describes the development work that has been done to better capture citizens' views in the democratic processes, as well as efforts to clarify the City of Gothenburg's management processes.

31 Significant personnel-related conditions

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

35 Summary financial analysis

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

City Executive Board members 2018



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



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



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



Daniel Bernmar
(Left)
City Councillor



Helene Odenjung
(Lib.)
City Councillor



David Lega
(Chr. Dem.)
City Councillor



Mariya Voyvodova
(Soc. Dem.)
City Councillor



Kristina Tharing
(Mod.)
City Councillor



Marina Johansson
(Soc. Dem.)
City Councillor



Jonas Attenius
(Soc. Dem.)
City Councillor



Hampus Magnusson
(Mod.)
City Councillor



Martin Wannholt
City Councillor



Lars Hansson
City Councillor



Karin Pleijel
(Green)
Deputy City Councillor



Shahbaz Kahn
(Soc. Dem.)
Deputy City Councillor



Axel Josefson
(Mod.)
Deputy City Councillor



Ann Catrine Fogelgren
(Lib.)
Deputy City Councillor



Ingrid Andreae
(Soc. Dem.)
Deputy City Councillor

Important decisions and events during the year

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

Important decisions

- » Action plan for mental health
- » New collaboration on ElectriCity for the development of electric and driverless/autonomous vehicles, leading to attractive, sustainable public transport
- » The City of Gothenburg strategic business programme
- » The City of Gothenburg outdoors programme
- » The City of Gothenburg programme for an equal city
- » Long-term plan for apartments for the elderly
- » Adoption of *Målbild Koll2035* – the public transport programme for the core network in Gothenburg, Mölndal and Partille
- » Action plan for implementing the City of Gothenburg innovation programme
- » Introduction of an Ombudsman for the Elderly
- » Introduction of the Act on System of Choice in the Public Sector (LOV) in day-to-day operations
- » Formation of a joint association with the business community to develop the city centre
- » Library activities to be transferred from the district committees to the Cultural Affairs Committee
- » Brunnsparken to be rebuilt to increase safety, security and enjoyment

Important events

- » On 1 July, two committees started operating, for pre-school and compulsory schooling respectively. The activities were transferred from the district committees
- » Introduction of System of Choice in home-help services started in the spring
- » Ahead of the elections, the City conducted various activities to encourage more people to vote. There was particular emphasis in districts with a historically low turnout, and on first-time voters. Turnout in the municipal elections was 79%, 1.7 percentage points up on the previous elections.
- » In May, the Gothenburg youth council arranged the *Vi bryter tystnaden/Breaking the Silence* conference to increase understanding and break the silence on mental health problems among young people. All students from year 7 to upper secondary school were welcome to attend.
- » *Jämföra service/Compare Services* has been set up on the website. The function makes it easier to compare municipal services such as compulsory schooling, pre-schools and housing for the elderly, and is a stage in simplifying public services for the people of Gothenburg.
- » The *Anmäl hinder/Report Obstructions* app won a *Guldlänken/Swedish eGovernment Award*. With the app, citizens can use their phone to report easily remedied obstructions in indoor and outdoor public spaces.
- » The Gamlestaden Travel Centre was opened
- » The extreme heat and drought of the summer entailed far-reaching efforts to communicate information and a need for different authorities to work together to meet the challenges that arose.
- » Volvo Ocean Race was welcomed to the city, and the City of Gothenburg pavilion was a meeting-place where visitors could find out about and discuss the city's development.
- » In August Gothenburg was the venue for EuroPride, and the event included a presentation of a working environment study on LGBTQ people who work for the City. The study is the first of its kind in Sweden.
- » Based on what is known as the *Göteborgsförslaget* (an online suggestion box for the City), Sweden's largest solar park began being built by Göteborg Energi AB. It will produce renewable electricity equivalent to the annual requirement of 1,000 houses.
- » Construction began on a new port terminal between Älvsborg and Arendal ports to deal with increased cargo volumes.



Photo: Lo Birgersson.

Projections based on a strategic analysis

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



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

The municipal basic mission

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

One of the concrete challenges the City of Gothenburg is already facing is increasing difficulty recruiting people in various professional fields. The recruitment problem is one of numbers, but also of finding people with the right skills. At the moment, the prevailing strong economy with employers competing for personnel is exacerbating the situation, but in the longer term the dependency ratios will become an ever greater challenge. Moreover, a general rise in prosperity in Sweden is contributing to higher expectations regarding access to and quality of municipal services. The welfare mission needs to be rationalised, partly through digitalisation and the use of artificial intelligence (AI).

Some of the success factors:

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

Urban development

Urban development is a complex task which entails taking a holistic approach to create attractive city

districts with housing, shops, workplaces, municipal activities, meeting-places, parks, and opportunities for entertainment and leisure activities. Historically large extensions of the infrastructure, with new tunnels and bridges, lay a good foundation for urban development. High demands are placed on sustainability and modern infrastructure. The complexity of the issues places great demands on collaboration between the different parties in the City, and with external players. 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.

A strong economy is a requisite for construction, but also has a negative side as it is hard to procure building work and recruit expertise for the organisation. Since it is mainly private construction companies that are behind the building, the market's willingness to invest is a key factor in plans being realised, and the market is sensitive to the economic outlook. Local plans have been extensively drawn up and approved, but a downturn in the economy could lead to a lower rate of implementation.

Some of the success factors:

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

Social sustainability

Social sustainability is perhaps the most important of the three areas in the model, in the long term. It is

fundamentally about creating a society where people feel a great sense of empowerment. This is not the case for everybody in Gothenburg today. People and groups perceive themselves as being on the outside, and this is partly reflected in reduced safety and security, and less faith in the future. There should be greater balance in people's life circumstances.

Important basic conditions for active participation in society are home, education and work. More children and young people need to be given a better foundation to be more successful at school. Qualifying for upper secondary school and opportunities for higher education give young people hope and the ability to influence their life situation. Developments on the labour market are ultimately a fundamental factor in ensuring more people can find work and support themselves. Unemployment has decreased in recent years, but less among groups that are further from the labour market. To make it easier for this group to meet the labour market's need for workers, job matching is an essential tool.

It is important that work for Equal Gothenburg is dedicated and takes a long-term approach so as to build a socially cohesive city.

Some of the success factors:

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

Population change

Gothenburg's population has been constantly increasing since 1992 with a dramatic increase in recent years – and 2018 was no exception. With 7,800 new residents, at the end of the year the total population was 571,900. Growth over the past 11 years has averaged 7,100 people per year. This is an effect of natural birth surplus and positive net migration. The natural birth surplus has been 3,300 on average. Net migration, which has varied slightly more, has been between 3,000 and 4,900 people a year. In recent years, the composition of net migration has changed. There are two clear trends: increased relocation to the municipalities in the Gothenburg region, alongside a rise in immigration. Both of these trends grew stronger in 2018. It is primarily families with children that move out of Gothenburg, but there is also an influx of young adults.

In the past three years, net immigration has almost doubled. This is because work and family immigration has increased, while emigration has declined dramatically. The number of refugees granted stay in the municipality has fallen since the peak year of 2016, when 3,300 came to Gothenburg, compared to 2018 with 2,400.

In 2018 more than 3,000 homes were finished, the highest number since the mid-1970s. There were also about 7,000 homes being built at the end of the year. Historically speaking, many of the people who move into newly built homes are people who already live in Gothenburg. Bearing this in mind, it is likely that there will be extensive migration within the city in the years to come.

Finances

Growth in the global economy is slowing down, and the question moving forward will be what governments and central banks do to counter too fast a downturn in the economy. Some of the uncertainty factors that have affected the world economy in recent years may well be resolved, such as the trade conflict between the US and China, and the UK's exit from the EU. In its latest economic report, Swedbank observes that "...the risks associated with climate change, such as more frequent extreme weather events, are less likely to be adequately addressed in this political environment." Even so, the same report believes that GDP for the global economy in 2018 will be on a par with the previous year, at just under 4%. The forecast for the subsequent years is 3.5%. Europe is expected to grow at just over 1% in the years to come.

Sweden has had a number of years of strong growth and falling unemployment, but the economy is now expected to slow. The majority of economic forecasters agree on this. In *The Economy Report* of December 2018, the Swedish Association of Local Authorities and Regions (SALAR) states that "...the Swedish economic peak now seems truly to have passed". SALAR also believes that the tax base in the years to come will be just under 3%, which is roughly one percentage point lower than the ten-year average. The municipal sector can therefore count on weaker growth moving forward, and it will be increasingly difficult to fund the municipal mission. The sector also faces major funding and skills-provision challenges in the long term based on current demographic development.

Labour market

According to its labour market forecast for 2018–2020, the Swedish Public Employment Service wrote that the Swedish labour market is developing very strongly. It predicts 111,000 new jobs by 2020. Growth in jobs is, however, expected to be slower during 2019 and 2020 than in the immediately preceding years. Growth is taking place in all counties, and the rate of employment is expected to grow to a full 79.5%.

The rate of employment is rising among those born both in and outside of Sweden. Eight out of ten new jobs are expected to go to foreign-born people, which is where the majority of available workers can be found. If

Sweden's employers are to continue growing, it is important to harness the skills of everybody.

There are, however, still many jobseekers who are finding it hard to establish themselves on the job market. This is particularly true of people with only a short education. To ensure that fewer people are long-term unemployed, and that employers have access to the workforce required, there needs to be a continued focus on the education systems.

Västra Götaland has enjoyed ten years of job growth. The Employment Service's forecast survey in the autumn shows that employers in the county remain positive when it comes to demand, and that their extensive employment plans are still in place. The forecast states that the number of employed people in the county will increase by 26,000 during the forecast period (2018–2019).

The lack of workers with the right skills continues to hinder growth in employment. One aspect that has enabled strong job growth in recent years, however, is the influx of people from outside of Sweden. In 2017, seven out of ten jobs created went to foreign-born people, a trend that is expected to continue.

Unemployment is expected to continue falling in the county and to total 5.9% in 2019, and if this happens it will be the first time unemployment has fallen below 6.0% since 2008. Unemployment will decrease for Swedish-born men and women, and for foreign-born men in 2019. Meanwhile, the number of registered unemployed foreign-born women is expected to continue rising. Moreover, it remains difficult for those without an upper secondary education to enter the labour market, since most employers demand at least this level of education when recruiting.

Environment – a hot summer

2018 provided some very different weather. Snowfall set new records in places, the winter lasted a long time, and summer hit with full force as early as May. By mid-August, 85 municipalities had issued hose-pipe bans, and more than 100 others had urged citizens to use drinking water cautiously. In the Gothenburg region some municipalities saw historically low levels in their reservoirs, while others – Gothenburg included – had enough water but a distribution system that had trouble keeping up with the high demand. During the autumn, low water levels in Lake Vänern and the Råda lake system meant that the saltwater wedge came right up to the raw water intake.

There were several intense forest fires during the dry summer season. The Swedish Civil Contingencies Agency urged a nationwide barbecue ban, including in private gardens, which was a historical move. In Västra Götaland, the County Administrative Board issued a total fire ban between 25 July and 14 August. The drought hit Swedish agriculture hard, and the effects were felt in the form of a

50% reduction in harvests, resulting in raised food prices. In October, the Intergovernmental Panel on Climate Change (IPCC) published its special report on the consequences of a 1.5 degree Celsius rise in temperature. The scientists observe that the world has now reached a 1 degree rise, and that 1.5 degrees is estimated to be reached between 2030 and 2050. It shows that there is a marked difference in the risks that arise from a 1.5 degree and 2 degree rise. They relate to generally heightened risks of extreme weather events that affect hundreds of millions more people, but also a risk of irreversible threshold impacts. One difference between 1.5 and 2 degrees, for instance, is that coral reefs are expected to die out entirely after a 2 degree rise. National measures around the world are still at a level which would result in a 3 degree increase. 2018 was the warmest year ever in terms of ocean temperature, beating the previous year's record.

In November the EU managed to reach a consensus on how the Paris Agreement should be implemented, voting in one of the most significant climate laws ever. During the autumn, the Environmental and Climate Committee completed its report entitled *Fossilfritt Göteborg – Vad krävs? (A Fossil-Free Gothenburg – What is Needed?)* It outlines what the 1.5 degree target entails on the local level, and how the city can contribute globally. In recent years, the City of Gothenburg has also produced a thematic addendum to the general plan looking at flood risks, and a proposition to be decided on is coming in 2019.

Digitalisation

Digitalisation is one of the most important forces for social change of our time, and used correctly it will contribute to better services, greater efficiency and meeting the workforce challenge. Digitalisation will bring new behaviours, knowledge and skills, while other knowledge will become obsolete. This may take the form of printed material becoming digital, but it is also about automating different processes, using robot technology or artificial intelligence to replace particular work tasks. Automation usually means that tasks are performed in new ways, since digital technology allows new types of solution.

Various reports suggest that the greatest short-term potentials lie in areas such as administration, accounting, service, transport and technology. In the longer term, the potential for automation, using robot technology and artificial intelligence is expected to increase also in areas where cognitive and non-predictable work tasks are dealt with, such as professions in healthcare, education, child care and social care.

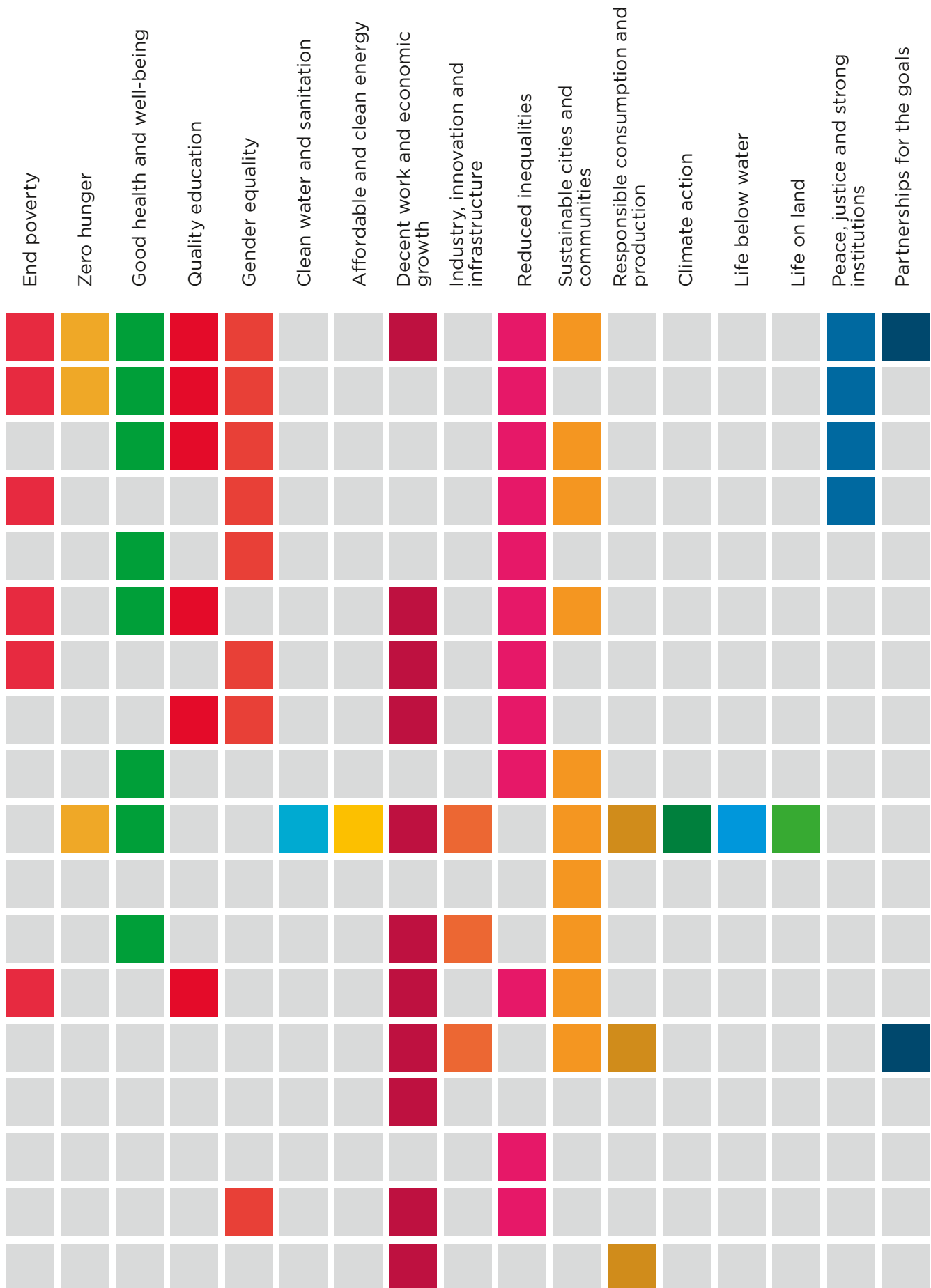
Successfully working with digitalisation is an opportunity and a challenge that requires clarity of goals and governance if it is to have a genuine impact. This places demands on skills-enhancing and motivational efforts on all levels of an organisation.

City Council's goals and assignments

The City of Gothenburg's goals in the 2018 budget

- Gothenburg shall be an equal city
- Human rights shall permeate all of the City's operations
- Structural gender discrimination shall be eliminated
- Gothenburgers' opportunities for participation and influence shall increase
- Sports, clubs and societies shall reach more target groups
- Life circumstances for people with physical, mental or intellectual disabilities shall be improved
- Individual and family care shall create more equal life chances for the city's inhabitants
- All pupils irrespective of background shall achieve the goals in school and be able to develop to their full potential
- Elderly people shall have better life circumstances
- Gothenburg shall reduce its environmental and climate impact to become a sustainable city with globally and locally fair emissions
- The housing shortage shall be eliminated and housing needs better met
- Sustainable travel shall increase
- Employment for groups far from the labour market shall increase
- Gothenburg shall be a sustainable city of innovation with higher job growth
- Gothenburgers shall have greater opportunities to be tourists in their own city
- Access to culture shall increase
- Unjustified differences in pay between men and women shall be eliminated
- Gothenburg shall increase the proportion of sustainable procurement

Agenda 2030 global goals



Agenda 2030 goals linked to the City Council's goals

In 2015 the UN General Assembly adopted the resolution Transforming our World: Agenda 2030 for sustainable development. The goal is, by 2030, to bring about a social transformation that leads to economically, socially and environmentally sustainable development that protects the planet, eradicates poverty and generates good welfare for all people. The agenda is comprised of 17 global Sustainable Development Goals, sub-divided into 169 targets. One principle is that the goals are integrated and indivisible, that no goal can be accomplished at the expense of another, and that success is required in all areas for the overall goal to be achieved.

The City of Gothenburg's budget over the past 15 years has focused on sustainability in all three sustainability dimensions. The environmental status has been monitored systematically since the first environmental policy was adopted in the 1990s and in the still applicable environmental programme. In 2007 the City Executive Board issued mission S2020, to give social issues the same significance in municipal planning as economic and ecological issues. Work on a more equal city (Equal Gothenburg) is perhaps the clearest example of the holistic view that is the hallmark of Agenda 2030. It is an inter-sectoral process which strives to see that gains can be made in places other than where the efforts are made.

A mapping process was carried out during 2018 to see how the City of Gothenburg's budget goals and municipality-wide documents relate to the global sustainability goals. It was noted that the City primarily focuses its governance on the targets deemed to be of relevance from a municipal perspective, and that there were no obvious white spots. The budget goals were well linked to the global goals. All the goals in the budget had a link to one of the agenda's 17 goals, and all the goals in the agenda had a link with at least one budget goal. The City of Gothenburg also has programmes and plans that touch on the vast majority of areas brought up in the relevant targets. It was also noted that Gothenburg, like Sweden, is in a good position globally in relation to the agenda's objectives, and that the city affects developments in the relevant targets in a range of different ways, usually within the framework of the basic missions.

Summary of follow-up on the City Council's goals

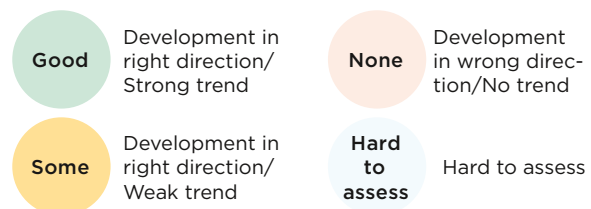
The City Council's (CC's) budget goals for the City of Gothenburg (CoG) are mostly long-term, and can only be achieved in a time frame of more than a year.

During the mandate period 2015–2018, the focus in years one and two was therefore on monitoring how committees and company boards are tackling the goals. In the third year of the mandate period, a more in-depth follow-up was conducted of the results the committees' and company boards' work on the goals has produced. During 2018, this follow-up has been updated with a new assessment.

At the City level, the assessment of goal achievement has been altered for two of the goals as compared to 2017. For the goal *Gothenburgers' opportunities for participation and influence shall increase*, the assessment has been changed to good goal achievement, compared to the certain degree of achievement in 2017. For the goal *Structural gender discrimination shall be eliminated*, the assessment is that goal achievement is hard to assess. This is because there is no data from committees and boards to be able to assess the results. For the other goals, 15 of the City Council's budget goals are deemed to have been achieved to some extent. For the goal *The housing shortage shall be eliminated by new construction and housing needs better met*, the assessment is that despite extensive measures, developments have not moved in the right direction.

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

City Council's goals and assignments



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

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

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

Gothenburg shall be an equal city

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	0	8	0	2	Some
Departmental committees	6	11	0	4	
Company boards	8	7	0	1	

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

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

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	1	9	0	0	Some
Departmental committees	7	11	0	3	
Company boards	12	2	0	2	

Much of the work in this area in 2018 focuses on measures to raise expertise, plans that have been drawn up and methods on which to base the efforts. These are important efforts in raising knowledge and organising the process. The systematic work does, however, need to be evolved so as to better capture the effect which different efforts contribute, and to assess goal achievement.

Structural gender discrimination shall be eliminated

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	0	8	0	2	Hard to assess
Departmental committees	9	8	0	4	
Company boards	12	2	0	2	

The gender-specific indicators linked to several of the CC's goals generally show no major changes in terms of structural gender discrimination seen from a citizen perspective. The number of reports on the City's gender equality work has fallen to a level that makes it difficult to make a satisfactory assessment of how the City's operations are contributing to a reduction in structural gender discrimination.

Gothenburgers' opportunities for participation and influence shall increase

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	6	4	0	0	Good
Departmental committees	10	5	0	6	
Company boards	6	3	0	7	

During the mandate period, several forums for participation and influence have been created, through increased focus on citizen dialogues and new

channels, such as the Urban Development Web and Gothenburg Suggestion. Election turnout has increased in the city. It is however too early to discern whether these strategies have produced results in the shape of a greater feeling of empowerment among inhabitants. Follow-ups show that Gothenburg still has difficulty building trust in the democratic processes in the city.

Sports, clubs and societies shall reach more target groups

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	5	3	0	2	Some
Departmental committees	0	2	1	18	
Company boards	4	1	0	11	

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

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	3	2	0	5	Some
Departmental committees	4	3	0	14	
Company boards	6	4	0	6	

Access to culture shall increase

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	7	2	0	1	Some
Departmental committees	2	5	2	12	
Company boards	6	2	0	8	

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

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

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

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

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

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

Individual and family care shall create more equal life chances for the citizens of Gothenburg

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/ Not reported	
City district committees	4	5	0	1	Some
Departmental committees	0	3	1	17	
Company boards	0	2	1	13	

The process owners have started from the social service process and focused their work on increasing evidence-based efforts, quality and clients' participation in their change work. Results will be disseminated after follow-up. The work has been communicated on an ongoing basis, both to strategic and operational managers in the city districts.

The committees describe several strategies, but the results are hard to deduce in parts. The effects will only become apparent with time.

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

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

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

Elderly people shall have better life circumstances

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/ Not reported	
City district committees	7	3	0	0	Some
Departmental committees	4	5	1	11	
Company boards	2	2	0	12	

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

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

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/ Not reported	
City district committees	3	4	0	3	Some
Departmental committees	6	8	0	7	
Company boards	8	7	1	0	

The assessment is that overall goal achievement is complex, since the main goal encompasses 12 local goals. It should be possible to achieve six out of 36 sub-goals, but none of the 12 goals. The five goals that are hardest to achieve are Limited Environmental Impact, Fresh Air, A Non-Toxic Environment, Sea in Balance and A Good Built Environment. One main reason is that achieving them is dependent on national or international actions.

The housing shortage shall be eliminated and housing needs better met

Committee reports					City Management Office assessment
Goal achievement	Good	Some	None	Hard to assess/ Not reported	
City district committees	0	3	2	5	None
Departmental committees	3	4	1	13	
Company boards	3	4	1	8	

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

Sustainable travel shall increase

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	3	2	0	5	Some
Departmental committees	9	5	0	7	
Company boards	7	8	0	1	

Since 2011 we have seen some change towards more sustainable travel, but not enough for us to achieve the goals in the Transport Strategy. Public transport is the mode of transport that is developing in line with the Transport Strategy. Cycling, however, needs to increase significantly while car travel, which has fallen slightly, needs to decrease at a faster rate.

Employment for groups far from the labour market shall increase

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	3	4	1	2	Some
Departmental committees	1	10	1	9	
Company boards	8	7	0	1	

The goal in the City Council budget encompasses young people, people born outside of Sweden and people with disabilities. Unemployment in the 18-24 age group has decreased for the goal period. Young people who have graduated upper secondary school are today in work. The recruitment requirement in Gothenburg has primarily been filled because more people born outside of Sweden have found jobs. For women with a non-Swedish background and people with disabilities, further development is needed.

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

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	2	3	0	5	Some
Departmental committees	3	5	0	13	
Company boards	9	3	0	4	

The situation remains virtually unchanged compared to the previous year. A lot has however happened during the year, a process for testing innovations in the City has been developed, and through *Testbädd Göteborg/ Testbed Gothenburg* the collaboration forms moving forward have been established. A pilot project is under way to develop indicators for measuring innovation in the public sector. The labour market in the region is developing well and has seen uninterrupted growth for nine years.

Unjustified differences in pay between men and women shall be eliminated

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	6	2	0	2	Some
Departmental committees	17	3	0	1	
Company boards	15	0	0	1	

The 2018 pay review is not yet finished. Initiatives completed to date have led to a certain degree of goal achievement. During the years 2015-2017, the average pay of women has increased by 2.6 percentage points in relation to men's average pay in the City. The City Management Office notes that progress regarding the goal of lower unwanted pay differences between professional groups in relation to other sectors on the labour market is slow.

The City of Gothenburg shall increase the proportion of sustainable procurement

Committee reports

City Management Office assessment

Goal achievement	Good	Some	None	Hard to assess/Not reported	
City district committees	0	2	0	8	Some
Departmental committees	7	4	2	8	
Company boards	7	6	0	3	

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

City Council's goals and assignments

The budget assignment in summary

The City Council allocated 99 assignments to committees and boards in the run-up to 2018. Of these 82 were brand new and had not previously been in the City of Gothenburg's budget, and 17 had the same or similar wording. For five of the assignments the responsibility lay with all committees and boards, and for a further 21 the responsibility lay with more than one committee or board. Collaboration was required for the latter 21 in particular. For the remaining assignments, the responsibility lay with a single committee or board.

Of the 99 assignments, 70 were reported as completed and 29 as not completed. The majority (26) of the ones reported as not completed have been begun or partially completed. Many of the assignments are such that one year has not been enough time to complete them. When assessing assignment completion, a unanimous yes was required for assignments allocated to more than one committee or board to be deemed fully completed.

Assignment	Has the assignment been completed? Yes/No	If not complete: a brief comment on the reasons why, and on which part has been completed, if any
A plan for Equal Gothenburg shall be drafted. (Committee for Allocation of Social Welfare)	No	A proposed plan has been produced and has been passed on to committees and boards. Final proposal to the City Executive Board (CEB) and CC during the spring.
A proposal for a sociological research and innovation centre for the development of welfare shall be produced. (Committee for Allocation of Social Welfare)	Yes	
Equal Gothenburg shall be integrated into the work with an introduction programme and leadership development. (City Executive Board)	No	Ongoing, report estimated Q1 2019 (ref. 0359/18).
All committees and boards shall develop collaboration with civil society according to the Västra Göteborg model. A manager shall be appointed for the collaboration. (Västra Göteborg district committee (DC) with the CEB)	No	A clear majority of committees and boards have reported on the assignment. Not all of them collaborate in line with the model, nor have all appointed a contact person.
Equality efforts in the socio-economically most vulnerable areas shall be strengthened through local initiatives and collaboration. (Committee for Allocation of Social Welfare)	Yes	
Equal treatment plans shall be drafted based on all bases for discrimination. The work shall apply from both a resident and a personnel perspective. (All committees and boards)	Yes	
Training initiatives shall be taken to raise norm-critical expertise in the CoG's operations. (City Executive Board)	No	Ongoing, report estimated Q1 (ref. 1441/16).
The CoG's action plan for national minorities shall be evaluated. (City Executive Board)	Yes	
A plan shall be produced to further strengthen efforts to combat racism in work on human rights. (City Executive Board)	No	Work will continue also in 2019.
The CoG shall set up a family centre through ideas-borne public partnership for vulnerable EU citizens and paperless people, with a particular focus on children, young people and families. (Committee for Allocation of Social Welfare)	Yes	
Speaking statistics kept in 2017 shall be analysed, and if required measures shall be proposed to achieve an even distribution of speaking time. (City Executive Board)	Yes	
Competence and quality in the city districts' work with citizen dialogues shall be developed. (Committee for Allocation of Social Welfare)	Yes	
An investigation shall be conducted into how the CoG's documentation and decisions can be made more searchable and easier to follow. (Committee for Consumer and Citizen Services)	Yes	
Outreach activities for increased election turnout shall be implemented. (Committee for Consumer and Citizen Services)	Yes	
Youth organisation shall be strengthened for people who do not usually take part in club or leisure activities, with a focus on increasing knowledge related to democracy, human rights, anti-racism and feminism. (All DCs in association with the Committee for Allocation of Social Welfare)	Yes	

Operation of the swimming pool at Frölunda Culture Centre shall be transferred to the Sports and Associations Committee. (Sports and Associations Committee in association with Askim-Frölunda-Högsbo DC)	Yes	
A collaboration with Skolidrottsförbundet/the School Sports Federation shall be entered into so as to strengthen school sports. (Sports and Associations Committee)	Yes	
A new system for premises management shall be looked into, giving clubs and societies increased access to premises in pre-schools, schools and other municipal buildings. (Sports and Associations Committee)	Yes	
All simply remedied obstacles in the CoG's public premises and public spaces shall be removed. (Property Management Committee)	No	The assignment has been partially completed and work is in progress in the responsible committees.
The goal of building enough special-support housing to meet needs shall be assured. (Property Management Committee)	No	The work has been done but the goal has not been achieved. Relevant parties need to continue identifying measures to secure the goal.
An investigation shall be conducted into how young people with disabilities can more extensively take part in the CoG's ordinary leisure activities. (City Executive Board)	Yes	
Initiatives from employees to be intrapreneurs in disability matters shall be actively supported. Activities and results shall be reported. (Norra Hisingen DC)	Yes	
User audits shall be used systematically. (All DCs)	Yes	
Working methods shall be developed to secure work placements for students in special needs upper secondary school. (Education Committee)	Yes	
All committees and boards shall be inventoried with regard to work tasks and employment opportunities that can be offered to people with disabilities. (Labour Market and Adult Education Committee)	Yes	
An investigation shall be conducted into how people with disabilities and/or their carers can have access to contacts who coordinate municipal actions and assist in contacts with other authorities. (Committee for Allocation of Social Welfare)	No	The coordinators in Askim-Frölunda-Högsbo are taking part in the two-year National Board of Health and Welfare project entitled <i>Koordinatorer till föräldrar som har barn med funktionsnedsättning/ Coordinators for parents who have children with disabilities.</i>
All administrations and companies shall receive skills development in accessibility and simply remedied obstacles. (Property Management Committee)	Yes	
A report shall be written on the life circumstances of people with disabilities. The report shall be linked to the CoG's programme for full participation of people with disabilities and other ongoing efforts in the area. (City Executive Board)	No	Work has begun and a final report will be submitted in Q4 2019.
The family-centred working method shall be developed and implemented, partly by opening family centres in all city districts and by enhancing open and outreach activities. (All DCs)	Yes	
Outreach safety and security work shall be strengthened with more field assistants in social work, more safety patrols and safety-enhancing presence in public spaces, as well as closer cooperation with the voluntary sector. (Committee for Allocation of Social Welfare)	Yes	
The opt-out operation shall be extended and developed so that more people choose to leave criminal gangs and environments. (Committee for Allocation of Social Welfare)	Yes	
A development unit for social services and disability issues shall be set up. (Committee for Allocation of Social Welfare)	Yes	
Bicycle kitchen operations shall be extended to include more districts. (Committee for Allocation of Social Welfare)	Yes	
The CoG shall strive to ensure that as many children as possible utilise the opportunity for pre-school or educational care. (Pre-School Provider)	Yes	
An investigation shall be conducted into the possibility of using pre-school buses to develop pre-school operations generally. Educational opportunities, finances and environmental impact shall all be considered. (City Executive Board)	Yes	

City Council's goals and assignments

The operation shall be adapted so that there are fewer children in each group. (Pre-School Provider)	No	The majority of committees have completed the assignment.
Initiatives from employees to start intrapreneurship in pre-school/compulsory schooling matters shall be actively supported. Activities and results shall be reported. (Norra Hisingen DC)	No	Assignment not completed due to restructuring of pre-schools and compulsory schooling.
City-wide guidelines to promote school attendance shall be produced. (City Executive Board)	Yes	Assignment transferred to the Compulsory School Committee following a CC decision on 22 November 2018.
The advanced years of compulsory schools shall offer activities with methods focusing on how social norms for masculinity can be questioned and changed. These activities shall primarily be aimed at boys. (Compulsory Schooling Provider)	No	The assignment is only partially completed.
Generation meetings between young and older people shall be trialled in all city districts. (All DCs)	Yes	
A renovation plan for the CoG's housing for the elderly shall be drafted. (Örgryte-Härlanda DC)	Yes	
Cross-professional dementia teams shall be set up in all districts. Their primary mission shall be to work in a supportive capacity with people with dementia illness, and in a skills-enhancing capacity with care staff. (All DCs)	No	Eight out of ten DCs report that they have completed the assignment.
More sheltered accommodation and community housing shall be implemented. (Förvaltnings AB Framtiden)	Yes	
A proposal on temporary housing for the elderly for full needs coverage and evacuation shall be drafted. (City Executive Board)	Yes	
Begin handling, prioritising and implementing measures arising from the in-depth study regarding toxin levels in the municipality's watercourses. (Environmental and Climate Committee)	Yes	
Investigate how the effects of medication residue on nature can be reduced through wastewater treatment at the Rya works. (Gryaab)	Yes	
Begin handling, prioritising and allocating funds and implementing measures in line with the investigation into what is required for Gothenburg to become fossil-free within the framework of the 1.5°C goal from the UN's COP 21 conference. (Environmental and Climate Committee)	Yes	
A pre-school shall be built completely fossil-free as a pilot project. (Commercial Premises Committee)	No	In progress, with planned completion in spring 2021.
Conversion of the Rya combined heating and power plant to fossil-free shall begin. (Göteborg Energi)	No	Work is ongoing.
Build more greenhouses to enable more gardening and planting in Gothenburg, according to plan. (Property Management Committee in association with the Commercial Premises Committee)	Yes	Ongoing, report estimated Q2 2019 (ref. 0375/18).
An investigation shall be conducted into reducing the use of disposable items. (Eco-cycle and Water Committee)	No	Work was conducted primarily during 2018, but will be completed and reported in early 2019.
The sustainability subsidy shall be allocated to individuals, clubs and societies that have applied for funds for environmental work. (Property Management Committee)	Yes	The Property Management Committee was tasked with allocating the sustainability subsidy. They in turn proposed in a supplementary budget that Angered DC should administer the subsidy. The CEB decided that Angered DC should administer the subsidy in association with the Environmental and Climate Committee. Almost the entire amount has been allocated.
More projects for newly built low-rent apartments shall be initiated. (Property Management Committee)	Yes	
At least 10% of all land-allocated apartments shall be earmarked for a rent ceiling of max. SEK 1,100 per square metre per year. (Property Management Committee)	No	Approximately 60 homes, out of a total of 3,610, have been land-allocated in line with the assignment. In certain types of land allocation, demands can be imposed at a later stage.
Measures to upgrade local squares shall be taken. (Göteborgslokaler)	Yes	
A proposal shall be drafted on how lessons learnt from BoStad2021 can be implemented into ordinary operations and/or new projects. (Planning and Building Committee)	No	Work begun. A first interim report with recommendations for possible measures will be presented in early 2019.
New wetlands shall be established in Gothenburg. (Parks and Landscape Committee in association with relevant committees)	No	Some have been established in Pävälund and at Hökålla wetland park. Due to long administration times for permits, the schedule has been moved forward to 2019.

Rental of premises shall be made easier to prevent City of Gothenburg premises being left unused. (Higab AB)	No	Higab has not completed the assignment, other companies in the cluster report no or very low vacancy.
Vättlefjäll nature reserve shall be developed to attract more visitors to the area. (Parks and Landscape Committee)	Yes	
The City of Gothenburg shall continue working for extension of the tramway on Hisingen, based on the report entitled <i>Från Backa till Eriksberg - planeringsinriktning för ytterligare spårväg på Hisingen/From Backa to Eriksberg - general plans for further tramway on Hisingen</i> . (Road Traffic Committee)	Yes	
Continued investigations shall be initiated to develop the city line in accordance with <i>Målbild Koll2035</i> - the public transport programme for the core network in Gothenburg, Mölndal and Partille. (Road Traffic Committee)	Yes	
The traffic situation at schools shall be inventoried, the aim being to create vehicle-free environments around entrances. New school and pre-school buildings shall be planned with vehicle-free entrances. (Planning and Building Committee)	Yes	
The City's parties within <i>Godsnätverket/The Goods Network</i> shall work to develop systems to reduce local environmental impact from the heavy traffic to and from the port. (Gothenburg Port Authority in association with the Road Traffic Committee)	Yes	
A pedestrian and cycle bridge shall be prepared in connection with work on Älvstaden. (Road Traffic Committee)	Yes	
Within the framework of focus area three 'Establish a foundation for work' in Equal Gothenburg, all boards and committees shall draft and execute a plan in association with the Labour Market and Adult Education Committee. (All committees and boards)	Yes	
Via the kitty of special stimulus funds, committees shall be able to receive support in implementing "the gradual job and education boost" model for quicker access and skills development on the labour market. (Labour Market and Adult Education Committee)	Yes	
Initiatives linked to the skills provision strategy shall be implemented. (Labour Market and Adult Education Committee in association with Business Region Göteborg)	Yes	
Assistive services shall be offered in administrations and companies based on 'the gradual job and education boost' as well as a completed inventory in association with union organisations. (Labour Market and Adult Education Committee in association with all committees and companies)	No	The assignment is only partially completed. Work has primarily been done within the DCs and the Labour Market and Adult Education Committee.
A separate initiative on specially designed measures to strengthen establishment on the labour market shall be implemented. (Labour Market and Adult Education Committee)	Yes	
The Labour Market and Adult Education Committee, in association with the DCs and coordination associations in Gothenburg and other affected parties, shall implement the model <i>En hållbar kompletterande arbetsmarknad/A sustainable complementary labour market</i> , with a particular focus on the unemployed who have a level of ability to work that is not deemed to warrant attending a skills centre. (Labour Market and Adult Education Committee)	No	Collaboration meetings have been held and an inventory has been taken. Operations have not been taken over from DELTA, nor has there been any distribution in the city. Departmental committees and companies have more work left to complete the assignment.
The Labour Market and Adult Education Committee, in association with the DCs and coordination associations in Gothenburg, were tasked to develop and clarify the cooperation between skills centres, coordination associations and the DCs. (Labour Market and Adult Education Committee)	Yes	
A clear, uniform and transparent structure shall be established for how Gothenburg can serve as a test arena for new innovations. (Business Region Göteborg)	Yes	
An investigation will be conducted into how Gothenburg, in areas such as infrastructure and urban development, ought to follow and, particularly from a sustainability perspective, benefit from the rapid development of automation, electrification and digitalisation taking place in the transport sector. (Business Region Göteborg)	Yes	

City Council's goals and assignments

The One Stop Shop service now available with Business Region Göteborg shall be extended, the aim being to provide support in connection with the major construction projects that will be so evident in parts of Gothenburg for several years. (Business Region Göteborg in association with Göteborg & Co)	Yes	
An investigation will be conducted into opportunities for the City of Gothenburg to issue social impact bonds, for investments within the framework of the 'create sustainable living environments that promote good health' focus area within Equal Gothenburg. (City Executive Board)	Yes	
An investigation will be conducted into how efforts to improve the City of Gothenburg's service for companies have developed to date, and what needs to be done to achieve further improvements. (Business Region Göteborg)	Yes	
The possibility and consequences of earmarking land and buildings for building solar parks, where minor players can invest as co-owners, shall be looked into. If the results are positive, such a process may go ahead. (Property Management Committee in association with Göteborg Energi and Förvaltnings AB Framtiden)	Yes	
Within the framework of 'a city made for meetings', a strategic plan shall be drafted in order to strengthen systematic work on scientific conventions, under broad cooperation. (Göteborg & Co)	Yes	
Visitors' choice of sustainable transport options to Gothenburg shall be promoted, partly by means of information and guidance. (Göteborg & Co)	Yes	
All compulsory school pupils in all districts shall be offered at least one performing arts visit a year. (All DCs)	Yes	
Culture School shall be expanded so as to eliminate waiting lists. (All DCs)	No	Initiatives have been taken and capacity has increased in several districts. Development has not however kept up with the rising demand, and there are still waiting times for popular subjects.
A collaboration platform shall be established together with the academic world, the creative and cultural industries, and non-profit parties in fashion, design, handicrafts and architecture. (Business Region Göteborg in association with the Cultural Affairs Committee)	Yes	
To promote a safe, vibrant city environment, opening times of a few selected libraries, recreation centres and youth centres in several parts of Gothenburg shall be extended. (Cultural Affairs Committee in association with the CEB)	Yes	
The possibility of establishing a 'youth house' in central Gothenburg shall be looked into. (City Executive Board)	No	The matter is being considered by the CEB.
The percentage of managers born outside of the Nordics shall increase dramatically and be actively monitored. (All committees and boards)	Yes	
The proportion of female managers in male-dominated operations shall exceed the proportion of women in the same operation. (All committees and boards)	Yes	
Long-term sick leave shall decrease through collaboration with the coordination associations. (All DCs)	No	The Coordination Association is not responsible for working with personnel in the administrations, unless they are also involved as part of the public authority remit.
Pre-school personnel shall be exempted from the qualifying day/fee rule during the period October-March. (City Executive Board)	No	Decision in the Human Resources Sub-Committee, 26 September 2018. The assignment will not be implemented as it conflicts with the Sick Pay Act (ref. 0374/18).
A pay initiative for head teachers and pre-school heads shall be implemented. (City Executive Board)	No	Ongoing, report estimated Q2 2019 (ref. 0375/18).
The full-time scale for night work shall be reduced. (City Executive Board)	Yes	
Coordinators and supervisors in the City of Gothenburg shall be trained in visual description. (City Executive Board)	Yes	
At least 50% of the City of Gothenburg's service procurements shall be carried out with the social consideration model. (Purchasing and Procurement Committee)	No	Hard to assess. Reporting does show, however, that the support function at Purchasing and Procurement has created 56 jobs during the year, comprising 20 women (36%) and 36 men (64%).

A model shall be developed for how the City of Gothenburg can, as far as possible, impose demands on working conditions corresponding to full Swedish collective agreements, which also harness experiences of procurements carried out in line with the 'Vita jobb/White jobs' model. (Purchasing and Procurement Committee)	Yes	
Draft a City of Gothenburg-wide purchasing plan, at both general and unit levels, to create coordination gains in the purchasing process. (Purchasing and Procurement Committee)	No	Work is ongoing.
Draft a plan to increase the percentage of procurements under the reserved procurement model. (Purchasing and Procurement Committee)	Yes	
Consolidation and rationalisation of IT management in administrations and companies shall be initiated. (Committee for Intraservice)	Yes	
A proposal shall be drafted for how a long-term sustainable dividend level for Stadshus AB can be defined, calculated and implemented. (Stadshus AB in association with the CEB)	Yes	
The organisation of the Committee for Allocation of Social Welfare shall be reviewed, the aim being to refine its mission and reduce costs by 3% and 5% respectively. (Committee for Allocation of Social Welfare)	Yes	
A proposal for decisions and consequence analyses of these shall be drafted, in order to downward adjust the discounts previously introduced by the CC regarding ground rent. These shall be part of the budget process for 2019. (CEB in association with the Commercial Premises Committee)	Yes	

Democracy

One of the City's goals was to increase Gothenburgers' opportunities for participation and influence. During 2018, which was an election year, the focus was on increased voter turnout by spreading knowledge, as well as democracy days arranged by the main youth council and youth councils across the city.

In international comparison, democracy in Sweden is strong with high political activity, free media, and stable public institutions that are trusted by the people. The status of democracy in Gothenburg in recent years has been lower than the average in Swedish municipalities. Surveys published in 2018, however, show that confidence in democracy and the City of Gothenburg's activities has increased. Voting turnout has also increased in general elections, especially in parts of the city that previously had the lowest turnout.

Democracy in Gothenburg is deemed stable, but is challenged from two different directions. International democracy indices show that democracy is becoming weaker in more countries than it is becoming stronger, due to limitations of media freedoms and the independence of rule of law, which

means that Sweden cannot take a vital democracy for granted.

From a local perspective, democracy is challenged by the fact that there are still differences in political participation between groups, and that trust differs depending on where in the city people live. As in the rest of Sweden, trust and confidence are dependent on socio-economic factors. Moreover, analyses show that in Gothenburg, confidence in democracy is also associated with the infrastructure investments of recent years, which has led to dissatisfaction also in socio-economically strong groups of the population.

Voting turnout in youth council elections has decreased, and here too there are discernible differences between city districts. These differences do not, however, follow the socioeconomic patterns that normally affect voting turnout, but show that turnout can be influenced by appropriate measures.

During 2018, the City made various efforts to strengthen democracy. Election ambassadors were recruited to spread knowledge about the elections and boost turnout, information was translated into several different languages, and several districts had 'citizen budgets'. There were discussions about democracy at official City events. In order to vitalise democracy, the City has arranged democracy days, one of which was organised by the youth council and highlighted issues relating to the UN Convention on the Rights of the Child, participation for people with disabilities, and digital solutions for increased democracy.

Management and governance

There has been a focus on a clearer structure and more integrated, uniform governance and monitoring, as well as prioritisation of customer and user-oriented quality management.

The City's extensive organisation and multi-faceted mission means that the management process requires constant review to be efficient and effective. The processes should support and lay a structured foundation for the City managers' management and leadership. During the year, the Swedish state's report on increasing trust in governance has focused on well-balanced regulations, control and monitoring systems. This is in line with the City's ambition to clarify its overall governance. Work has continued during the year focusing on the approach for inter-municipality monitoring and an effective balance between descriptive reporting, surveys and dialogue. Work is also under way on a harmonised structure for the ownership directives for company boards, as well as an ownership policy.

A decision on new guidelines on governance, monitoring and control was made in 2016, along with revised rules on financial planning, budgeting and follow-up. During 2018, the operations have continued working on the practical aspects of strengthening and integrating risk management, internal control as well as user and customer-oriented quality work into ongoing planning and follow-up. Committees and boards also evaluated the effectiveness of their systems for governance, monitoring and control, which led to several areas of improvement being identified.

Examples of these include more clearly integrating the user, customer and citizen perspectives in work planning.

The decision to give the City's guiding documents a clear, standardised nomenclature and structure has begun to break through in practical terms. Drafting is coordinated better, and resources are allocated centrally to providing support in fundamental issues, the effects being more clearly defined content and balanced levels of ambition. Efforts need to be intensified during 2019 so as to achieve appropriately decided governance.



“There is no limit for the information we handle – from how home medical care works, to announcing feeding times for the penguins in Slotsskogen.” Ann-Louise Ekestubbe, Senior Enterprise Architect, Information. Photo: Lo Birgersson.

Significant personnel-related conditions

The City of Gothenburg is working proactively to be an attractive employer. Our employees are crucial in ensuring that the people we come into contact with have a good day-to-day life. During the year the number of employees increased, staff turnover decreased, sick leave decreased and the perceived working environment improved.

Employees

In December 2018, the City had just over 55,800 employees. This is an increase of 900 on the previous year and can be attributed both to an increasing population in need of welfare services and new assignments in the field of urban development.

The number of employees in the administrations increased by just under 700 to 47,800. The increase has been primarily in school and pre-school, care of the elderly and urban development. The professional categories administrators and case workers have increased, primarily in the form of strengthened managerial support, but also administrative and specialist support in operations with recruitment difficulties. One sign of the difficulties recruiting is that the number of pre-school teachers and assistant nurses has decreased, while the number of childcare workers and care assistants has increased. In 2018, the number of employees in the companies increased by just over 200 to 8,000.

Almost 56,000 employees

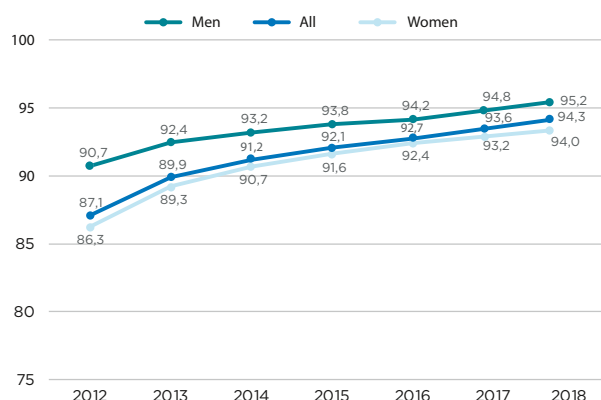
	Managers	Women %	Men %	Born outside of Sweden %
District councils, pre- and compulsory school administration	1,230	82	18	10
Other specialist administrations	600	62	38	10
Companies	550	37	63	-
Total	2,380	67	33	10

Almost 2,400 are managers

	Employees	Women %	Men %	Born outside of Sweden %
District councils, pre- and compulsory school administration	38,100	81	19	30
Other specialist administrations	7,900	61	39	17
Companies	8,000	41	59	-
Total	55,800	72	28	28

The gender distribution among the City's managers closely reflects the gender distribution among employees. Of permanent employees, 94% of the women and 95% of the men have full-time employment.

Percentage of permanent employees who work full-time



Staff volume

The staff volume, by time worked, has increased by a few per cent a year in recent years. The rate of increase has now fallen. The staff volume in the City of Gothenburg in 2018 was almost 47,200 full-time equivalents (FTEs), an increase of just under 500

Significant personnel-related conditions

FTEs or just under 1% on last year. The number of FTEs in the administrations increased by almost 300 to just under 40,400. The number of FTEs in the companies increased by just under 200 to 6,700.

It has been a goal for several years that the percentage of time worked by hourly employees should not exceed 5%. In 2018 the proportion in the administrations was 6.4%, unchanged on 2017. The percentage is highest in elderly care, 9.7%, although the figure varies widely between the city districts.

Restructuring

In July, the pre-school and compulsory schooling operations were transferred to two specialist administrations. This has primarily affected the support functions both in the new administrations and in the remaining districts. The districts report that there has been great focus on finding the new working methods which the change has led to.

An attractive employer

During 2018, proposals for an 'attractive employer programme' were presented to the City Executive Board, and were then referred to a selection of administrations, companies and advisory boards. A decision is planned for spring 2019. The programme will apply to 2019–2023 and will support a coordinated way forward for skills provision in the long term.

The City has been working for several years on marketing the City of Gothenburg as a workplace. In 2018 there was a special initiative in connection with the Volvo Ocean Race to inform potential employees of the wide variety of careers and focus areas available when working for the City. It was also an opportunity for existing employees to gain an insight into the extent of the City's operations and activities. A careers test was produced ahead of the event. It was linked to the City's careers and was taken by 5,300 people. Twenty films were also produced in which employees spoke about their jobs. These were shown on site, as well as on social media and in recruitment ads. The films have reached more than 55,000 people on social media.

Recruitment and staff turnover

Mobility stabilised during 2018. The proportion of permanent employees in the administrations who have left the City of Gothenburg fell from 11% in 2017 to 10% in 2018. Mobility within administrations also fell from 4.7% to 3.9%. Staff turnover remains high among nurses, but the situation has become more stable during the year among social workers and engineers, for example. During 2018,

turnover among managers in the City was on a par with 2017. External departures in the companies are lower than in the administrations, and are unchanged on the previous year.

Many permanent positions are still advertised, but the number decreased in both 2017 and 2018. This is partly due to a weakening in the economy and partly to the lower number of asylum seekers, which in turn affects the need for jobs. For teaching assistants, disability support staff and managers, however, the number of advertised positions is increasing.

The lack of skills on the market is evident in that some 40% of recruitment processes were terminated early. Roughly half of the recruitments take place internally from other administrations and companies. In their reports, several departmental committees claim that the lack of skills is effecting their ability to deliver according to plan. It is reasonable to assume that these difficulties also affect district operations.

In the 2017 budget, the City Management Office was tasked with developing a norm-critical recruitment process. The aim was to explore how the City could best work in a competence-based, norm-critical way throughout the recruitment process. Within the framework of the project, training initiatives have been held for HR, managers and elected representatives.

Skills provision

Administrations and companies continue to report major challenges in recruiting and retaining the right skills. This is partly because Sweden's economy is strong, which leads to a lack of skills, and partly because there are not enough education places and at times also too low an interest in public services as a career. Moreover, the change in demographics is contributing to an increase in demand for municipal services. Difficulties in recruiting and retaining skills will therefore continue in the years to come, and places higher demands on streamlining and prioritisation in the operation. To manage this situation, skills need to be deployed more appropriately by reviewing the work organisation, staffing, and utilising technological developments to a greater extent.

In the *Kompetensförsörjning tillsammans/Skills Provision Together* project, seven technical administrations and seven companies are working together to bolster the foundation for retaining, recruiting and attracting engineers, architects, project managers and technicians. A number of breakfast seminars were held for employees during autumn 2018, in order to stimulate networking and collaboration. Part of the attractiveness lies in enabling collaborations and careers/personal development between admin-

administrations and companies, since the field of urban development as a whole gains from this.

Manager provision

Around 387 permanent managers were recruited in the administrations during the year (298 women and 89 men), which is slightly fewer than in 2017. The number of permanently employed managers is unchanged compared to 2017, while the number of fixed-term employed managers increased slightly.

The City is continuing to organise internal management development programmes, which are designed to secure access to managers and prepare opportunities for employees and managers to develop. There is great interest in taking part among employees and managers. During the year, the *Morgondagens Chef/Tomorrow's Manager* programme has been further developed, and for new managers a new introduction has been produced and will be held for the first time in 2019.

A pilot project has started with *Chefoskopet*, a method tool which aims to increase knowledge of and improve managers' organisational preconditions, which is an important matter for the City.

Mötesplats chef/Managers' meeting-place was held during the autumn. This year's theme was leadership in change – how to lead to develop operations and become a more attractive employer. The focus was on creating an organisational culture and leadership more extensively based on trust.

Working environment and health

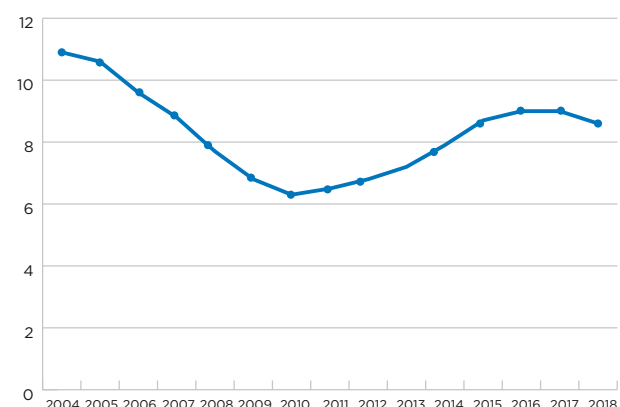
The employee survey, which was conducted at the end of 2018, indicates improved results for the City overall. In virtually all areas, employees feel on a general level that the working environment has improved or remains unchanged. The manager survey shows no major changes on the previous year.

Administrations and companies continued their focus on the working environment and health-promoting initiatives, their efforts being focused primarily on bolstering systematic work on the working environment in various ways. At a general level, work environment training courses have been held for new managers and health and safety officers. An audit has also begun looking at guidance for rehabilitation, and a training initiative focusing on rehabilitation was held in association with SALAR for HR managers and HR specialists.

In December 2017 the City Council adopted a plan of eight measures to improve the working environment and reduce sick-leave numbers. The plan will be ongoing in 2018 and 2019, and three of the measures were completed during the year. A new concept for working with workload and recovery at the workplace was tested at 18 workplaces in Östra Göteborg, and more tests have begun in Majorna-Linné.

In 2018, as tasked by the City of Gothenburg, the University of Gothenburg conducted a unique study to gain an insight into how LGBTQ persons working in the Municipality perceive their working environment. The study shows that LGBTQ persons were over-represented in terms of being subjected to victimisation, bullying and sexual harassment. Generally speaking, administrations and companies have intensified their structured efforts during the year to combat this.

Total sick leave, administrations (%)



Significant personnel-related conditions

Sick leave

For the first time since 2010, the City's sick leave decreased, even though it remains high at 8.6%. It is sick leave lasting more than 14 days that has fallen.

Sick leave is highest in the area of disabilities at 10.9%, followed by elderly care at 10.7%, but has fallen in all areas. As before it is considerably higher among women than men, although it has decreased among women and remained unchanged among men. For employees aged 30 and above sick leave is decreasing, while it remains unchanged for those under 30. In 2018, sick leave cost the City's administrations SEK 623 million (SEK 606 million in 2017) in terms of sick pay and accrued holiday pay including social security contributions.

Wage setting

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

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

At the time of writing, 2018 pay reviews have been completed for around 75% of employees in the City's administrations. The total outcome for groups where pay review is complete is 2.6%. Pay reviews with effect from 1 April 2018 are under way with Lärarförbundet [the Swedish Teachers' Union] and Lärarnas Riksförbund [The National Union of Teachers in Sweden]. The payment of new salaries is expected to take place with the April 2019 payment. The average pay for women as a percentage of the average for men has increased by 0.6 percentage points to 95.1% between 2016 and 2017. In 2008, the average pay for women was 90.9% of that for men.

Remuneration for unsocial working hours was also raised during the year. This, together with pay changes resulting from new and replacement recruitment, has contributed to the increase in the total payroll expense for the year.

Staff in the administrations in 2018

	Women	Men	Total
Total number of employees	36,931	10,870	47,801
Permanent employees	28,991	7,974	36,965
Fixed-term employees	3,074	1,275	4,349
Hourly employees	4,866	1,621	6,487
Permanent employees born outside of Sweden, %	28.1	25.3	27.5
Permanent managers	1,371	451	1,822
Permanent managers born outside of Sweden, %	10.2	10.6	10.3
Average age of permanent employees	45.3	44.8	45.2
External recruits	8,958	3,222	12,180
for permanent employment	3,512	1,136	4,648
for fixed-term employment	5,446	2,086	7,532
External departures, permanent employees	2,826	797	3,623
of whom with a pension	586	149	735
of whom of own volition	1,987	550	2,537
External staff turnover, %	10.0	10.4	10.0
Mobility between administrations, %	4.0	2.9	3.8
Sick leave, %	9.4	6.0	8.6
60 days or more	57.3	48.3	55.9
29 years or younger	8.0	5.9	7.5
30–49 years	8.8	5.5	8.1
50 years or older	10.4	6.6	9.6
Percentage of permanent employees with min. 3 years' higher education	45.3	44.2	45.0

Future issues

- » Strengthen managers' organisational preconditions and possibilities to lead during change
- » Create a foundation for healthy workplaces
- » Use new working methods and technological potential as a means of working on skills provision

Summary financial analysis

Gothenburg Municipality reported earnings of SEK 1,792 million in 2018. Structural earnings were SEK 364 million, which means the financial margins increased marginally on the previous year. The City of Gothenburg Group reported earnings of SEK 2,300 million. During the year there were investments of SEK 10 billion.

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

GOTHENBURG MUNICIPALITY

Net earnings for the year

Gothenburg Municipality reported bottom-line earnings of SEK 1,792 million for 2018. Structural earnings, which indicate the ongoing operating earnings in the organisation, were SEK 364 million. This figure does not include non-recurring items such as capital gains from property transactions and dividends from the municipal companies. Relating the ongoing operating earnings to tax revenue and municipal financial equalisation, the result was 1.2%, which equals the average over a five-year period. Net earnings for the year of SEK 1,792 million represented a surplus compared to the budgeted positive earnings of SEK 100 million. The primary reasons for this were that the committees reported a surplus and that capital gains had not been budgeted for.

Balanced budget requirement

Gothenburg Municipality achieved the statutory balanced budget requirement in 2018, with earnings excluding capital gains of SEK 1,053 million. The Municipality has therefore met the balanced budget requirement every year since its introduction in 2000. This result, set against 1% of tax revenue and municipal financial equalisation, resulted in a surplus of SEK 740 million, which thereby increased the earnings equalisation reserve to SEK 2,609 million at the end of the year.

Good financial management from an earnings perspective

The financial analysis in block 3 describes a number of key figures and analyses the Municipality's financial development and position over time. The financial situation has been stable for a number of years, with positive results. However, since capital gains have been

a significant element of net earnings in recent years, structural earnings have not shown the same positive trend. Despite the positive earnings, the margins appear low bearing in mind the challenges the City of Gothenburg is facing in terms of urban development, with large investment requirements and increased costs due to demographic developments.

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

Investments for the year

Gothenburg Municipality's total volume of investment during the year amounted to SEK 4.3 billion. This was a lower volume than planned for in the committees' budget, mainly due to project postponements. Parts of the investment volume are financed through investment income. The volume of investment financed through the City's own funds amounted to SEK 3.9 billion. A high percentage of the investments, 48%, related to operating premises and investments in infrastructure accounted for 29%. Other investments were divided between water/sewage-related activities, 15%, park and sports facilities, 4%, and other, 4%. Development activities, which had a turnover of almost SEK 1 billion, report a negative cash flow of SEK 128 million for the year.

Equity and the equity/assets ratio

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

The Municipality in figures

Amounts in MSEK	2016	2017	2018
Gross costs	38,207	39,738	41,148
Total assets	68,170	76,183	82,283
Net earnings for the year	939	2,128	1,792
Net earnings for the year excl. items affecting comparability and extraordinary items, capital gains and dividend (structural earnings)	496	533	364
Volume of investment*	2,514	3,802	4,349
Volume of investment including investment income*	2,247	3,320	3,936

* The comparison figure for 2017 has been adjusted with regard to a correction of leasing investment.



Photo: Frida Winter.

The Municipality – financial key figures

Per cent	2016	2017	2018
Net earnings for the year excl. items affecting comparability and extraordinary items/tax revenue	3.2	7.0	5.7
Degree of self-financing of investments incl. investment income*	96	106	83
Equity/assets ratio	30	29	29
Acid-test ratio	111	103	57
Net financial assets* (MSEK)	-10,550	-11,206	-12,638
Municipal tax rate	21:12	21:12	21:12

* The comparison figure for 2017 has been adjusted with regard to a correction of accumulated leasing depreciation, and investment expenditure for leasing.

COMBINED ACCOUNTS – GROUP

Net earnings and investments for the year

The City of Gothenburg Group reported net earnings of SEK 2,300 million in 2018. Compared to 2017, this was a marginally worse performance. The Group's investments totalled SEK 10 billion in 2018, an increase of SEK 1.2 billion on 2017. The company sector's share of the volume of investment was SEK 5.8 billion, while the Municipality accounted for

SEK 4.3 billion. Compared to the budget for the year, investments were SEK 3,8 billion lower, which is mainly due to projects in the Municipality being postponed.

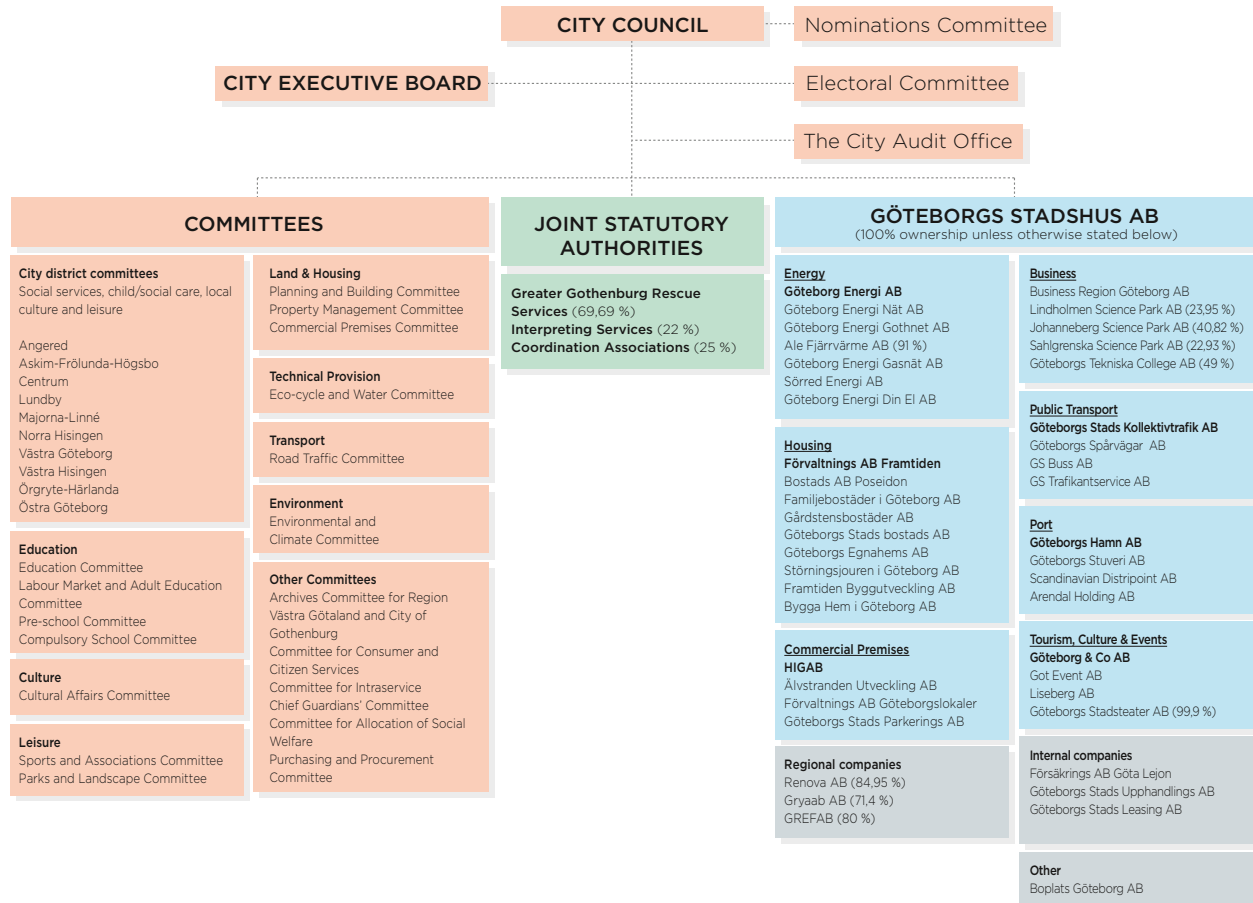
Development of financial key figures

The combined accounts for the City indicate positive results at the same level as in the last two years. The level of self-financing for this year's investments has therefore been able to remain at a high level, 74%, in relation to the increase in investment volumes. At the same time, the equity/assets ratio has strengthened slightly and is now at 33%. Correspondingly, the City's debt/equity ratio has fallen and is now at 67%.

Combined accounts in figures

Amounts in MSEK	2016	2017	2018
Revenue	55,208	56,309	57,709
Total assets	89,097	95,307	100,813
Earnings after financial items	2,675	2,674	2,432
Net earnings for the year	2,323	2,369	2,300
Volume of investment	7,648	8,772	9,977
Equity/assets ratio	32	32	33

The City of Gothenburg's organisation



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

Within the Municipality, activities in pre-school and compulsory schooling have in 2018 been transferred from the district committees to two newly formed committees: the Compulsory School Committee and the Pre-School Committee.

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

- » Fastighets AB Vibeke, 556994-4845, has been sold (ownership was 100%).
- » Fastighets AB Vikaren, 556994-4837 has been sold (ownership was 100%).
- » Göteborgs Stads Kollektivtrafik AB, 559161-0190. The company is a new planned parent company for public transport in the Göteborgs Stadshus AB Group.
- » Kungälv's Transporttjänst AB, in liquidation, 556109-1462 100%. Liquidation 14 December 2018, not registered with the Swedish Companies Registration Office.
- » Göteborg & Co Träffpunkt AB has changed name to Göteborg & Co AB.
- » Boplats Göteborg AB, 556467-7390, is wholly owned by Göteborgs Stadshus AB from 31 December 2018.

2 **Activities of the City of Gothenburg**

Activities of the City of Gothenburg

40 Education

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

44 Individual and family care

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

46 People with disabilities

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

48 Elderly and medical care in the home

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

50 Culture and leisure

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

52 Building and housing

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

54 Transport

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

56 Climate and the environment

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

58 Adult education and labour market initiatives

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

60 Industry and tourism

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

62 Equality and human rights

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

64 Public health

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

66 Children

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

Education

One priority area is to increase the quality of teaching through greater equivalency and school attendance, and this has led to a higher proportion of pupils achieving their goals. The founding of two new committees, the Compulsory School Committee and the Pre-School Committee, was also a key development during the year.

Important improvement work for children and pupils

The percentage of pupils who met the targets in all subjects has increased in the municipal compulsory schools. The percentage of students graduating from national and vocational programmes in municipal upper secondary schools has also increased, while the percentage of students graduating from higher education preparatory programmes in these schools remained largely unchanged.

Concerted efforts in education

The Pre-School Committee and the Pre-School Committee were formed on 1 July 2018. During the autumn, the two new administrations worked on structures and procedures to support the main process and contribute to higher teaching quality. The identified development areas are:

- » Higher quality of teaching for the learning and development of children and pupils
- » Clearer responsibilities and management for the learning and development of children and pupils
- » Greater equivalency between pre-schools and schools so that all children and pupils have access to high-quality teaching, and to compensate based on children's and pupils' varying circumstances.

So that all pupils can achieve their goals in school and develop to their full potential, regardless of background, the administrations have been taking proactive measures in several areas. For example, the administrations for pre-school, compulsory school and upper secondary school have jointly created an arena for collaboration, experience exchange and peer learning.

To increase equivalency and lay the foundation for efficient development in digitalisation, the administrations for pre-school, compulsory school, upper secondary school and adult education/vocational higher education have co-organised management and support in the area.

PRE-SCHOOL

Higher quality and equivalency

All children should have access to a high-quality operation, and pre-school should compensate for children's varying circumstances. In order to lay an equal organisational foundation for the city's pre-schools, a review is being conducted of the number of staff per manager, the size of child groups, and how administrative support should be organised. Peer learning and a collaborative culture have been in focus on several levels. The Pre-School Administration has focused on developing skills provision, so as to meet the need for qualified staff in pre-schools. The administration works along three main lines in regard to skills-enhancing initiatives:

- » Training activities for permanently employed unqualified childcare workers
- » Continuing education for childcare workers
- » Completing a targeted initiative for a group of childcare workers who are training to qualify as pre-school teachers

As part of an effort to increase the number of pre-school teachers in the City's most vulnerable areas, in its 2018 pay review the administration has chosen to earmark funds to raise the pay structure in these areas.

Access to pre-school places

Children should be offered places at a pre-school as close to the child's own home as possible. The new administration has conducted a comprehensive mapping and created a tool that improves the planning foundation ahead of future placements. The shared placement system promotes equivalency and applications are handled in a legally correct manner. During the second half of the year, all children were offered pre-school places within the statutory four months.



Photo: Lo Birgersson.

New resource allocation model

When the new Pre-School Committee took over responsibility for pre-schools, a new resource allocation model was introduced. It is based on a basic amount per child which is equal for all children, as well as a structural amount per child which depends on the child group's social background at each pre-school. A great many comments on the model's structure were received during the autumn, primarily from independent pre-schools. This led to the committee revising the model ahead of 2019 so that greater consideration is paid to small independent pre-schools, and the structural amount's proportion of the overall allocation is also now slightly lower.

Pre-school – some key figures

	2016	2017	2018
Net cost (MSEK)*	3,793	3,958	4,135
Net cost development (%)	4.3	4.3	4.5
Number of children in pre-school	29,680	29,742	29,943
Percentage in municipal pre-school	82.9	83.0	83.2
Percentage in independent pre-school	17.1	17.0	16.8
Demand as a percentage of the population aged 1–5	85.7	84.5	84.3

* Includes Committee for Allocation of Social Welfare data; 2016 and 2017 data have been corrected.

COMPULSORY SCHOOLING

Academic results in compulsory school

The proportion of pupils, both boys and girls, who have achieved the goals in all subjects in Year 9 in

municipal school has increased by just over 4 percentage points on 2017, to 67%. There is a wide spread between schools in the city, and the autumn term grades in 2018 show that in four schools, more than 90% of the pupils had achieved the goals, while in six schools less than 30% had done so.

For several years, compulsory schools have been working with the Swedish National Agency for Education in an initiative called *Samverkan för bästa skola/Collaboration for the best possible school*. The collaboration is felt to have contributed to the development of the affected schools, and the Compulsory School Committee is now also working with the Swedish National Agency for Education and its *Samverkan för bästa skola/Collaboration for the best possible school* initiative to obtain support in helping pupils to achieve the goals.

Higher quality in teaching

To increase the quality of teaching, the Compulsory School Committee has been working actively to utilise the new potential of the overall organisation. The focus is on e.g. shared processes, sustainable planning, peer learning, and support for educational leadership. At the school level, much of the previous development work has continued.

Greater equivalency

Systematic quality work in compulsory school is an important development area and the administration has support in planning, implementation and monitoring of development initiatives from the School of Public Administration at the University of Gothenburg, and the National Agency for Education. The focus is on securing rights and equivalency from a

Education

pupil perspective, and on improving planning conditions for head teachers.

In compulsory schooling a new, standardised resource allocation model was introduced from July, for all the City's municipal schools. Starting in 2019, it will also apply in payments to independent schools. The aim of the model is to start from equal conditions for all pupils.

Mapping of accessibility adaptations in compulsory special needs schools has resulted in a categorisation of these schools founded on four basic levels. This division enables a freer choice of compulsory special needs school.

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

	2016	2017	2018
Net cost (MSEK)*	6,366	6,810	7,256
Net cost development (%)	10.0	7.0	6.5
Number of pupils in compulsory school	55,860	57,263	58,576
Percentage in municipal school	77.9	78.1	78.2
Percentage in independent school	22.1	21.9	21.8
Number of pupils in compulsory special needs school	479	499	572
– of whom individually integrated	72	70	57
Number of children in after-school recreation centres	22,597	23,029	23,274
Percentage in municipal after-school recreation centres	84.8	84.8	85.4
Percentage in independent after-school recreation centres	15.2	15.2	14.6
Demand as a percentage of the population aged 6–9	82.1	81.2	81.2
Demand as a percentage of the population aged 10–12	16.5	15.8	16.1

Includes Committee for Allocation of Social Welfare data; 2016 and 2017 data have been corrected.

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

Percentage of pupils who have achieved the goals in all subjects		2016	2017	2018
All providers	All	73.8	71.7	73.4
	Girls	77.8	74.5	75.6
	Boys	70.0	69.1	71.2
Municipal schools	All	69.0	62.3	66.6
	Girls	73.3	68.4	70.0
	Boys	65.2	57.2	63.3
Independent schools	All	83.5	79.9	83.9
	Girls	86.2	81.9	84.5
	Boys	80.8	77.8	83.3
Malmö municipal schools	All	66.9	61.8	65.4
Stockholm municipal schools	All	80.2	78.4	79.2
Sweden municipal schools	All	76.4	71.8	73.5
Sweden – all providers		78.1	74.1	75.6



Photo: Lo Birgersson.

UPPER SECONDARY SCHOOL

Academic results in upper secondary school

In 2018, a slightly higher percentage of students from municipal upper secondary national and vocational programmes qualified for higher education than the previous year. The percentage of students in upper secondary special needs national programmes who completed four years increased by 4 percentage points to 82%.

Development of the operation

In order to increase students' knowledge development, the Education administration has worked on all levels to develop peer learning, language-developing working methods and work on formative assessment.

Language introduction for newly arrived students

The organisation of the language introduction is influenced by the fact that there are fewer newly arriving students, and that it is hard to overview and plan long term. The Education Administration predicts that there will be 300–500 fewer places in language introduction in the next academic year. To meet this challenge, a steering group has been formed to systematically prepare for the transition of language introduction and the organisation of ongoing education paths for the students.

From 1 July 2018 young adults, who were formerly unaccompanied minors, can apply for and be granted a residence permit if they study or intend to study, under Sweden's law on upper secondary education. This adjustment has complicated the Education Committee's ability to plan its operations and estimate the need for school places.



Photo: Marie Ullnert.

Work for increased school attendance

Work is in progress to promote school attendance and monitor young people who do not work or attend upper secondary school. For instance, an app has been developed which helps teachers to work proactively to prevent truancy and school dropout.

Upper secondary school – some key figures

	2016	2017	2018
Net cost (MSEK)	1,642	1,805	1,925
Net cost development (%)	5.5	10.0	6.6
Gothenburg students in upper secondary school	17,104	17,465	17,587
Percentage in municipal school	49	48	46
Percentage in another municipality's school	8	7	7
Percentage in independent school	43	45	47
Gothenburg students in upper secondary special needs school	326	322	321

Academic results, upper secondary school

	Gothenburg (Municipal schools)		Sweden (Municipal schools)	
	2017	2018	2017	2018
Grade average				
National programmes	14.1	14.0	14.2	14.3
Vocational programmes	12.5	12.6	13.0	13.1
Higher education preparatory programmes	14.8	14.7	14.7	14.8
Percentage of pupils eligible for university				
National programmes	71.5	72.5	71.7	72.3
Vocational programmes	23.7	29.5	31.2	30.3
Higher education preparatory programmes	95.7	92.2	91.5	91.9
Percentage of students with an upper secondary diploma within 3 years				
National programmes total	75.0	73.8	76.2	77.1
Vocational programmes	68.6	68.8	73.1	72.9
Higher education preparatory programmes	77.6	75.6	77.6	78.8

Future issues

- » Increase equivalency in education in the city's pre-schools and schools
- » Staff schools with educated, qualified staff in tough competition

Individual and family care

Fewer households were dependent on income support, largely due to a strong job market. There is still a major housing shortage and many people sought support to help resolve their housing situation.

Important improvement work to enable people to support themselves

More people are able to support themselves, which is primarily explained by a strong job market. The districts have partially differing conditions for taking advantage of the strong economy to reduce dependence on income support. The City has worked consciously to increase the ability for self-support, but efforts for those who are further from the labour market need to be intensified if the situation is to continue developing strongly.

Fewer households with income support

Fewer households were on income support in 2018. The total number of households with paid income support has fallen by 1,385; cases active for more than ten months account for 30% of this reduction.

The number of young people under 25 who have received income support has fallen by 6%. The people still receiving income support have a greater need of support for accessing work or studies.

Costs for disbursements amount to SEK 944 million in 2018, which is SEK 26 million less than in 2017. The disbursements related to just under 16,300 households in all.

The housing situation

The housing shortage and overcrowding have affected opportunities for people and families outside of the regular housing market to lead independent lives. Despite concerted efforts within the City, developments have moved in the wrong direction. An assessment of the plan on homelessness 2015–2018 has shown that homelessness remains on the same level as when the plan was adopted in 2015. Moreover, acute homelessness has continued to increase and the majority of the increase relates to families with children. The primary reasons are a population increase and a shortage of housing.

The housing shortage has continued to entail high costs for purchased housing solutions. One-third of the cost for adults related to people and families deemed to have no other support requirements than 'getting a roof over their heads'. Between 2011 and 2018, costs for social housing have doubled from SEK 0.5 billion to almost SEK 1 billion. Compared to 2017, costs for social housing for adults have increased by 7%, i.e. SEK 57 million.

The *Bostad först/Housing First* working method has continued being developed as a method to combat homelessness. It means that homeless people must have their housing situation resolved before they can be expected to deal with other problems, such as substance abuse. Just over 100 people have been given homes through this method.

A mobile housing team has started up and is working specifically with new arrivals referred to Gothenburg under the Act on the Receipt Of Some Newly Arrived Immigrants for Settlement. The team is a collaboration between the Real Estate Administration and the Administration for Allocation of Social Welfare. The aim is to support households in finding another housing solution before the four years of transitional housing are up.

The City's work on homes for people outside of the regular housing market is described in more detail in the *Building and housing* section.

A coordinated planning and purchasing organisation

During the year, a coordinated planning and purchasing organisation (SPINK) was established, with the aim of increasing quality and reducing costs. People who require measures such as housing and certain services shall be offered these, and they shall be the right measures at the right cost. During 2018 SPINK handled just under 6,000 placement queries, 57% of which related to the purchase of housing.

SPINK is expected to streamline its work and enable more in-depth monitoring of measures taken for users.

Support for people who have gambling-related problems

From 1 January 2018, people who have addiction issues around gambling have the right to help and support under the Social Services Act, in the same way as people with alcohol or drug problems. Since 2004, the City of Gothenburg has a gambling dependency team who meet people with such problems and their relatives. During 2018, the team met 165 people.

Social services for children and young people

The number of reports of mistreated children has increased in recent years and continued to increase in 2018. Intensive efforts to improve care and support for the most vulnerable children continued throughout 2018. The committees have worked hard to meet the legal requirement of an investigation period of no more than four months. Nevertheless, most committees have still found it difficult to meet the legal requirement. Work to secure quality still has high priority.

Work on *Västermodellen/The Western Norrland Model* enables children to be proactive in developing the service. It aims to empower children and young people who are in contact with the social services. Children and young people who are in contact with social services are interviewed, the interviews and social workers' experiences are logged and compiled, and this enables the resulting professional insights to be systematised. Measures have been taken in the services during the year, based on the comments provided by children and young people.

The number of unaccompanied minors and young people with ongoing placements has fallen, since the main age groups have now reached the age of majority and are expected to resolve their housing situation themselves. The number of unaccompanied minors referred to Gothenburg continued to decrease in 2018.

Working environment, recruitment and stable staffing

The working environment and the difficulty in recruiting social workers and supervisors with the right expertise and experience remained in focus in 2018,

with ongoing efforts linked to the City's action plan for an improved working environment. Social workers are often recently qualified, which is why expertise issues continue to be a high priority. The turnover of social workers has, however, slowed during 2018. The improved situation is deemed to depend on the district committees' structured efforts, and on a changed labour market for social workers.

Individual and family care's quality report

The quality report for the sector covering individual and family care as well as disabilities describes the sector's quality work. The concerted efforts to develop social services' processes support the sector's work and are of particular importance during the current staffing situation in the sector.

The increased use of evidence-based and knowledge-based methods emerges in the reporting, while systematic monitoring still needs to be developed. Collaboration and coordination are also emphasised by the committees as an important area for development.

Some key figures

District committees' population framework	2016	2017	2018
Net cost (MSEK)	3,660	3,831	3,873
Net cost development (%)	7.0	4.7	1.1
Of which net cost:			
– children and young people	1,468	1,559	1,557
– adults	854	953	1,001
– income support	1,024	970	944
– other costs	314	349	371

Future issues

- » Streamline social services and make them accessible through digitalisation
- » Strive for a stable staff situation, with skills-enhancing initiatives
- » Meet the need for housing

People with disabilities

Appropriate, stable staffing is crucial if people with disabilities are to be able to be independent based on their own circumstances. Efforts during the year have focused on increasing opportunities for the individual user to have freedom of choice and personal empowerment, as well as on staff's skills development.

Important improvement work for good living conditions

More people than before have been able to move from homes with special service to a more independent living situation in their own apartments. User empowerment is strengthened through the increased use of different methods for participation, along with staff training. Leisure time for children and young people with disabilities has been mapped, and partnerships with civil society have helped to increase opportunities for stimulating leisure activities.

Individual support and services

The disabilities area of social services comprises a public authority remit in accordance with the Act concerning Support and Services for Persons with Certain Functional Impairments (LSS) and the Social Services Act (SoL), along with activities that support people with disabilities. Daily activities, housing with special services and home support are some of these activities. In 2018, roughly 4,200 people per month received support under LSS and around 4,400 per month under SoL. In all, 7,200 people received one or more measures every month. Altered legislation for personal assistance means that people with extensive needs of support and service instead receive other services under SoL and/or LSS from the City.

Participation and empowerment

The individual's influence and autonomy are in focus. To increase independence, participation and empowerment, working methods, other methods and digital skills are being developed among staff. Operations use dialogue and user audits to enable the individual to influence their service and support. To increase participation for children and young people with disabilities, some districts have begun to implement *Västermodellen/The West Norrland Model* (see the *Individual and family care* section).

During the year, the City conducted a user survey looking at provider operations in the disability area. The weighted results from 4,800 completed surveys in the area, apart from daily activities, show that users are particularly pleased with treatment by staff and safety in the operation. The ability to influence support is a prioritised area for improvement. For the first time, people taking part in daily activities were given the opportunity to take the national user survey, which makes it possible to make comparisons with similar activities in other municipalities. Users could take the survey digitally using images, text and speech. More people had the opportunity to take the survey themselves, and 83% said they always enjoyed their daily activities. User audits are another tool for developing quality, and individual operations use these to gain direct feedback from users on their perception of quality.

Expertise and stable staffing

Stable staffing with the required skills are crucial if the individual is to have good living conditions and high-quality support. Increasing competition on the labour market and a lack of applicants with upper secondary and further education focusing on people with disabilities is causing problems in skills provision, which risks affecting the quality of the operation. Work is under way for internal skills development.

Choice system in daily activities

The City Council has decided to introduce freedom of choice in daily activities in accordance with the Act on System of Choice in the Public Sector (LOV). This means that the user can individually choose who provides their daily activities. Freedom of choice is being introduced according to schedule from April 2019, and the districts prepared for this in 2018.



Photo: Frida Winter.

Work and employment

The City's activities shall provide support so that as many people as possible can find employment and support themselves. During the year, seven people left daily activities for public sheltered employment or other employment. There is a lack of jobs for people with physical disabilities. The development of Individual Placement Support (IPS) is continuing at activity centres, where there are now waiting lists.

The housing situation

There is a housing shortage in Gothenburg. This creates a risk that people with disabilities, who would be able to cope in standard housing, instead apply for homes via Buildings with Special Service (BSS). During the year, 73 people obtained an apartment via F100 (an agreement whereby the municipal housing companies offer apartments to people with disabilities), which is an increase on 2017. During 2018, a total of 10 people moved out of BSS. This not only entails more independent housing for the individual, but also frees up apartments in existing BSS so that decisions can be made for people on the waiting list.

In 2018, 30 apartments in BSS were finished, which is a decrease compared to the average in recent years. The planned extension of 300 apartments between 2019 and 2022 does not live up to the estimated requirement of 400 apartments. The lack of housing means that a number of citizens will not have their needs met in the next few years. With the aim of building more BSS, the Real Estate Administration and Housing Planning department at Örgryte-Härlanda district council, in dialogue with planning administrations and district councils, have identified measures for streamlining the planning process. A project has also been completed, look-

ing at increasing the number of apartments in the existing stock. The shortage of BSS has led to a large number of short-term places and other temporary housing solutions being used.

The disabilities area's quality report

The quality report for the sector covering individual and family care as well as disabilities describes the sector's quality work. The concerted efforts to develop social services' processes support the sector's work and are of great importance during the current staffing situation.

The increased use of evidence-based and knowledge-based methods emerges in the reporting, while systematic monitoring still needs to be developed. Collaboration and coordination are also emphasised by the committees as an important area for development.

Some key figures

District committees' population frame	2016	2017	2018
Net cost (MSEK)	3,448	3,587	3,752
Net cost development (%)	5.1	4.0	4.6
Change in volume of staff (%)	-2.1	0.9	-0.5

Future issues

- » Market the professional category to assure skills provision
- » Meet the needs for housing
- » Introduce welfare technology for participation, influence and better opportunities for independence for users

Elderly and medical care in the home

Gothenburg shall be a good city to grow older in. Users shall know what support is available to them and that the care is based on their needs, interests and preferences. During the year, the waiting time for moving into housing for the elderly has decreased, the City's cost responsibility for discharge-ready patients has decreased, and the choice system under the Act on System of Choice in the Public Sector (LOV) in home-help services has been introduced.

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

Age-Friendly Göteborg is a project linked to the World Health Organization's (WHO) global network Age-Friendly Cities and Communities, which includes more than 800 towns and cities. The project has compiled the views of elderly people, in order to gather data for creating an age-friendly city. A magazine showing good examples from Gothenburg has been produced.

During the year, generation meetings have been arranged with elderly people and children in order to jointly plan what a culture centre might look like. At the same time, ongoing evaluation has been under way into what happens in the meeting and dialogue about culture and urban development when the young and old get together.

Choice system in home-help introduced

Since April, people using home-help services have been able to choose whether to have their services provided by Gothenburg Municipality or a private provider.

At the end of the year 12 private providers had been approved, and around 340 people had chosen one of these.

The proportion of home-help users choosing a private provider was low when the choice system began in April, but is increasing steadily.

Private providers apply to be approved as home-help providers in Gothenburg. To be approved, the provider must meet all the set requirements. Private providers state where in Gothenburg they would like to provide home-help, which means that exactly which and how many providers there are depends on where in the city the user lives, and also varies over time. The home-help services provided by the City of Gothenburg across the city all come under the choice system.

Home-help services and housing for the elderly

The City of Gothenburg follows up home-help services and housing for the elderly in quality reports every year.

The national user survey includes a question on how satisfied users are overall with their home-help services or housing for the elderly. The results for home-help services and housing for the elderly were equal, with 80% of respondents being satisfied overall.

As for the responses regarding home-help, the results were on a par with other major cities in Sweden, but lower than the national average. In housing for the elderly, overall satisfaction across Gothenburg was on a par with the other major cities and the country as a whole.

The variations between and also within the districts' housing for the elderly and home-help services are relatively high from year to year. This is partly because local initiatives and events are having an impact. On a Gothenburg level, variations have been relatively minor.

The single factor the elderly were most satisfied with in both home-help services and housing was staff treatment. As many as 90–95% responded that they were satisfied. Other questions with high results in both operations were safety and confidence in the staff.

Areas for improvement were being able to influence at what time staff visit the home, and that staff give advance warning of any temporary changes. In home-help services there are dignity guarantees in these areas, which places additional focus on improvement work. In housing for the elderly, further dignity guarantees will be developed.

During the year, a decision has been made on a long-term plan for housing for the elderly, which shows the need for such housing based on demographic changes up until 2035. A decision has also been made on a renovation plan to upgrade and modernise housing for the elderly.

The district councils and the unit for allocating housing for the elderly in Örgryte-Härlanda have worked on structures for short-term placements and housing for the elderly, and have achieved a better flow in the process.

Waiting times for places in housing for the elderly, from application to the offer of a moving-in date, decreased in 2018 and therefore broke with trend.

New working methods and digital technology

New working methods using digital technology have been introduced. One example is IT support in home-help services. Staff receive their daily planning and up-to-date information about the user they are visiting on their phones, and users' home-help services are followed up by notes made on staff phones.

Documentation can be managed in the home of the service recipient, who is also involved and has more influence. Since the IT solutions handle integrity-sensitive information, there are strict security requirements on the phones and the whole process.

The introduction of new technology and altered working methods have entailed some initial problems for the organisation.

People who require monitoring can be monitored remotely via security camera rather than a physical visit. Security cameras are now offered to everyone in ordinary housing, and tests have begun in housing for the elderly.

Work has begun to replace analogue security alarms with digital ones.

Collaboration for safe, secure discharge from hospital

A new law on increased collaboration when a patient is discharged from inpatient health and medical care came into force in Sweden on 1 January 2018.

The law relates to all people who are deemed to have a need for measures from the social services, municipal health and medical care or primary care, after being discharged from inpatient care.

As a complement to the law, all municipalities in Västra Götaland and Region Västra Götaland have entered into agreements which came into force on 25 September, defining for instance what forms collaboration should take and how cost responsibility should be regulated for patients who are ready to be discharged.

The change aims to bring about better collaboration between hospitals, primary care and the municipality, assuring safe, secure health and medical care for the individual. The municipality's cost responsibility comes into effect after the patient is ready for discharge and has been reduced from five weekdays to three calendar days. This has meant new ways of

working in municipal health and medical care, and care for the elderly. The operation has met the new requirements and the number of cost days for discharge-ready patients has decreased during the year.

Skills provision – a challenge

The health, medical and elderly care operations have found it difficult to recruit and provide staff with the required levels and areas of skills. It has been particularly hard to find nursing staff in home medical care, and assistant nurses and managers in home-help services.

Providing necessary skills calls for altered working methods, both in the form of work-task differentiation for care staff, and the introduction of new technology in the operation.

The operations' ability to lead change and be an attractive employer will be crucial in providing necessary skills in the future.

Some key figures

Population frame	2016	2017	2018
Net cost elderly care (MSEK)*	4,544	4,701	4,850
Net cost development of elderly care (%)	5.4	3.5	3.2
Net cost home medical care (MSEK)**	465	473	514
Net cost development of home medical care (%)	11	1.7	8.7
People receiving home-help services (average/month)	8,339	8,269	8,079
People in housing for elderly excl. short-term (average/month)	3,993	4,009	4,023
Payment responsibility for discharges, year places***	19.1	13.8	11.5

* Including home medical care for people over 65.

** Home medical care for all ages.

*** Payment responsibility for discharges, year places applies until 30/9 due to new reporting practices from 25/9/2018.

Future issues

- » Work on skills provision through new professional roles and altered working methods
- » Implement digitalisation and altered working methods
- » Collaborate with primary care so that more people can be cared for safely and securely outside of hospital

Culture and leisure

The City's culture and leisure operations are vital aspects of an attractive city and a good living environment for citizens and tourists alike. Libraries, museums and institutions for performing arts received 5 million visitors. 79,000 children and young people took part in summer holiday activities and 8,000 had free swimming lessons. Göteborg Art Museum received the prestigious Museum of the Year award for working innovatively and creating a substantial museum with impact and added value for the Gothenburg region.

Important improvement work for the city's citizens

The city has a wide range of culture and recreation activities, but not yet everyone has access to them. Important improvement work includes creating a more equivalent and accessible range.

The City Council decided during the year that responsibility for the 23 district libraries should be transferred to the Cultural Affairs Committee. The needs of citizens and library users are in focus, and the aim of a shared organisation is to strengthen the library operation and enable synergetic benefits.

In February, the City Library launched an app called Biblioteket (The Library). In it, users can find and reserve books, renew loans and find their nearest open library. They can also chat with a librarian, enjoy a guided tour around the City Library, do a quiz and find events. Apps of this kind increase accessibility to culture, and there are ideas to develop more of them in the area of culture and leisure.

During the year, the city has adopted the City of Gothenburg Outdoors Programme 2018–2025. The aim is to protect and develop opportunities for outdoor life for locals and visitors alike, and to provide a direction for ongoing work and planning in this field. The goals of the programme are increased public health, integration and a richer cultural scene.

The city's 24 open-air bathing spots continue to attract people from all areas of the city. Continuous upgrading ensures that they remain attractive meeting-places that contribute to integration and a sense of community for all citizens.

In 2018 Sweden's parliament adopted a new policy called *Gestaltad livsmiljö/Designed Living Environment* for the area of design and architecture. The ultimate aim is to produce attractive living environments that are sustainable in the long term, by working with design, architecture, arts, crafts and fashion in a quality-conscious way. The Röhsska Museum is

highlighted as a place with long-term potential to act as a regional centre for this new area of policy.

The city is growing, and with it the range of culture and leisure

The Parks and Landscape Administration is working to create attractive new event venues for small and medium-sized events. One example is Färjenäs Park, which has continued to develop during the year. For those who choose to spend holidays at home in Gothenburg, there are extensive opportunities for experiences in the city's parks, nature and outdoor spaces. A guide has been produced with tips on the city's various parks, playgrounds, nature areas and bathing spots. All of them can be reached by public transport, and they are all free. The information has been published on the City's website and Facebook page, and is supplemented with on-site signs and apps.

Lundenhallen was completed at the end of 2018. It is a multisport centre featuring a full-scale sports hall and a gymnastics hall. The centre is intended for use by both schools and clubs.

During the year, Centrum district opened a new cross-generation meeting-place called Verket, which is intended for seniors and young people (from age 13). Activities will be shaped by the participants themselves, and guided by interests, curiosity, needs and own ideas. The basic idea behind Verket is that the participants should own the process. Activities could include everything from gardening clubs to boules tournaments, art exhibitions, arts and crafts and LGBTQ talks. Users can have access to the premises also when unstaffed by signing a contract and being given a key fob.

The initially strong increase in visits to public swimming pools in connection with the free swimming scheme has levelled off. Visitor numbers increased dramatically when the scheme was introduced in 2016, which led to some visitors perceiving the swimming



Photo: Lo Birgersson.

pools as noisy and unsettled, crowded and unsafe. Adapted opening hours and working methods have now led to safe, enjoyable venues. The City has also offered free swimming lessons. The scheme has focused on areas of Gothenburg where the most people can't swim. 8,000 children took part in swimming lessons during the school year.

Many investments in the area of culture and leisure are enabled by external funds. National initiatives for child and youth leisure brought SEK 40 million into the city in 2018. These subsidies have made it possible to extend and develop the City's work on new activities at new sites. Summer holiday initiatives were conducted for the third consecutive year, with 79,000 children and young people participating. Around 50% of them tried new activities at new sites.

Planning under way for anniversary year 2021

When citizens were asked what they would like to see in Gothenburg for the city's 400th anniversary, many responded more cohesive corridors, access to water, green spaces and inviting meeting-places.

In May, the green and blue Kvillestråket corridor with dance floor was opened. The corridor is four kilometres long and runs along Kvillebäcken between Frihamnen and Hökålla. The outdoor dance floor was a request from girls and young women, who took part in a workshop to help decide how it should be designed. The dance floor is open and accessible to everyone who wants to dance and play their own favourite music. During the summer, the dance floor was visited by at least 2,000 people of various ages, 1,500 of whom took part in programmed activities while the others were spontaneous dancers or spectators.

The 'rain playground' at Näckrosdammen, also part of the anniversary programme, was opened in December. Children and adults have contributed ideas for the design of a playground that becomes even more fun and appealing whenever it rains. The unique thing about the rain playground is that new

opportunities for play arise when it rains, but it is designed to attract children and adults from across the city to play and move in all weathers.

The aim of this year's focus, Go Global, was to highlight Gothenburg in international contexts. For the grand opening, children aged 3–14 were invited to the Göteborg Film Festival, and of just over 2,200 children invited, more than 1,300 arrived in specially chartered coaches from different parts of Gothenburg. A City-wide gallery was created during the year. One hundred stories on the theme 'My Journey' were collected and shown during the Volvo Ocean Race, and the exhibition then moved on to the city's districts. The districts contributed ten stories each.

Guests/visitors – some key figures

Thousands	2016	2017	2018
Letting of sports facilities (pitches and halls, hours)	290	307	290
Guest nights at sports tournaments	254	270	254
Swimming baths	1,134	1,103	1,395
Theatres	200	222	181
– of whom children	28	28	22
Libraries	4,138	4,379	4,219
Museums	783	673	531
– of whom children	185	186	146
Summer holiday activities	58	80	79

Valhallabadet and Frölundabadet swimming centres were closed for long periods in 2016. 'Swimming boost' with free swimming lessons began 2017. Röhsska Museum closed 2017 and 2018. Maritime Museum closed from September 2018.

Future issues

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

Building and housing

Gothenburg is an attractive city, which entails challenges in preparing space for everyone who wants to live and work here. The housing shortage remains even though there is more ongoing construction than there has been for decades. This is not only evident in the growing number of construction cranes, but also in the City's organisation.

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

The City has been very active in easing the housing situation for special groups, in line with the strategy to combat homelessness. During the year, the number of people moving into their own home and out of homelessness has increased. A total of 1,000 municipal contracts are now managed, an increase of 9% on 2017. Since 2015 almost 600 families, approximately 1,000 children, have been provided with their own apartment through the public housing sector's programme targeting homeless families with children. All of the almost 700 people referred to Gothenburg by the Swedish Migration Agency in 2018 have been offered transitional housing or interim accommodation. Almost half of the apartments were provided by private real estate owners.

Despite the City's efforts, homelessness remains at the same level as when the homelessness plan was adopted in 2015, and acute homelessness continues to rise. In acute homelessness there are 260 families with children and 660 children living in temporary housing solutions.

Most housing construction in decades

During the year, the City has moved even more clearly from planning to execution. During 2018 almost 3,200 homes were finished, which is the highest number since the Million Programme of the 1970s. At the end of the year there were about 7,300 homes being built. This is a result of the City's long-term work to increase housing construction, and there are now more than 53,600 homes in various stages of planning and extension.

There is continued high pressure on the housing market in Gothenburg. Price development on owned homes has slowed, but waiting times on the rental market continue to increase. The average waiting time has been around 6.7 years for public housing

and around 4 years for private landlords. Gothenburg is also maintaining a high rate of construction with a large number of apartments begun in 2018, which can be compared to a slowing rate in other cities. BoStad2021 is a special programme to increase the rate of homebuilding, and is a partnership between the City and the private sector. The aim is to create 7,000 homes by 2021. The 30 projects encompassed about 8,000 homes at the end of the year. Most have passed beyond the planning stage and are now in the hands of building contractors.

Municipal services

In recent years, municipal services such as pre-school, school, sports centres and housing for the elderly have not been extended in line with the investment plan, nor at the same rate as homebuilding. The City has therefore ramped up its work on municipal services, for instance by producing a premises supply plan and a road map for municipal services, both important steering documents.

Many want to work in Gothenburg

The fact that the city is growing is also evident in the need for space for new workplaces. The City estimates that the private sector's need for land for logistics and industry amounts to 4–8 million square metres in the Gothenburg region up to 2035. The general plan has this area of space earmarked, but more planning detail is needed before the land can be developed.

At present just over 170,000 square metres of office space is being built, primarily in Centrum, Norra Älvstranden and Östra Göteborg. The level of vacancy has increased for offices, but remains low (4.5%). Warehouse 113 at Frihamnen is an example of a larger building which, at around 16,700 square metres, will provide increased access to office space.

The city's shape and structure

A proposal for a new general plan for Gothenburg has been drafted and is out on referral until the end of April 2019. The general plan is a guide for the municipality's land use, and shows a desired way for the city to develop. Meanwhile, work is under way on more in-depth general plans for central Gothenburg and other areas. A local plan was approved during the year which contains 1,200 homes and 125,000 square metres of commerce and offices around Järntorget. In Backa, Selma Stad is being extended, an urban transformation including 1,000 new homes, a sports hall, a district council hall with room for culture, park areas, commerce and more.

To increase knowledge and involvement in biodiversity and nature conservation, the city has built educational playgrounds and outdoor classrooms, such as a new 'rain playground' at Renströmsparken and a marine centre at Askimsviken.

Rådhuset, the City Executive Board's city hall, won Helgopriset in 2018. This is one of Sweden's biggest architecture prizes, awarded for the best restoration or refurbishment of an old building. The National Property Board of Sweden, which awards the prize, mentions that in renovating the building, contractor Higab AB has restored to the building its greatness and intimacy.

The City of Gothenburg's *Anmäl hinder/Report Obstructions* app won the 2018 *Guldlänken/Swedish eGovernment Award*. The prize rewards and stimulates innovations in the Swedish public sector. According to the panel of judges, the app offers citizens a new way of developing and co-creating the city as being accessible to everyone, with a well-designed digital solution that promotes greater participation and interest.

A robust city in a changed climate

The summer of 2018 was one of the hottest on record. The heat wave entailed problems such as drought, a drinking water shortage and forest fires. Gothenburg coped with the situation well, but major efforts were needed in maintaining and cleaning the city's parks and bathing spots. Gothenburg also took on the important role of supplying drinking water to its neighbouring municipalities.

The City's long-term efforts to adapt to climate change have been strengthened by a new central climate adaptation coordinator, and by producing a thematic addendum to the general plan that is on the point of being adopted. The addendum aims to provide guidance on how the general plan's intentions for a robust, sustainable city can be achieved with regard to the risk of flooding, while also facilitating subsequent planning.

During the autumn, a regional workshop was also arranged on climate adaptation of the municipalities' drinking water supply, the aim being to secure and adapt the supply of drinking water to new climate conditions.

Challenges

The housing market in 2019 is expected to work in much the same way as at present. Growing groups that find it difficult to find a home on the regular housing market will therefore remain a vital municipal responsibility.

The uncertain economy on the housing market could lead to a slowing in construction, as contractors may prefer to wait for a better market outlook. This could also lead to falling building costs which would favour the construction of rental properties and reduce costs for municipal services.

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

Some key figures – number of planned homes

Homes in	2014	2015	2016	2017	2018
Started local plans	7,200	10,750	2,600	1,685	2,360
Adopted/approved local plans	3,570	3,450	3,735	11,337	6,389
Land allocations	1,303	2,950	4,500	4,183	3,610

Some key figures – number of completed homes

Year	New-build	Renovation	Total
2014	1,793	224	2,017
2015	2,298	255	2,553
2016	2,401	279	2,680
2017	2,027	174	2,201
2018	2,747	421	3,168

Future issues

- » Create housing for groups that are far from the housing market
- » Achieve consensus on urban development between municipality and state
- » Increase execution rate while also maintaining a high planning rate
- » Adapt the city to the effects of climate change

Transport

During 2018, implementation of various major infrastructure projects continued at a high rate, which has caused disruption. A new programme for the public transport system points the way for the future development of public transport. More people are travelling sustainably, and travel by public transport and cycle is increasing.

Important improvement work for transport users

Many major infrastructure projects are under way to meet the transport needs of a growing city. This is noticeable among passengers and commerce, which are affected by traffic disruptions. Intensive efforts have been carried out to coordinate projects and information to road and rail-users so as to reduce these problems.

The West Sweden Package's major infrastructure investments the West Link, Hising Bridge and Marieholm Tunnel, are in full swing.

More people need to travel sustainably, and the City is improving conditions for public transport, pedestrians and cyclists, partly with conventional projects and partly with innovative new solutions.

Transport during developments

In the years to come, citizens, visitors and commerce will see a city in constant change. It is a challenge to ensure that the city functions while the intensive new development is taking place. Traffic disruptions affect individual citizens as well as trade and industry.

Making the Göta Tunnel one-way had a huge impact in terms of longer travel times and disruptions in traffic. Vasa Bridge has been closed for replacement, which has affected access in the city centre.

A major effort has been made to spread information and hold dialogue with those affected. To reach out to citizens the Swedish Transport Administration, Västtrafik and the City use the Trafik Göteborg website as a shared information channel. A further free ferry was introduced while the Göta Tunnel had one-way traffic.

The many urban development projects are taking up parking spaces. Temporary parking spaces have been created, and cooperation with real estate owners has also paved the way for shared use. The Parkeringsbolaget app has been developed so that customers can now also find, start and pay for electric charging, find Styr & Ställ hire-bike stations, public transport stops and departure times.

Many major projects in progress

Several major projects such as Vasa Bridge and Haga and Korsvägen West Link stations began in 2018. Projects already under way include the Marieholm Tunnel, and in the Central Station area the new Hising Bridge and the lowered extension of Götaleden.

The debate surrounding the West Link continued as the City's and the Swedish Transport Administration's planning progressed. The local plan for the West Link's route found legal backing during the year, and in February 2019 the Swedish Supreme Court announced that it would not grant leave to appeal the environmental ruling. Work on local plans for the West Link's future station sites is in its final stages.

Goals for public transport of the future

Målbild Koll2035 – the public transport programme for the core network in Gothenburg, Mölndal and Partille, was adopted during the year. It shows how the core network will be developed up to 2035 and is based on five transport concepts: Metro Bus, City Line, Tramway, City Bus and Cableway.

Some of the larger initiatives in the goal scenario has received part-funding from the state via the National Negotiation on Housing and Infrastructure. The SEK 7 billion investment contains four major public transport projects and entails a commitment to build housing. The government has also decided that the high-speed Göteborg–Borås rail route is to be included in the national plan for the transport system 2018–2029.

A new zone structure for public transport was adopted by the Regional Council. Gothenburg will be part of a larger zone along with Mölndal, Partille and Öckerö. The structure will be introduced in autumn 2020 at the earliest.

Electrification of public transport is ongoing. Electric articulated buses now run on line 16, development of electric bus line 55 is continuing and more lines are under way.

The connection point at Svingeln and the bus connection point at Åkareplatsen were completed.

Accessibility work continues; for instance, almost all of the city's tram stops now have contrast markings.

The City made several purchases from Västtrafik during the year, both of tickets and services. In addition to the general subsidy of monthly passes, senior passes, school passes and leisure passes were also purchased. Free summer holiday passes for school pupils was funded by the government.

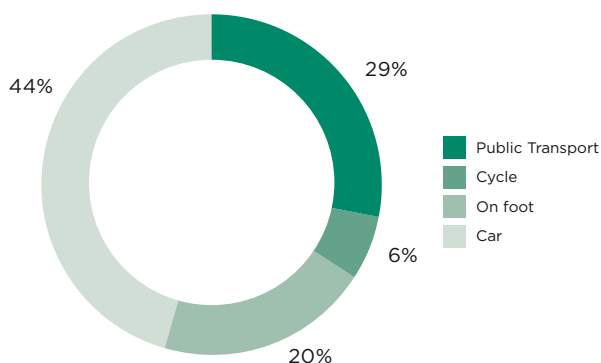
More people travelling sustainably

The long-term goal for Gothenburg is that sustainable travel should increase. Since 2011 there has been some change towards more sustainable travel, but not enough to achieve the goals in the Transport Strategy. Public transport is the mode of transport that is developing in line with the Transport Strategy. Cycling, however, needs to increase significantly while car travel, which has fallen slightly, needs to decrease at a faster rate.

Cycling increased by 12% on 2017 and the warm, dry weather has probably been a factor. Travel by public transport continues to rise; by 5% during the year while car travel fell by 1%.

Measures for pedestrians

Travel by type



There are many urban development projects under way in the city which make it possible to create better conditions for pedestrians. Measures include accessibility improvements of footpaths, upgrading of Värvåderstorget, and safety barriers in pedestrian zones to reduce the risk of rapidly accelerating vehicles.

Cycling-related measures

The rate of extending the cycle path network has increased on recent years. Five kilometres of commuter cycle routes were built in eastern Gothenburg to enable cyclists to get around more quickly and safely.

The Cykelstaden app can now show information about disruptions on cycle paths. Winter maintenance of cycle paths has been improved by sweeping and salting in three new areas.

The Styr & Ställ bicycle-hire system is under development. A procurement has been carried out for the future system which will be in place by 2020, and the area has been extended to also include part of Hisingen island.

Traffic safety

In 2018 three people lost their lives in traffic in Gothenburg, which is fewer than in 2017. The trend for injuries is, however, far from its target level; many more people were injured moderately or severely compared to the target in the City's traffic safety programme.

Most of the people involved are cyclists in solo accidents and pedestrians who are injured when they fall, stumble or slip. Moving forward, the focus needs to be put on pedestrian falls and cyclist solo accidents, and a direction for a new traffic safety programme has begun.

Increased travel with special transport service

During the year, 617,000 special transport service journeys were carried out, an increase of 4.5% on 2017. Part of the increase coincides with the end of Västtrafik's offer of free travel on public transport for people who require special transport services. Around 260,000 journeys took place on Flexline services.

The restricted access in conjunction with construction in the city is a challenge for the special transport service. Thanks to preventive work on planning drive times and logistics, passengers have been able to enjoy better service. Driver training has taken place, focusing on customer treatment.

Future issues

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

Climate and the environment

The City of Gothenburg is investing in sustainable development and reducing climate impact. The City's services help make it easier to live sustainably. By using the city environment as a testing ground for new green solutions, Gothenburg is becoming a bold pioneer. The City of Gothenburg came eleventh out of 290 in *Aktuell Hållbarhet* magazine's ranking of municipalities.

Important improvement work for reduced environmental and climate impact

Gothenburg is investing in solar power and has opened the first solar park; 13 other sites have been identified as possibilities. The City is also focusing on installing solar panels on its own buildings. The Environment Administration has conducted a study into what local measures are needed for Gothenburg to become fossil-free within the framework of the 1.5°C goal from the UN's COP 21 conference. The study presents proposals for 82 concrete measures. The Sports and Associations administration has initiated work to reduce the spread of microplastic from artificial turf pitches.

Win Win Gothenburg Sustainability Award

The Gothenburg Award for Sustainable Development is now called the Win Win Award. This year the prize was awarded in the category of industrial symbiosis, and the winner was Kalundborg Symbiosis of Denmark. For the first time, Win Win presented a Youth Award. Three students at Lindholmen Technical High School won with their project *Food for the Future*.

Green is good

Parks and green spaces are important recreation environments and contribute to ecosystem benefits, cleaning air and water, regulating the temperature, absorbing precipitation and damping noise. As an example of the City's work on biodiversity, the Real Estate Administration's Forest section has attracted national and international attention in recent years with many study visits. Real Estate Administration's representative received the Swedish Society for Nature Conservation in Gothenburg's *Kaprifolpris* prize for work on forest management.

Towards a better environment

The Environmental and Climate Committee has decided on a revised chemical plan. The measures

outlined in the plan promote substitution work for reduced use of hazardous chemicals. The County Administrative Board decided on a new programme of measures to meet the environmental norm for nitrogen dioxide in the Gothenburg region. The City of Gothenburg has a number of measures to implement, primarily in the area of transport. Transport is also a major source of noise. The City of Gothenburg revised a programme of measures (2019–2023) to combat noise, which is a plan containing measures to reduce humans' exposure to noise. In July, new local regulations for waste management came into force.

Being vigilant

The Environment Administration's environmental inspections and food controls aim to reduce operations' negative effects on people's health and the environment. During the year, the inspections and controls dealt with just over 18,000 cases. The Environment Administration's food controls increased by about 34% compared to the same period the previous year. There is now also a new e-service for registering food premises. The high number of construction and demolition works is making its mark on environmental inspections.

Environmental diplomas

The Environment Administration has issued 151 environmental diplomas, six of them to events. Unlike in 2017 no pre-schools or schools received a diploma during the year, which is a result of the transition to new committees.

Waste is decreasing and the City is scrapping the scrap

Citizens of Gothenburg have become better at sorting their waste so that a higher percentage is discarded as food waste, which means that residual waste has decreased. Bulky waste has also decreased slightly, which could be linked to the hot summer. Kerbside collection of packaging in dual-compartment

ment containers has been tested on houses, and 88% of people want to keep the service. New national regulations have been issued for packaging and recycled paper, which means that producers will now be responsible for kerbside collections, which will gradually affect the collection system.

Skrota Skräpet/Scrap the Scrap, the effort to increase separation at source and reduce waste in the City's own operations, is continuing with good results. The model for low-waste housing for the elderly has been introduced at all such housing, and has been followed by work with schools and pre-schools. The Culture Festival focused on a 'disposable-free' initiative; the number of meal portions served in disposable materials decreased by 6,500 and the number of beers served in plastic glasses by 3,000.

Since the beginning of 2017, all kitchens in the City of Gothenburg have been working actively to reduce their food waste. The reduction in food waste in the City's kitchens now equates to 300 tonnes of food, which in turn corresponds to 480 tonnes of carbon dioxide a year.

Litter measurements in the city's central street environments show that littering overall has fallen compared to 2017. Moist snuff and cigarette ends account for 81% of the total number of litter items in the urban environment. During the year, efforts increased to attempt to reduce the number of cigarette ends by placing more ash trays at e.g. bus/tram stops and cafés.

Water - clearly

In 2018, the City produced more drinking water than usual: 65 million cubic metres. The dry summer led to the sale of more water to surrounding municipalities. There was an uncommonly high number of pipe ruptures, 420, and the rate of drinking water leakage was high, which is partly linked to the extreme drought. Gryaab AB treated 123 million cubic metres of water and produced 30,783 tonnes of sludge. The treatment met all prevailing environmental requirements by a clear margin.

The Environment Administration report *God vattenstatus i Göteborg/Good water status in Gothenburg* was completed. It contains a description of the current situation, analysis and suggestions for work moving forward, and will lay the foundation for continued work on water quality in lakes, watercourses, coastal waters and groundwater in Gothenburg.

Energy and climate

The weather in 2018 placed tough demands on Göteborg Energi's production, but the company dealt with the situation well. There were two major power cuts. Sales of district heating and district cooling went well. In 2018 more energy than ever before was produced at Sävenäs with 1,786 GWh – so the

highest figure in the plant's 47-year history. The production of renewable energy and biogas continues to fall, and during the year GoBiGas was closed down and the Big Glenn wind turbine was dismantled; see the table below. At the same time, Göteborg Energi estimates that local carbon dioxide emissions from their production have fallen by 54,000 tonnes.

The spring saw the world premiere of a completely electrically powered garbage truck. It was developed by Volvo Trucks in partnership with Renova AB and the Eco-cycle and Water Committee, and will go into normal service in central Gothenburg during 2019.

Fossil-free pre-school

The City Premises Administration is running the innovation project *Hoppet*, which has a mission to build a fossil-free pre-school. It is a unique project working closely alongside experts, innovators, entrepreneurs and suppliers to force the pace of transitioning to sustainable community building. The name *Hoppet* means 'hope', as in hope for a sustainable future.

Resolving climate issues alongside businesses

The Gothenburg Climate Partnership (GCP) was launched during the year. It is a long-term collaboration between trade and industry in the Gothenburg region and the City of Gothenburg to reduce climate impact. One of the partnership's first focus areas is the construction sector.

Some key figures - renewable electricity and biogas

Activity	Result 2015	Result 2016	Result 2017	Result 2018	Target value 2018 Gbg Energi
Production of renewable electricity, GWh	141	120	124	100	118
Production of biogas, GWh	210	141	97	86	81

Source: Göteborg Energi

Future issues

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

Adult education and labour market initiatives

The labour market in Gothenburg has continued to develop positively. Despite this, there are groups that find it hard to enter working life. The City is working actively to offer training and jobseeking assistance, and to provide new opportunities for knowledge and development.

Important improvement work for higher employment

The City has continued to support people who are furthest from work with training initiatives and job matching. During the year, the City's four skills centres have worked to coordinate and gather labour market initiatives, guidance and adult education for jobseekers under the same roof.

Many jobseekers do not have the required levels of skills and qualifications. This is primarily true of unemployed people in a vulnerable position such as people born outside of Europe, people aged under 24 and over 50, disabled people, and those with an education below upper secondary level. Many also have at least two complicating circumstances in relation to the labour market.

The aim of 'the gradual job and education boost' model, which is applied, is to simplify entry into the labour market while creating opportunities to progressively build skills and competence towards greater occupational know-how. The individual's circumstances are assessed, and a decision is made alongside the school as to how to proceed. One example is *Välkommen till Framtiden/Welcome to the Future*, a collaboration with subcontractors of Förvaltnings AB Framtiden to find new arrivals their first job. Another is *Jobbspår/Job Track*, a combination of a job and occupational training for new arrivals in the city.

During the year, more in-depth progress has been made in the skills provision plan produced in collaboration between the Labour Market and Adult Education Committee (NAV) and Business Region Gothenburg AB (BRG). The plan is one of six sub-goals in the strategic business programme.

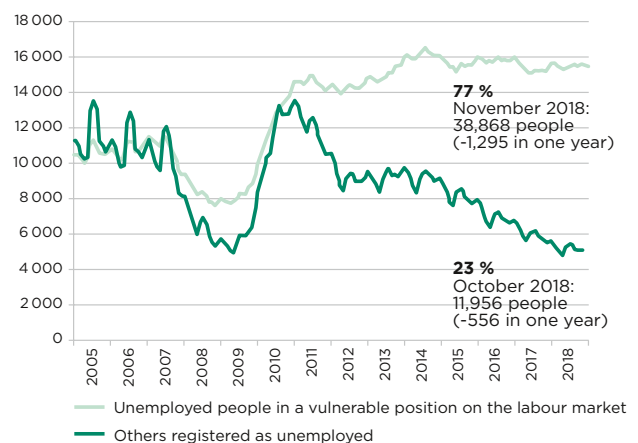
Introduction-prepared labour contracts have continued to develop. During the year, 872 people

have been given the opportunity for labour market employment over and above public sheltered employment.

During the year, 1,567 people were registered with the City's skills centres. Of these, 57% have at the most compulsory education. Of the people now deregistered, 63% have gone on to work or studies.

Sambandscentralen/The Connection Centre is a process-oriented operation that has the task of finding tailor-made, individualised solutions that are viable on the job market. The model will be implemented in four sectors: industry, catering, care and construction.

Unemployment trend in Gothenburg 2005–2018 (ages 16–64)



Unemployed people in a vulnerable position: education below upper secondary level, people with disabilities that impair their ability to work, unemployed people aged 55–64, those born outside of Europe.

Source: Swedish Public Employment Service, Nov. 2018

Adult education

The target group for adult education today is not only larger, it has also changed. It encompasses a higher



"All the amazing teachers are what my job is all about. Making sure they love their jobs and are motivated. After all it's not me who makes a difference for the children, it's the teachers." Hanna Nord, Pre-School Head, Västra Göteborg.

Photo: Lo Birgersson.

proportion of people who do not have Swedish as their mother tongue, young people who often have several school failures behind them, and more people in need of special support of some kind. Newly arrived young people and adults may require adult education. Many young adults need to supplement their education or retrain, and there is a large need on the labour market for people with occupational qualifications at upper secondary level.

Swedish for Immigrants

A new education approach has been formulated, *SFI Slussen* (roughly '*SFI Sluice*') for people who have been taking the Swedish for Immigrants language course for a long time. It is an effort to bolster opportunities to be able to support yourself. SFI weekend courses make the studying available to more people.

Lärvux

More and more people doing Lärvux (the state education system for adults with learning difficulties) have other disabilities beyond their intellectual disability. This results in a greater need for personal support.

Adult education – some key figures

	2016	2017	2018
Net cost (MSEK)	372	467	485
Net cost development (%)	-5.6	25.5	3.9
Number of full-year places purchased	12,318	12,810	13,213
– of which basic adult education	1,623	1,463	1,596
– of which upper secondary adult education	4,430	4,577	4,479
– of which Swedish for Immigrants (SFI)	57	53	58
Vocational higher education	6,208	6,717	7,080

Future issues

- » **Improve opportunities for groups that are far from the labour market to find a job**
- » **Reduce study drop-outs and ease the path to adult education**
- » **Adapt and develop adult education in harmony with the needs of businesses and changing target groups**

Industry and tourism

During the year, the focus has been on continuing to improve the business climate. Decisions on investments and extended remits for Gothenburg Port Authority have laid a good foundation for development of the port. The hospitality industry is developing positively, but the lack of hotel capacity is inhibiting growth. The City's work is being coordinated to create the right conditions for development.

Important improvement work for the development of trade and industry

Collaboration is key. During 2018, work to formulate action plans for the strategic business, hospitality industry and innovation programmes continued. In 2019 this will entail the start of various activities focusing on corporate climate, corporate development, development of the hospitality industry and innovation development – all processes that will continue for several years. The process of formulating the action plans has focused on the City's work and has involved people across administration and company boundaries. One important precondition for carrying out the activities is coordination and collaboration across organisational boundaries.

The City's service and information for companies has been further developed, partly by providing customised information to the businesses affected by the major construction projects at various places in Gothenburg.

Testbädd Göteborg/Test Bed Gothenburg has been established as a structure to facilitate collaboration between the City, the business sector and the academic community to develop and test new innovations. This is a concrete result of the strategic business dialogue, in which politicians from Gothenburg meet leading trade and industry representatives to conduct dialogue on development issues.

Business

Several indicators show strong growth for Gothenburg. A comparison between 2018 and 2017 shows:

- » 3.1% growth in total payroll (equates to SEK 1.6 bn)
- » 2.6% growth in employment (552,700 employed compared to 538,700 in 2017)
- » 0.1 percentage point drop in unemployment (5.6% compared to 5.7% in 2017)
- » 751 sectors in the Gothenburg region municipalities (752 in 2017), equating to 92% of all sectors in Sweden

Exports are growing strongly and have doubled since 2009, driven primarily by growth on important markets for the region's trade and industry. Trade and industry are performing well, which is having an impact on employment. The overall goal in the strategic business programme is to create 120,000 new jobs in the Gothenburg region by 2035. This is an ambitious goal that calls for the City to collaborate internally and maintain its focus, so as to facilitate and lay the right foundation.

Logistics

The Gothenburg region is Sweden's leading logistical hub. Its strategic location with Scandinavia's largest port, along with an international airport with considerable air cargo, contributes to a concentration of logistics-related operations.

Container traffic in the Port of Gothenburg developed positively during the year. Much of the container handling lost in 2017 due to recurring industrial conflicts has returned, although levels are still below 2016 volumes. Total goods handling at the port amounted to 40.5 million tonnes in 2018, which is 0.7% lower than in 2017.

Following positive news from the government about state co-funding, the port has begun work on deepening the shipping lane. This is very significant for the port and its ability to develop container traffic. The port has also begun extending the new Ärendal terminal, which is the port's biggest expansion in 40 years. The Arken intermodal terminal, which has been up and running for a year, has led to more efficient, reliable logistics, cleaner air and less heavy goods traffic in central Gothenburg. During the year the Gothenburg Port Line railway leading into the terminal has been extended with double tracks, thus dramatically increasing the system's reliability.

As the port's remit has been broadened during 2018, the company can now also develop the conditions for establishing logistics companies by exploit-



Photo: Frida Winter.

ing land areas in the local area. This will afford the port even more importance as a logistical hub.

The hospitality industry

The hospitality industry in Gothenburg is continuing to grow. 4.8 million guest nights at hotels and hostels in the Gothenburg region equates to an increase of just under 1% on 2017. Swedish visitors dominate with 70%, and the largest international group is from Norway with just under 6%. There is nothing to suggest that Gothenburg has lost its attractiveness, although it is evident that investments and availability have driven growth in the other large cities, which increased more. Gothenburg's hotels were periodically fully occupied, which meant that there was no capacity for growth. Further investments are planned up to 2025, and these are expected to add around 30% more hotel rooms.

Gothenburg has seen almost three decades of uninterrupted growth in the hospitality industry, and all forecasts predict a continued rise in travel. Internationally speaking, there is an increased focus on balanced growth in tourism. It is therefore pleasing that Gothenburg has, for the third consecutive year, been voted the world leader in sustainability according to the Global Destination Sustainability Index. Events are part of Gothenburg's identity. Annual events attract hundreds of thousands of visitors every year, and temporary events are the destination's

shop window and platform for collaboration and communication. The Volvo Ocean Race, the Nordea Masters and the Gothenburg Culture Festival in connection with EuroPride were some of the major events hosted in 2018.

Collaboration within go:connect, which aims to increase accessibility to Gothenburg primarily by air, has been successful during the year. For instance, a new long-haul route to Asia was established during the year.

During the year the *Tillväxt Turism/Growth Tourism* project, in partnership with BRG AB and the West Swedish Tourist Organization, has worked to create more sustainable companies in the hospitality industry, as well as new products that are ready for export. The project has achieved the goal of corporate and business development for 50 companies, and has begun or launched 20 new products and routes.

Göteborgs Skärgård/Gothenburg Archipelago is a collaboration between Göteborg & Co AB, Öckerö Municipality and Västra Göteborg to develop the hospitality industry in the archipelago. One of the initiatives is the Styröbolaget ferry line Stenpiren–Hönö Kläva, which was a great success with more than 33,000 passengers, exceeding all forecasts.

Trade & industry and hospitality – some key figures

Thousands	2014	2015	2016	2017	2018
CSI Business Climate	67	68	69	69	67
Containers – TEU	837	820	798	644	753
Ro-ro – units	549	532	538	593	584
Guest nights – hotels	4,100	4,500	4,700	4,800	4,820
Visitors Liseberg Park	3,100	3,100	3,100	3,100	3,100
No. of events	430	348	407	351	320
No. of event visitors	1,300	1,500	1,800	1,700	1,500

CSI Business Climate 2018 is preliminary; final data will be published in April.

Future issues

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

Equality and human rights

Throughout 2018, when EuroPride was celebrated for the first time in Gothenburg, the City hosted a range of themed days to highlight issues surrounding human rights and equality. For example, a unique study was presented into the working environment for LGBTQ people in the City of Gothenburg, and there was a major mapping of honour-related violence and oppression.

Important improvement work for fair treatment

The city's work on equality and human rights is an important quality factor, as these areas help to ensure that City services are equal and of benefit to all citizens and users. The equal treatment plans produced by the City's operations are an important aspect of this work. However, a systematic approach needs to be developed to ensure that all services are equal and equivalent in all respects.

EuroPride celebrated in Gothenburg for the first time

EuroPride, Europe's biggest LGBTQ event, was celebrated for the first time in Gothenburg in 2018. The festival began on 27 July in Stockholm and finished in Gothenburg on 14–19 August. The City of Gothenburg was involved in EuroPride in various ways as part of its work on human rights. As well as a great many local events, the City was for instance represented through some 20 different activities in EuroPride Park on Kungstorget. The City of Gothenburg LGBTQ Council hosted a politicians question time at the City Library. The City took part in the EuroPride Parade behind the banner *Göteborg – En stad för alla (Gothenburg – A city for all)*.

A honed mission to mobilise

EuroPride is based on the equal value of all people. Ahead of 2018 there was a honed mission throughout EuroPride year to implement a knowledge-enhancing mobilisation on human rights and equality. Many themed days were arranged for staff and managers at cultural institutions across the city. In the evenings the general public were invited to seminars, panel debates and performances, which highlighted issues relating to honour, racism, inclu-

sive equality, accessibility and LGBTQ matters. The study entitled *Normer som skaver/Norms that Chafe*, on the working environment for LGBTQ people in the City of Gothenburg, was also presented (see the *Significant personnel-related conditions* section).

As another part of its mission, the City of Gothenburg was also involved in 15 or so non-profit associations linked to various outreach events.

Knowledge enhancement on norms

As well as the focus on EuroPride, the year also saw knowledge-enhancing efforts on norms across the city, so as to highlight issues of equal and equivalent access to the City's services. For example, most years 7–9 classes have had activities on norms and gender. The focus has been on how social norms for masculinity can be questioned and changed. Activities supported by performing arts and training have focused on particular pupil and parent groups.

A unique survey has been performed on honour-related violence and oppression

The cities of Stockholm, Malmö and Gothenburg have jointly had Örebro University conduct an in-depth mapping of the extent and nature of honour-related violence and oppression in the three cities. The survey provided a lot of information for continued work on the right of everyone, and particularly children and young people, to a life free of violence. Apart from young girls, LGBTQ people and people with disabilities are some of the groups whose access to fundamental human rights in an honour context is particularly restricted.

Knowledge and recommendations from the mapping will be integrated into the City's plan for combating honour-related violence and oppression, which is planned for completion in 2019.

Support centre and commission for work against honour-related violence and oppression

An investigation into starting a support centre for people subjected to honour-related violence and oppression began in 2018, and will be presented to the City Executive Board during spring 2019. The City Executive Board also made a decision to appoint an external commission to look into shortcomings in cases related to honour-related violence and oppression. In 2019 the commission will work to ensure the City's operations detect and prevent children and young people from being subjected to deportation and forced marriage, for example.

City organises against racism

During 2018, work to formulate a plan to strengthen efforts against racism has gathered momentum. The current situation around racism is unsatisfactory, and a co-creation process began to give civil society and people with personal experience an influence over the problems, and the measures in the plan. A study into minorities' experience of racism in contacts with the City of Gothenburg as a service provider was carried out during the autumn. Based on the results, workshops were held with 90 participants from the City's organisation, civil society, several of the City Executive Board's councils and the youth council, to identify areas for development. The study and the plan will be presented during spring 2019.

The platform *Västsvrige mot rasism/West Sweden Against Racism* has been established in cooperation with the County Administrative Board and Region Västra Götaland. The work is taking place within the framework of the European Coalition of Cities against Racism (ECCAR) ten-point plan of action. In November, the City Management Office was tasked with producing an application for membership of ECCAR.

The City's work against antisemitism and racism

Following events of an antisemitic nature in autumn 2017, the City Executive Board decided that the city should strengthen its work against antisemitism. The process has encompassed knowledge-enhancing, promotional and preventive initiatives in schools to respond to intolerance and anti-democratic expressions.

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



Photo: Beatrice Törnros.

first time the City recognised Black Ribbon Day, in memory of the victims of Stalinism and nazism.

National minorities

School issues have been raised on the City of Gothenburg Council on National Minority Group Roma and the Sweden-Finnish Council. Education is one of the most important factors for achieving improved living conditions in the long term for the Roma population. The Sweden-Finnish Council has particularly highlighted revitalisation of the Finnish language, bilingual teaching in Finnish, and mother tongue teaching.

Action plans for national minorities were evaluated during the year. The evaluation indicates large differences in knowledge in the City regarding the minorities and legislation, that minority issues have a low priority and that the action plans are not known among City personnel. The action plans for national minorities will be revised during 2019.

Future issues

- » **Combat increased polarisation in Gothenburg**
- » **Help to ensure equal access to the City's services**
- » **Help to ensure that stereotypical norms are challenged in work against violence**

Public health

A number of activities were implemented to reduce the differences in health and life circumstances for the people of Gothenburg. Efforts relating to children and families were strengthened. Adolescent health clinics made efforts to become more accessible. Public health is a priority area in work on Equal Gothenburg.

Important improvement work for children and families

There was a collaboration with Region Västra Götaland during the year, aiming to improve the environment in which children and young people grow up by strengthening the family. The family-centred working method is now established in the City. It takes as its point of departure the entire family and their life circumstances, and is characterised by a health-promoting perspective that fosters people's strengths. The child's best interests come first, and the family should always feel that they have come to the right place with their questions.

Another family centre opened in 2018, in Sannegården. A family centre includes an open pre-school, a children's healthcare centre, social workers and a midwife clinic. Some of the family centres also include other services such as libraries and public dental care.

For families with the young babies, work on expanded home visits has begun. Beginning in particularly prioritised areas, all parents who have their first child in Sweden are offered six home visits rather than two. The initiative is conducted by children's healthcare centres and social services, and is a collaboration with Region Västra Götaland.

Investment in adolescent health clinics

In 2018 the six adolescent health clinics in Gothenburg received just over SEK 7 million from the state for mental-health initiatives. Work on mental health, both at the clinics and in outreach activities with schools, for instance, has been strengthened. The adolescent health clinics have also worked to increase accessibility, partly by introducing 1177 Vårdguiden (the phone/online health guidance service), and have also made efforts to reach vulnerable young people

spending time in Nordstan shopping centre. There have also been initiatives on targeted group activities for young people who have been sexually abused.

Online training

A web training course on equal health was launched in June 2018. The training is available to everyone, but is primarily intended for people working in the City of Gothenburg and Region Västra Götaland. The aim is to present why we work for greater equality, what differences look like in Gothenburg, and what we are doing to reduce them. Two in-depth courses were also developed during the autumn, one on the family-centred working method and one on the mobilisation issue entitled *Staden där vi läser för våra barn/The city where we read to our children*.

An equal city

A city-wide project called Equal Gothenburg, is under way, organised in a coordination group and the following five focus areas:

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

Future issues

- » Even out differences in life circumstances and health for the people of Gothenburg



Photo: Lo Birgersson.

Children

The City's work on culture and recreation relates to the Convention on the Rights of the Child, and has made a big difference to the children and young people of Gothenburg. The convention establishes that children are individuals with their own rights that span all areas. "States Parties recognize the right of the child to rest and leisure, to engage in play and recreational activities appropriate to the age of the child and to participate freely in cultural life and the arts."

Culture and recreation for an equal city

Many children are happy with their free time but the feeling of not being safe is a challenge, especially for children and young people of foreign background or young LGBTQ people. Gothenburg shall be a socially sustainable and equal city that contribute to a good life for everyone. Culture and meaningful leisure time are something to which all children have a right, regardless of their background and circumstances.

During the year, the City has worked actively with young people, clubs, societies and other parties to ensure that Gothenburg is a good city for all young people to live in. Culture School has striven for increased accessibility, participation and empowerment. A plan has also been adopted that provides a direction for how the City's leisure-related operations should work. Having positive, creative activities increases young people's ability to influence their lives. Open activities have been developed, and everybody is welcome without the need for pre-registration.

Investing in children here and now

As many as 79,000 children took part in summer holiday activities, partly thanks to the government funds which made many of the free activities offered by the City in collaboration with clubs and associations possible. Half of the children who took part tried a new activity and moved around in a new part of the city.

More children, along with their adults, have visited the city's libraries. Reading out loud early on in life is an investment in the future. The city's public libraries made a concerted effort by giving book gifts and arranging activities for children and young people. Activities have been developed for, with and by the children themselves. The 'reading autumn holiday' was an opportunity for the libraries to offer a broad range of books for children and young people, inspiring them to read themselves. The youngest children were prioritised through the *Bokstart/Bookstart* and *Läs hjärta förskola/Read Heart Pre-School*. *Bookstart* is based on library staff visiting families with newborn babies with book gifts and a conversation about

the importance of reading.

In some of the City's schools, the premises have been used after school hours to create leisure activities within the framework of the *Skolan som arena/School as Arena* project, together with pupils, parents, civil society and the business community. The aim has been to increase school attendance and improve school results. Evaluation of the project is ongoing.

Leisure for all children and young people

An investigation has been conducted into how young people with disabilities can more extensively than at present take part in ordinary leisure activities. The results showed that there must be a functioning chain from the point at which the young person seeks information about what they can do in their free time, get themselves to the activity, feel welcome, participate on equal terms, get back home and have a desire to take part again. A helicopter perspective helps the young person be able to take part and feel safe.

At a dialogue meeting between the City Council and the City Executive Board, young people outlined how the city could be better at striving for full participation for children and young people with disabilities. Some of the tips are: "Make adaptations everywhere so we can go with our friends." "Remember you can't always see that someone has special needs." "Start early, don't let pupils fail." "Listen to the child and the parents, they know best."

Future issues

- » Prepare for the Child Convention to become law in 2020
- » Develop efforts to make the City's leisure activities accessible for everyone

3

**Gothenburg
Municipality
Financial
analysis**

Gothenburg Municipality Financial analysis

69 Financial analysis of Gothenburg Municipality

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

76 Good financial management, balanced budget requirement analysis and earnings equalisation reserve

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

78 Financial key figures – the Municipality

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

79 District committees – Financial performance

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

80 Departmental committees – Financial performance

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

81 Operational accounts

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

82 Investment accounts

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

Financial analysis of the Municipality

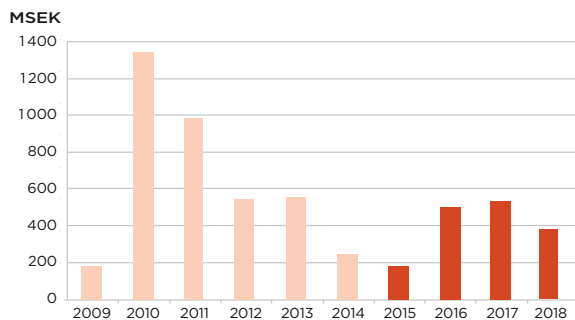
Gothenburg Municipality reported structural earnings of SEK 364 million for 2018. The financial margins thus decreased in comparison with the past few years, while the future financial challenges facing the Municipality are increasing further. Bottom-line earnings were SEK 1,792 million. The volume of investment, which increased in relation to the previous year, is rising as Gothenburg is facing urban development on a large scale.

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

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

NET EARNINGS FOR THE YEAR AND EARNINGS TREND

Structural earnings

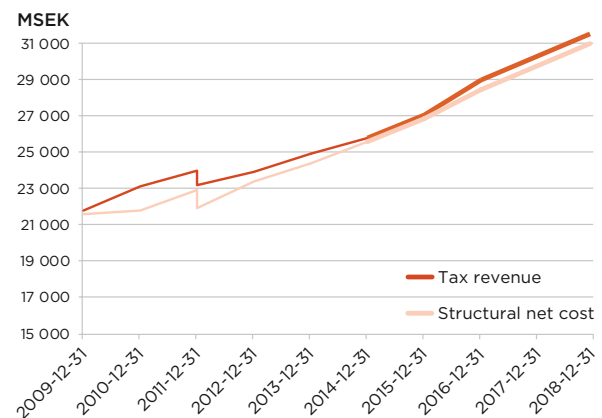


Gothenburg Municipality reported bottom-line earnings of SEK 1,792 million for 2018. In order to see the underlying ongoing operating earnings and analyse what this figure means in the longer term, earnings are also reported excluding various non-recurring items, i.e. structural earnings. The diagram shows structural earnings over a longer period. Net earnings for the year were SEK 364 million, and this means the financial margins are lower than in the past two years.

Structural earnings equate to 1.2% of the combined tax revenue and municipal financial equalisation, which is the same as an average over five years.

DEVELOPMENT OF TAX AND NET COSTS

Development of tax revenue and net costs



The surplus in the income statement means that the combined net operating expenses are lower than tax revenue and general state subsidies. This revenue increased by 2.9% in 2018, which is lower than the previous year's increase of 5.0%. The average development of tax revenue and state subsidies has been 4.3% over a 10-year period. Structural net costs during the corresponding period increased by 4.5% a year on average. The diagram above shows the difference between tax revenue combined with state subsidies and net operating expenses.

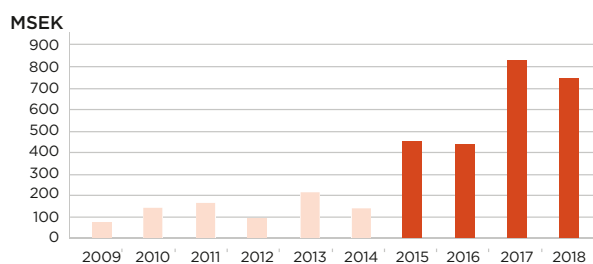
The development of tax revenue now shows a break in the trend and past assessments of lower positive development, along with the challenges that the municipality is facing, are starting to manifest. Given the plans for increased investments and costs as a result of demographic development, the financial margins will be small.

Non-recurring items

Non-recurring items comprise extraordinary items and items affecting comparability, such as capital gains from property sales and dividends from companies. Non-recurring items for the year amounted to SEK 1,427 million, compared with SEK 1,594 million the previous year. Capital gains on property sales have increased dramatically in recent years, while dividends from the municipal companies totalled SEK 767 million for 2017 and SEK 810 million for 2018.

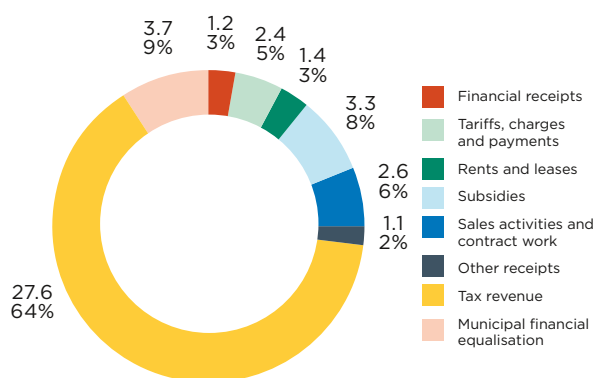
Capital gains for the year for property transactions amounted to SEK 739 million, which is a fall on the previous year's figure of SEK 824 million. From a historical perspective, the capital gains from recent years are high; see the diagram below.

Capital gains (MSEK)



REVENUE AND EXPENSES FOR THE YEAR

Revenue (SEK bn and as a percentage)

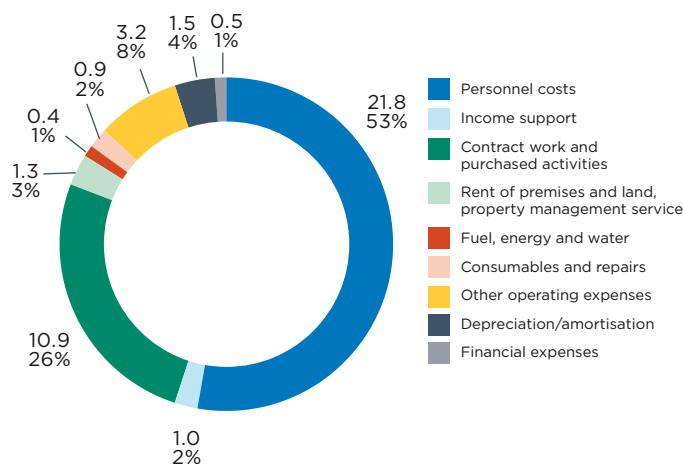


The committee sector's revenue totalled SEK 42.1 billion in 2018, which is an increase of 6.7% on the previous year. Tax revenue and the municipal financial equalisation jointly form the largest revenue item of SEK 30.3 billion, and this figure increased by SEK 1.5 billion (5.0%)

between the two years. The Municipality's other revenue increased by SEK 1.2 billion. The large change can mainly be attributed to increased financial revenue in the form of dividends and revenue related to land development.

Municipal tax was unchanged from 2017 at 21.12%. County council tax to Region Västra Götaland was also unchanged at 11.48%. The average municipal tax rate was 21.30% in the region and 20.74% in Sweden.

Costs (SEK bn and as a percentage)

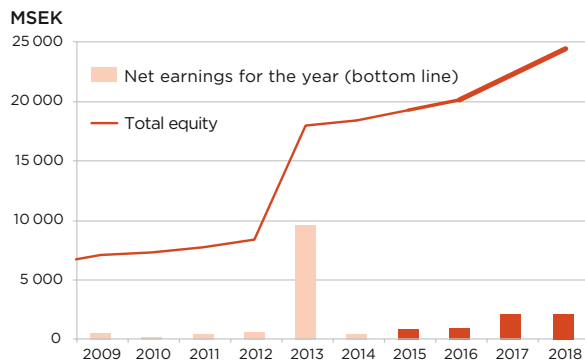


Total costs for the year amounted to SEK 41.5 billion, an increase of 3.8%. Personnel costs, which constitute the single largest item, increased by 4.9% between the two years. This is primarily an effect of both more employees and salary increases for the year. In terms of full-time equivalents, a parameter that states time worked, the increase was almost 300 full-time equivalents or just under 1.0%. In the previous year, the increase was just under 1,050 full-time equivalents, corresponding to 2.7%. Income support decreased for the fifth year in a row, and during the five-year period a reduction of SEK 181 million or just over 15% has been achieved. Operating expenses, which include costs for premises and purchases of materials, services and consumables, increased by 4.4%. Costs for premises account for a large part of this increase.

Just over 26% of the Municipality's total costs comprise the purchase of main activities, i.e. the purchase of places at e.g. independent pre-schools and schools, plus contract work within elderly care.

DEVELOPMENT OF EQUITY AND THE EQUITY/ASSETS RATIO

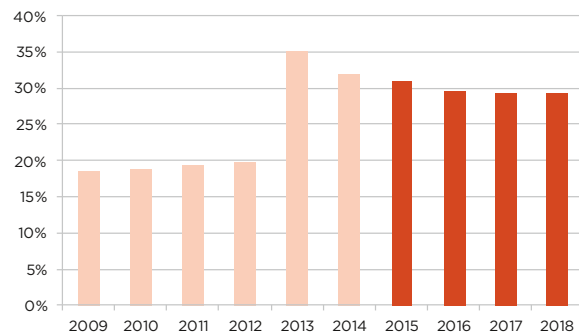
Development of equity



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

Gothenburg Municipality's equity was strengthened by net earnings for the year of SEK 1,792 million and amounted to SEK 24.1 billion as of 31 December 2018.

Equity/assets ratio as per the balance sheet

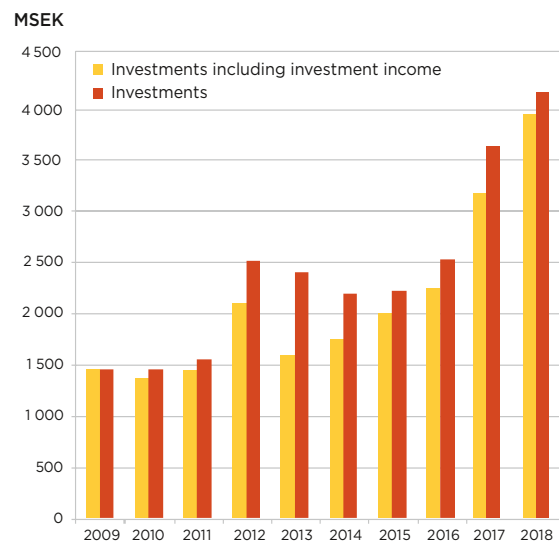


The equity/assets ratio is a measure of the Municipality's long-term financial manoeuvrability. It shows what percentage of the Municipality's assets has been financed through tax revenue. The diagram above shows the development of the equity/assets ratio using the so-called mixed model, in which certain pension obligations are recognised outside of the balance sheet. For 2018, the equity/assets ratio was 29.3% and was therefore unchanged in relation to 2017. In 2013, the equity/assets ratio was much strengthened due to the aforementioned effect on earnings from restructuring in the company sector. Since then, there has been a reduction in spite of positive financial performance and an increase in equity. This is

because equity decreased somewhat in relation to the increase in total assets. The increase in total assets can in turn largely be attributed to the fact that borrowing for the whole Municipality is now handled centrally for both the Municipality and the company sector in the Municipality's internal bank. The assets side now also includes certain investments and the Municipality's leases entered as a property, plant and equipment asset. In the combined accounts for the Municipality, in which internal dealings are eliminated, the equity/assets ratio is developing positively and therefore following more of an expected improvement linked to the positive earnings trend (see Block 4 Financial analysis of the combined accounts).

INVESTMENTS

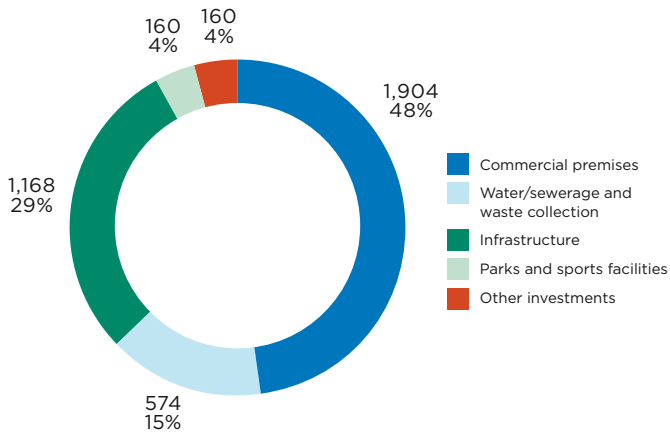
Investments



Gothenburg Municipality's total volume of investment is increasing and amounted to SEK 4.3 billion for the year. This figure was SEK 1.1 billion lower than the committees' total budget. This is due to the fact that projects have been postponed. The reason for this is mainly a lack of the right expertise, delays in permit processes and a shortage of external contractors. Some of the volume of investment has been financed through investment income totalling SEK 0.4 billion. This means that SEK 3.9 billion of the volume of investment had to be financed through the City's own funds. The diagram above illustrates how, overall, investments have increased over time. Net investments for the year amounted to almost 10% of the Municipality's gross costs, which is an increase of just over one percentage point compared with the previous year.

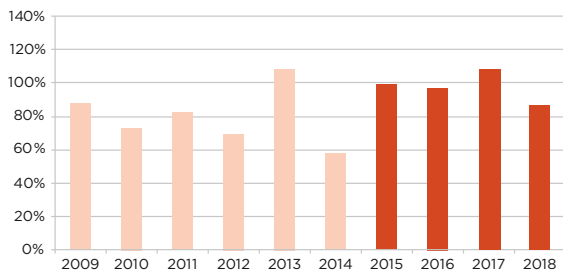
Financial analysis of the Municipality

Investment expenditure (MSEK and as a percentage)



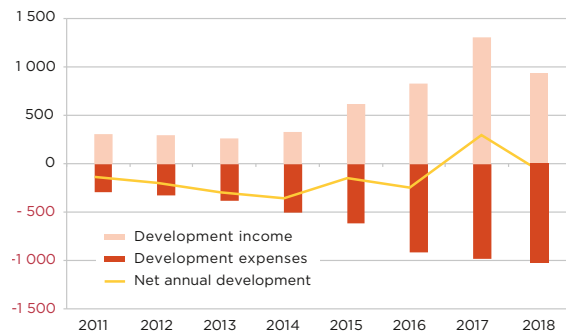
The diagram above shows that almost half of the investments for the year were in operating premises, with pre-schools, primary and secondary schools, sixth-form colleges, elderly care and buildings with special service accounting for the largest activities. Investments in water/sewerage-related activities were 15% and investments in infrastructure related to land development activities were 29%.

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



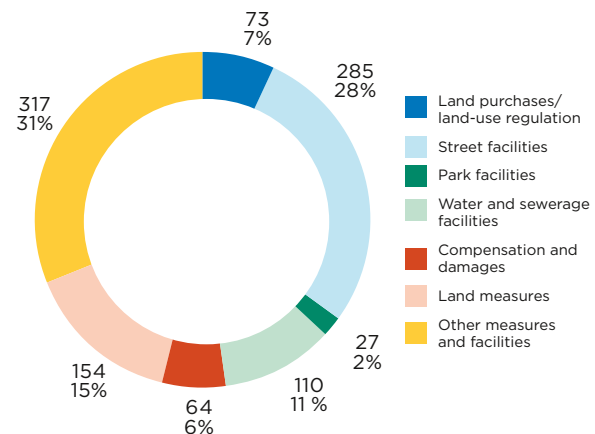
The level of self-financing for investments during the year measures what percentage of the investments can be financed through the tax revenue remaining after operating activities have been financed. Despite increased net investments, the level of self-financing has been high in recent years, as increased capital gains on property transactions, coupled with increased depreciation/amortisation, play a major role in keeping it at a high level. For the past two years, dividends from the companies have also contributed to this. For 2018, the level of self-financing has fallen, which will be the reality from now on since investments are increasing and this situation may be exacerbated further by a reduction in earnings.

Annual development outcome (MSEK)



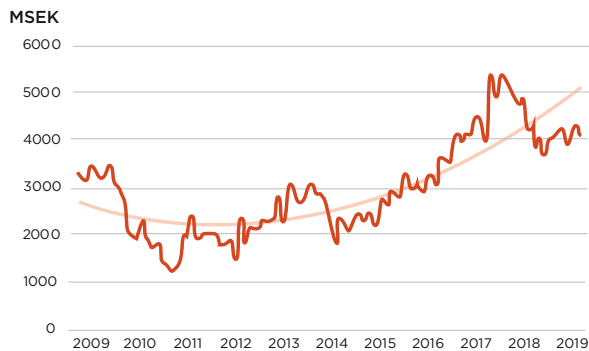
The extensive urban development that the Municipality is carrying out suggests historically high expenditure, although expenditure for 2018 was lower than in 2017. It is worth noting that the income side only reports income from the sale of land and developer contributions. In cases where the Municipality grants the use of land in the form of site leaseholds, its operation receives annual income. The development finances reported a negative cash flow of SEK 128 million for 2018 and seen over a period of time from 2010, there has been an average negative cash flow of just over SEK 30 million each year (see diagram above).

Development measures by type (MSEK and as a percentage)



Measures that fall under development activities include land purchases and the construction of street, park and water/sewerage facilities. Expenditure in the form of damages and compensation can arise when e.g. a site leasehold expires and an operation has to be relocated. Land-related measures include archaeological surveys and stability measures. Other measures and facilities cover the relocation of pipes and the expansion of other facilities. Most of this is mainly allocated to work related to over-decking the Götaleden city tunnel link.

Development of net borrowing



The diagram above illustrates how net borrowing has changed over a 10-year period. Net borrowing is defined as the internal bank's borrowing less lending to the companies and liquidity invested in the market. Borrowing reveals the Municipality's flow of liquidity and constantly fluctuates depending on events in operation. It is strongly affected by operating earnings in the operation, volume of investment and large, individual liquid items. Property sale transactions, the receipt of large state subsidies and payments for defined-contribution pensions are some of the items responsible for the major changes. The curve in the diagram gives a general idea of how net borrowing fell in 2009 and 2010 and then increased again subsequently. In 2016 and 2017, borrowing increased as a result of the Swedish Migration Agency's debt to the City increasing temporarily. Borrowing at the end of the year was marginally lower than in the previous year. The continued high level of self-financing for the investments contributes to borrowing not increasing by more than can be expected at the high levels of investment.

Budget performance

The City Council budgeted for a surplus of SEK 100 million for 2018. One condition for achieving this result was a dividend of SEK 810 million from the companies. The committees, which had budgeted for a deficit of SEK 107 million, ultimately reported a surplus of SEK 344 million, resulting in a positive deviation of SEK 451 million. There are several reasons for the positive performance. Some important reasons are that the state subsidies received from the Swedish Migration Agency have been higher than previous assessments and that, due to the establishment of the new administrations, it has not been possible to fully complete recruitment for or structure the

organisation. Lower capital costs than budgeted for due to postponed investments have also played a part. If this result is set against the committees' total costs of SEK 41.5 billion, the deviation was 1.1% and based on this the deviation is deemed to be marginal in relation to the scope of the committees' assignments.

A surplus of SEK 20 million was reported at central municipal level, which equates to a positive deviation of SEK 623 million. One reason for this is a surplus for the internal bank, which is because of lower net borrowing as a result of planned investments being postponed and the interest rates being lower than what was assumed in the budget. The provisions created in the budget for the committees' use of equity and for increased capital costs have not been fully utilised, which is why this item also contributes to the positive deviation.

The Municipality's positive deviation compared with the budget can also largely be explained by gains from property sales amounting to SEK 739 million. This item was not budgeted for and is excluded from the balanced budget requirement analysis.

The interim accounts in August forecast earnings of approximately SEK 1,430 million, and in the follow-up in October the forecast was raised to SEK 1,550 million. The main reasons for the difference between this year's net earnings of SEK 1,792 million and the forecasts were higher state subsidies received at central municipal level, as well as the committees' improved performance in the autumn.

Summary analysis

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

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

The financial challenge for the future is to meet the high investment requirements of upcoming









urban development and increased costs due to changes in demographics. Unlike in recent years, the structural net costs are increasing more than tax revenue, which is considered to be a financial risk.

An unchanged level of earnings entails a risk of requiring a high level of borrowing to finance investments, which in turn may result in higher efficiency demands in operating activities.

From a forward-looking perspective, it is important to evaluate what level of earnings is required in relation to tax revenue, and thereby the scope of the operation, to ensure continued good financial management.

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

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

Comments		
 	Net earnings	Gothenburg Municipality has reported positive earnings for a number of years, but the significance of capital gains and dividends from the municipal companies on earnings has increased in recent years. To date the Municipality has met the balanced budget requirement every year.
 	Development of tax and net costs	The financial margin between the structural net costs and tax revenue fell for 2018 and the increase in the net cost is higher than the increase in tax revenue.
 	Level of financing for investments	The volume of net investments has gradually increased in recent years, but strong net earnings for the year mean that the level of self-financing remains high. However, there was a fall between 2017 and 2018.
 	Equity/assets ratio	The Municipality's equity/assets ratio is its equity as a percentage of total assets, and it illustrates what proportion of the Municipality's assets are financed through equity. This parameter is relatively stable and is approximately 30%.

 Acceptable value/control  Low value/risk

 Constant/varying trend  Increasing trend  Decreasing trend

Budget performance

Amounts in MSEK	Budget 2018	Actual 2018
Earnings, committees	-107	344
Earnings, central municipal items	-603	20
Earnings before non-recurring items	-710	364
Items affecting comparability	0	-122
Capital gains	0	739
Dividends from companies	810	810
Earnings	100	1,792



Photo: Mika Aberra/Göteborg & Co.

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

Gothenburg Municipality achieved the statutory balanced budget requirement with earnings excluding capital gains of SEK 1,053 million and has thereby met the requirement every year since its introduction in 2000. The balanced budget requirement analysis for the year meant that SEK 740 million could be allocated to the earnings equalisation reserve (EER).

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

Summary assessment of good financial management

The development of the six focus areas in the financial perspective for good financial management must be assessed as a whole and over time. Four of the focus areas can be measured against a desired level, or target, while two of them depend more on responsibility issues and good rules of procedure (focus areas four and five). The assessment after 2018 is that the targets have been met for five of the focus areas, while the target for focus area three has partially been met.

The first block, the Administration Report, provides an assessment of how the City Council’s operational goals have been achieved. Most of the goals have been assessed as met to a certain degree. One goal has been assessed as met, while

the assessment for one of the goals is that there has been no increase in goal achievement. The City Council’s goals are long-term and ambitious, and this means that the assessment of a certain degree of goal achievement and the assessment of the six focus areas in the financial perspective provides the overall assessment: Good financial management is deemed to prevail in the City of Gothenburg.



Photo: Lo Birgersson.

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

Focus areas	Earnings
1. In the long term, the City strives to achieve an earnings surplus corresponding to at least 2% of the Municipality's tax revenue and municipal financial equalisation. Earnings should be compatible with the City's risk exposure.	Net earnings for the year equalled 5.7% of the Municipality's tax revenue and municipal financial equalisation. The average over a five-year period is 4.1%. Generally speaking, earnings of 2-3% are considered good financial management because this level of earnings provides scope to finance the majority of the normal investment volume in a municipality over a long period. The focus area of surplus earnings of at least 2% is considered to be achieved both for 2018 and over time. Earnings excluding items affecting comparability, capital gains and dividends amounted to SEK 364 million, which corresponds to 1.2% of the Municipality's tax revenue and municipal financial equalisation.
2. In the long term, the City must ensure that volumes of investment are compatible with the City's long-term financing capability. The goal is a high level of self-financing.	Gothenburg Municipality's net investments totalled SEK 3.9 billion in 2018, which is a significant increase compared to levels in previous years. Over the past 10 years, investment expenditure has averaged SEK 2 billion. Despite the increase in investment level, the level of self-financing is high, namely 83.3%. Levels below 100% will result in a need for increased borrowing to part-finance the investments. However, it is likely that the level of self-financing will fall slightly when the investment volumes are higher than what is considered to be normal.
3. In the long term, the City aims to carry out urban development within the framework of good financial management.	The goal of the City's land development activities being conducted within the framework of good financial management should be viewed over time. Land development activities in 2018, which generated revenue of SEK 1 billion, had a negative cash flow of SEK 128 million after deductions against income. The average annual cash flow from 2010 onwards is negative in excess of SEK 30 million. This corresponds to a deviation of around 5%, which may be assessed as reasonable in terms of this focus area.
4. In the long term, the City intends to measure and secure the financial commitments associated with owning the City's companies.	Göteborgs Stadshus AB works actively to develop procedures for times when company decisions of a fundamental nature or of great importance have to be subordinate to the City Council in accordance with provision 10:3 of the Swedish Local Government Act. For example, in 2018 the City Council decided on the Port of Gothenburg's logistics strategy and the expansion of Gothenburg City Theatre.
5. When making important decisions on entering long-term commitments in any form or disposing of property, the City has to assess the financial consequences for the City's ability to maintain good financial management.	The budget for the City of Gothenburg states that any decision to change the City's operations and commitments must take place on a decision basis that highlights financial consequences for the City in the longer term. The reason for this is to ensure sustainable economic development in the long term.
6. In accordance with special regulations, the City may use the earnings equalisation reserve to offset changes in external conditions due primarily to economic fluctuations.	Based on previous years and net earnings for the year, Gothenburg Municipality's balance for the earnings equalisation reserve is SEK 2,609 million. The provision enables the City to handle quickly arising losses of income resulting from external changes in order to meet the balanced budget requirement. This increases the City Council's ability to handle a rapidly deteriorating economic climate. The intention of this focus area has been met.

Balanced budget requirement analysis

Amounts in MSEK	2015	2016	2017
Net earnings for the year	938	2,128	1,792
Less all capital gains	-436	-824	-739
Certain capital gains applying exception options	-	-	-
Certain capital losses applying exception options	-	-	-
Unrealised losses on securities	-	-	-
Reversal of unrealised losses on securities	-	-	-
Net earnings for the year after balanced budget requirement analysis, before allocation to EER	502	1,304	1,053
Funds to earnings equalisation reserve (EER)	-212	-1,000	-740
Funds from earnings equalisation reserve (EER)	-	-	-
Balanced budget requirement result for the year after allocation to EER	290	304	313

Balanced budget requirement and earnings equalisation reserve

The balanced budget requirement means that municipalities and county councils cannot adopt a budget where costs exceed income. If earnings at the end of the year turn out to be negative, this must be offset by surpluses within three years. A balanced budget requirement analysis is conducted annually to establish whether the requirement has been met. According to the analysis, the Municipality fulfilled the statutory balanced budget requirement in 2018 with earnings excluding capital gains of SEK 1,053 million.

Financial key figures

Per cent	2014	2015	2016	2017	2018
Tax revenue trend	3.6	4.8	7.0	5.0	2.9
Net cost trend excl. items affecting comparability	4.2	4.8	6.0	0.9	4.4
Proportion of running costs	100	97	97	93	94
– of which operating income and expenses (net)	95	93	92	90	92
– of which planned depreciation/amortisation	3.4	4.3	4.3	4.6	4.8
– of which net financial items	-0.5	0.4	0.5	-2.0	-2.3
– of which non-recurring items affecting comparability	1.8	-0.7	0.0	0.0	-0.4
Net earnings for the year excl. items affecting comparability and extraordinary items / tax revenue and municipal financial equalisation	2.4	2.3	3.2	7.0	6.1
Net earnings for the year / tax revenue and municipal financial equalisation	1.5	3.0	3.2	7.0	5.7
Level of self-financing for the year's gross investments	46	89	86	93	75
Gross investments / gross costs	6.8	6.5	6.8	9.9	11.0
Level of self-financing for the year's net investments	58	99	97	106	83
Net investments / gross costs	5.4	5.8	6.1	8.7	9.9
Net investments / depreciation and amortisation	-200	-173	-181	-209	-264
Equity/assets ratio as per the balance sheet	32	31	30	29	29
Equity/assets ratio incl. all pension obligations	11	12	13	15	16
Total debt/equity ratio and degree of provision	68	69	70	71	71
– of which degree of provision	6.0	5.6	5.1	4.9	4.9
– of which short-term debt/equity ratio	27	25	22	19	24
– of which long-term debt/equity ratio	35	39	44	47	41
Primary municipal tax rate (%)	21.12	21.12	21.12	21.12	21.12
Acid-test ratio	70	81	111	103	57
Net financial assets (MSEK)	-6,074	-8,021	-10,550	-11,206	-12 638
Net borrowing (Municipality's interest-bearing debt) (MSEK)	-2,518	-3,315	-4,514	-4,260	-4,154

The comparative figures for 2017 have been adjusted as an effect of corrections for accumulated depreciation and investment expenses for financial leases, see note 19. Key figures for other previous years have not been adjusted.

District Committees, Pre-school Committee, Compulsory School Committee – financial performance

Since 2011, Gothenburg has been divided into 10 district committees. These committees are responsible for elderly care, medical care in the home, individual and family care and activities for disabled people, as well as local cultural and leisure activities. Up until June 2018, the district committees were also responsible for pre-schools, compulsory schooling, special needs schools and before-/after-school recreation centres. From 1 July 2018, responsibility for these was transferred to two new committees, the Pre-school Committee and the Compulsory School Committee.

Financial performance

The district committees faced a major challenge in 2018, namely adapting management, support and development resources to a smaller operation following the transfer of pre-school and school focus areas to new committees. In addition to this, in 2017 the committees had used additional resources meant for the school focus area to finance increased costs in individual and family care. These resources were transferred to the Compulsory School Committee from the second half of the year. In spite of this, the district committees almost broke even in 2018. The deficit of SEK 20 million corresponds to less than 0.1 per cent of the committees' revenue.

Although the economic situation is stable for the district committees as a whole, there was relatively high variation between them. Financial performance ranged from a surplus of nearly SEK 50 million for Östra Göteborg to a deficit of almost SEK 40 million for Västra Göteborg.

The situation for Örgryte-Härlanda is particularly alarming. It reported a deficit of SEK 34 million, which together with the negative performance of the previous year resulted in negative equity of SEK 18 million.

The Pre-school Committee and Compulsory School Committee reported a surplus of SEK 39 million and SEK 88 million respectively. This is partly because the committees have not yet reached full staffing levels in relation to management, support and development resources.

Reduced cost trend, especially in individual and family care

The total net increase in costs was further reduced

in 2018 and was the lowest since 2010. In particular, the increase in individual and family care was low after several years with a high cost trend. The net costs of care for children and young people were unchanged compared to 2017, while for adult care there was an increase of 5%. This can be compared to net cost increases of 6 and 12% respectively in 2017.

The low cost increase in individual and family care was a prerequisite for successfully managing other operations within the financial framework while maintaining service and quality levels.

Net earnings for the year

Amounts in MSEK	Net cost	Municipal subsidy	Net earnings for the year
District committees' population framework	18,764	18,744	-20
Allocations to Committee for Allocation of Social Welfare	201	202	1
Pre-school Committee	1,971	2,009	39
Compulsory School Committee	3,577	3,665	88
Total	24,513	24,620	108

Change in net cost

Change as a percentage	2016	2017	2018
Pre-school	4,3	4,3	4,5
Compulsory school, special needs school and school care*	10,0	7,0	6,5
Elderly care	5,4	3,5	3,2
Individual and family care	7,0	4,7	1,1
Disabilities	5,1	4,0	4,6
Total all activities	6,7	4,9	4,1

Includes Committee for Allocation of Social Welfare data; 2016 and 2017 data have been corrected.

Departmental committees

– financial performance

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

Financial performance

Approximately two thirds of the departmental committees' financing come from income within the Municipality or from external income, a total of SEK 11.4 billion during the year. Approximately one third is financed through municipal subsidies, which amounted to SEK 6.5 billion. Net earnings for 2018 came to SEK 236 million, which is SEK 245 million higher than budgeted. The departmental committees have achieved positive financial performance in recent years, with net earnings of around SEK 150 million. Net earnings and the deviation from the budget are thus higher than in previous years. The surplus is largely due to some roles not being filled and a shortage of expertise, resulting in some targets not being met fully. The departmental committees' equity at the end of the year was SEK 749 million.

Some committees reported negative earnings; the Property Management Committee cites costs linked to the Swedish Settlement Act and the Municipality's obligations to arrange temporary accommodation for newly arrived refugees as a contributory factor. These costs have not been included in the Committee's budgetary framework, but will be assessed by the City Executive Board in connection with the annual accounts.

The Committee for Allocation of Social Welfare deviated most positively from its budget. The main reason for this is that compensation from the Swedish Migration Agency has exceeded the claims that the administration has submitted to the Agency.

Overall, most of the committees report not all roles being filled and a shortage of expertise both internally and on the market, which is the main explanation for the positive performance of the other committees. In urban development, many projects are being postponed, which is why the costs will also be incurred later than planned.

Despite a positive financial performance for the year, the assessment of several committees is that in 2019 and beyond there will be a need for clear priorities in order to successfully manage their activities within the current financial framework.

Continued reduced increase in costs

The departmental committees have reported a relatively high gross increase in costs for several years. In 2017, a change was made to the accounts (component accounting) that reduced operating costs by approximately SEK 250 million for the departmental committees. The same effect applies to 2018, which goes some way to explaining the reduced increase in costs. The rate of investment increased during the year but it has not yet had much impact in the income statement, partly because it takes time for ongoing investments to be capitalised and partly because many investments are depreciated over a long period of time. In the long run, however, the departmental committees' depreciation costs and interest expenses will increase.

Investments

The committees' investment expenditure (excluding leases) totalled SEK 4 billion in 2018, an increase of SEK 0.6 billion on the previous year. The Commercial Premises Committee and Road Traffic Committee account for the majority of investments for the year. 2018 saw major investments in e.g. pre-schools and compulsory schooling, investments related to the West Sweden Package and investments related to water and sewerage. The committees' investment budget for 2018 was SEK 5.4 billion. The investments were thus not carried out at the rate planned, despite the increase in relation to the previous year. Several major investments were postponed and will instead be charged to future years.

Net earnings for the year

Amounts in MSEK	Net cost	Municipal subsidy	Net earnings for the year
Total for departmental committees	-6,281	6,517	236

Increase in costs

Change as a percentage	2016	2017	2018
Gross cost	8.2	3.9	3.0
Payroll expense	10.6	6.0	5.3

Operational accounts

Amounts in MSEK	Revenue	Costs	Net costs	Municipal subsidy	Net earnings for year	Closing equity
DISTRICT COMMITTEES						
Angered	457	-2,890	-2,433	2,446	13	107
Östra Göteborg	419	-2,600	-2,181	2,230	49	93
Örgryte-Härlanda	699	-2,423	-1,724	1,689	-34	-18
Centrum	372	-1,739	-1,367	1,358	-9	42
Majorna-Linné	596	-2,270	-1,674	1,664	-10	36
Askim-Frölunda-Högsbo	567	-2,775	-2,209	2,250	41	110
Västra Göteborg	567	-2,448	-1,881	1,843	-38	19
Västra Hisingen	493	-2,570	-2,076	2,062	-14	76
Lundby	420	-1,831	-1,411	1,401	-10	16
Norra Hisingen	456	-2,264	-1,808	1,801	-8	20
Allocations to Committee for Allocation of Social Welfare	43	-244	-201	202	1	19
TOTAL FOR DISTRICT COMMITTEES	5,088	-24,053	-18,965	18,946	-19	521
Pre-school Committee	163	-2,134	-1,971	2,009	39	109
Compulsory School Committee	298	-3,875	-3,577	3,665	88	158
TOTAL FOR DISTRICT COMMITTEES, PRE-SCHOOL AND COMPULSORY SCHOOL	5,549	-30,061	-24,513	24,620	108	788
DEPARTMENTAL COMMITTEES WITH A SPECIAL FOCUS AREA						
Planning and Building Committee	212	-344	-132	127	-5	12
Property Management Committee	564	-630	-66	54	-12	5
Sports and Associations Committee	132	-581	-449	454	4	30
Purchasing and Procurement Committee	64	-55	8	8	17	21
Municipality Management	236	-545	-310	327	17	25
Committee for Consumer and Citizen Services	67	-126	-59	60	1	8
Cultural Affairs Committee	125	-530	-405	406	1	16
Commercial Premises Committee	2,912	-2,720	192	-177	15	63
Environmental and Climate Committee	55	-138	-83	92	9	13
Committee for Intraservice	863	-885	-22	23	1	12
Parks and Landscape Committee	482	-741	-259	256	-3	21
Committee for Allocation of Social Welfare	673	-1,363	-689	766	76	126
Road Traffic Committee	2,115	-2,836	-720	753	33	110
Education Committee	1,023	-2,947	-1,925	1,957	32	112
Election Committee	11	-26	-15	17	1	2
Labour Market and Adult Education Committee	306	-991	-686	708	22	50

Operational accounts – Gothenburg Municipality

DEPARTMENTAL COMMITTEES WITH ACTIVITIES FINANCED BY TARIFFS

Eco-cycle and Water Committee	1,536	-1,519	16	0	16	100
Amounts in MSEK	Revenue	Costs	Net costs	Municipal subsidy	Net earnings for year	Closing equity
OTHER DEPARTMENTAL COMMITTEES AND ALLOCATIONS						
Archives Committee	40	-58	-18	21	4	12
Business Region Göteborg AB	0	-28	-28	28	0	0
Property Management Committee: Transfers	0	-66	-66	73	7	7
GBG & Co Träffpunkt AB	0	-116	-116	116	0	0
Sports and Associations Committee: Adult education associations	0	-31	-31	31	0	0
Auditors' Office	5	-37	-32	33	2	4
Greater Gothenburg Rescue Services	0	-334	-334	334	0	0
Safe beautiful city	0	-33	-33	33	0	1
Chief Guardians' Committee: Fees	6	-29	-23	21	-2	-2
TOTAL FOR DEPARTMENTAL COMMITTEES	11,425	-17,707	-6,281	6,517	236	749
TOTAL FOR COMMITTEES	16,974	-47,768	-30,794	31,138	344	1,537
Central municipal items	32,908	-1,750	31,158	-31,138	20	22,555
Earnings before non-recurring items	49,882	-49,518	364	0	364	24,092
Dividend	810	0	810	0	810	0
Capital gains on property sales	739	0	739	0	739	0
Other items affecting comparability	0	-122	-122	0	-122	0
Total for whole municipality	51,431	-49,640	1,791	0	1,792	24,092

Joint statutory authorities

Amounts in MSEK	Revenue	Costs	Net costs	Municipal subsidy	Net earnings for year	Closing equity
Greater Gothenburg Rescue Services	662	-682	-20	-	-20	95
Acquisition company for Gothenburg joint statutory authorities	282	-279	3	-	3	12
Non-controlling interest	-	6	6	-	6	-29
Total for joint statutory authorities	944	-955	-11	-	-11	78

The Greater Gothenburg Rescue Services reported a deficit due to a non-recurring cost of just over SEK 20 million, to settle right of use to the Färjenäs training area.

Investment accounts

Amounts in MSEK	Outcome 2018		Budget 2018*		Outcome 2016–2018		Forecast 2016–2019		Budget 2016–2019	
	Expenses	Income	Expenses	Income	Expenses	Income	Expenses	Income	Expenses	Income
Property Management Committee	-160	0	-369	5	-592	82	-1,050	90	-1,125	190
Development-related investments	-100	-	-142	-	-196	-	-409	-	-373	-
Tenant adaptations	-2	-	-15	-	-36	1	-63	1	-63	1
Investments within property management	-28	2	-106	-	-113	5	-245	5	-310	3
West Sweden Package	-31	-2	-107	5	-247	76	-333	84	-379	186
Sports and Associations Committee	-94	-	-158	-	-302	1	-539	1	-653	-
Reinvestments	-20	-	-19	-	-62	1	-104	1	-104	-
Changing facilities	0	-	-8	-	-2	-	-5	-	-19	-
Land improvements	-4	-	-6	-	-8	-	-18	-	-17	-
Sports halls	-48	-	-36	-	-91	-	-97	-	-122	-
Ice sports facilities	-2	-	-3	-	-50	-	-69	-	-94	-

Investment accounts – Gothenburg Municipality

Amounts in MSEK	Outcome 2018		Budget 2018*		Outcome 2016–2018		Forecast 2016–2019		Budget 2016–2019	
	Expenses	Income	Expenses	Income	Expenses	Income	Expenses	Income	Expenses	Income
Swimming and bathing facilities	-2	-	-13	-	-37	-	-51	-	-60	-
Athletics facilities	0	-	-5	-	0	-	-6	-	-63	-
Football	-5	-	-29	-	-16	-	-56	-	-44	-
Sports areas	-9	-	-29	-	-26	-	-100	-	-99	-
Takeover of association facilities	-4	-	-	-	-10	-	-10	-	-7	-
Other urban development	-	-	-11	-	-	-	-23	-	-23	-
Eco-cycle and Water Committee	-574	72	-488	-	-1,349	222	-1,931	-	-2,029	-
Drinking water production	-153	-	-144	-	-380	-	-485	-	-531	-
Drinking water distribution	-155	-	-102	-	-350	-	-428	-	-434	-
Sewerage department	-191	-	-154	-	-402	-	-640	-	-789	-
Water/sewerage modernisation areas	-15	-	-8	-	-17	-	-32	-	-16	-
Other investments	-22	72	-20	-	-74	222	-164	-	-80	-
General planned investments	-12	-	-33	-	-52	-	-56	-	-77	-
Total for water/sewerage	-547	72	-461	-	-1,275	222	-1,805	-	-1,927	-
Recycling and containers	-5	-	-9	-	-46	-	-59	-	-44	-
Closed landfill sites	-22	-	-18	-	-28	-	-66	-	-56	-
Other investments	-	-	-1	-	-	-	-1	-	-2	-
Total for waste collection	-27	-	-27	-	-74	-	-127	-	-102	-
Commercial Premises Committee	-1,904	6	-2,214**	6	-4,805	21	-7,311	-	-8,511	-
Pre-school	-410	1	-376	-	-888	3	-1,454	3	-2,151	-
Of which reinvestment	-66	1	-	-	-171	2	-237	2	-236	-
Of which new builds, extensions, conversions	-344	-	-376	-	-717	1	-1,217	1	-1,915	-
Compulsory schooling	-966	2	-850	-	-2,619	7	-3,907	7	-5,093	-
Of which reinvestment	-188	2	-	-	-491	6	-679	6	-678	-
Of which new builds, extensions, conversions	-778	-	-850	-	-2,128	1	-3,228	1	-4,415	-
Sixth-form colleges	-166	1	-145	-	-270	3	-519	3	-557	-
Of which reinvestment	-50	1	-	-	-128	3	-177	3	-177	-
Of which new builds, extensions, conversions	-116	-	-145	-	-142	-	-342	0	-380	-
Nursing homes	-128	1	-20	-	-305	3	-435	3	-661	-
Of which reinvestment	-100	1	-	-	-260	3	-360	3	-359	-
Of which new builds, extensions, conversions	-28	-	-20	-	-45	-	-75	0	-302	-
Special service homes	-142	-	-127	-	-355	1	-504	1	-551	-
Of which reinvestment	-28	-	-	-	-74	-	-103	0	-103	-
Of which new builds, extensions, conversions	-114	-	-127	-	-281	1	-401	1	-448	-
Other	-93	1	-18	-	-370	4	-494	4	-919	-
Of which reinvestment	-75	1	-	-	-194	3	-268	3	-267	-
Of which new builds, extensions, conversions	-18	-	-18	-	-176	1	-226	1	-652	-
Standard reduction (new builds, extensions and conversions)	-	-	-	-	-	-	-	-	1,421	-
Parks and Landscape Committee	-66	1	-90	-	-170	7	-317	-	-344	-
Development of play environments	-15	-	-21	-	-45	-	-71	-	-76	-
Development of parks and natural areas	-38	1	-59	-	-94	5	-208	-	-228	-
Tree planting	-8	-	-7	-	-21	2	-28	-	-28	-
Safe beautiful city	-5	-	-3	-	-10	-	-10	-	-12	-
Road Traffic Committee	-1,168	333	-2,040	531	-2,671	829	-3,975	1,511	-6,337	-2,057
Pedestrian-friendly city	-32	2	-39	-	-58	3	-94	3	-117	2

Investment accounts – Gothenburg Municipality

Amounts in MSEK	Outcome 2018		Budget 2018*		Outcome 2016–2018		Forecast 2016–2019		Budget 2016–2019	
	Expenses	Income	Expenses	Income	Expenses	Income	Expenses	Income	Expenses	Income
Bicycle-friendly city	-65	5	-114	21	-95	5	-363	22	-404	34
Public transport-friendly city	-19	1	-76	7	-53	8	-181	32	-189	21
Car traffic city	-2	-	-14	2	-8	-	-50	2	-104	2
Freight transport city	0	-	-5	-	0	-	-7	7	-5	-
KomFram Göteborg	-27	-	-33	-	-41	-	-70	-	-77	-
Total for city promotion projects	-144	8	-280	30	-255	16	-765	66	-896	59
Tram line	-114	-	-208	-	-283	-	-537	-	-636	-
Engineering structures	-82	13	-164	2	-146	30	-219	30	-558	2
Lighting and energy efficiency measures	-73	-	-62	-	-222	-	-251	-	-252	-
Streets and roads	-104	-	-89	-	-137	-	-196	-	-96	-
Total reinvestments	-374	13	-523	2	-788	31	-1,203	31	-1,542	2
Large single projects*	-651	312	-1,237	500	-1,628	783	-2,914	1,414	-5,366	1,997
Standard reduction	-	-	-	-	-	-	907	-	1,467	-
Investment committees	-3,966	412	-5,358	542	-9,888	1,161	-15,120	1,621	-18,999	2,247
Central municipal level	-383	-	-	-	-	-	-1,560	-	-573	-
Municipality-wide investment budget	-	-	-	-	-	-	-	-	-573	-
Leases***	-383	-	-	-	-1,217	-	-1,560	-	-	-
Investments, municipality	-4,349	412	-5,358	542	-11,105	1,161	-16,680	1,621	-19,572	2,247
Development	-1,029	902	-1,572	1,765	-2,981	3,046	-5,025	5,420	-5,296	-5,714
Total including development	-5,906	1,799	-6,930	2,307	-14,086	4,207	-21,705	7,041	-24,868	7,961

* Budget 2018 refers to the Committees' budget. The City Council only decides on the budget for the plan period (2016–2019).

** The Commercial Premises Committee's budgeted reinvestments for 2018 are included in the table in the Commercial Premises Committee's budget for 2018. However, the Committee has not broken down budgeted reinvestments by activity.

*** Assets in agreements that are classified as financial leases are recognised as non-current assets/investments.

A number of selected investment and development projects from the committees' project portfolios are presented below. The selection is based on projects that have entered their implementation phase and for which decisions in the first instance are taken at City Council level. Since the City has not previously worked in a structured manner with individual project decisions at City Council level, selected implementation projects are also included whose total value exceeds more than SEK 250 million or if, for other strategic reasons, the committees see the need for follow-up at City Council level.

Selected investment and development projects

Projects in MSEK	Acc. outcome		Total project forecast		Project budget		Ending year
	Income	Expenses	Income	Expenses	Income	Expenses	
Investments							
Lindholmen Technical High School (ongoing)	-	-117	-	-354	-	-354	2020
Hising Bridge (2009)	637	-1,144	1,566	-3,500	1,566	-3,500	2022
Skeppsbron Stage 1 (ongoing)	283	-780	283	-781	282	-789	2018
Skeppsbron Stage 2 (2017)	13	-26	150	-1,500	-	-	2026
Kvilleleden and streets in Backaplan (2016)	34	-42	318	-768	318	-768	2024
E45, underground section of Götaleden (2013)	274	-529	471	-898	471	-947	2021
Modernisation of Kodammarna wastewater pumping station (ongoing)	-	-118	-	-402	-	-440	2022
New barrier (UV filter) Alelyckan water treatment plant (2017)	-	-4	-	-700	-	-900	2024
Developments							
Sisjön housing (ongoing)	174	-96	259	-107	259	-98	2021
Gamelestaden Stage 1 (ongoing)	81	-549	227	-663	217	-655	2022
Selma Stad (ongoing)	72	-156	196	-252	208	-258	2024
Opaltorget (ongoing)	29	-129	60	-234	62	-227	2022
Säterigatan housing (ongoing)	121	-3	353	-98	353	-89	2027
Järnvägsgatan/Masthuggskajen (2017)	1	-58	1,860	-2,020	1,860	-2,020	2029

4

City of
Gothenburg
combined
accounts

Financial analysis

City of Gothenburg combined accounts Financial analysis

87 Financial analysis of combined accounts

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

91 Internal transactions

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

92 Companies – financial performance

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

94 Foundations

The City of Gothenburg manages 79 foundations and four gifts for various purposes.

95 Sponsorship

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

96 Financial monitoring and risk management

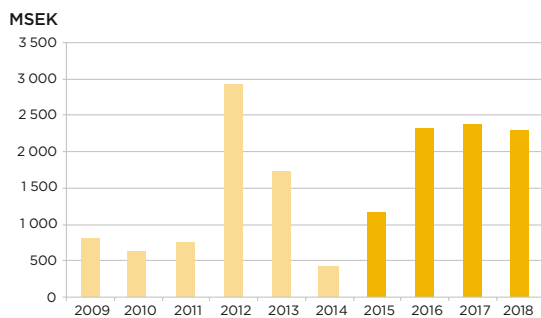
The City of Gothenburg has major financial commitments in the form of significant borrowing for the Municipality and to cover the needs of the companies. Among other topics, this section reports various risks concerning the City's commitments.

Financial analysis of combined accounts

Net earnings amounted to SEK 2,300 million, which is largely unchanged compared with 2017. The long-term financial manoeuvrability thus strengthened slightly during the year. The volume of investment increased by SEK 1.2 billion to SEK 10 billion in 2018.

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

Net earnings for the year



Net earnings for the year in the combined accounts totalled SEK 2,300 million, of which the Municipality accounted for SEK 1,792 million, the companies SEK 1,426 million and the joint statutory authorities a deficit of SEK 11 million. Adjustments for handling internal transactions relating to the Municipality and the companies amounted to SEK -906 million, and mainly comprised dividends (SEK 810 million) from companies to the Municipality and internal gains from property transfers.

Revenue for the operation

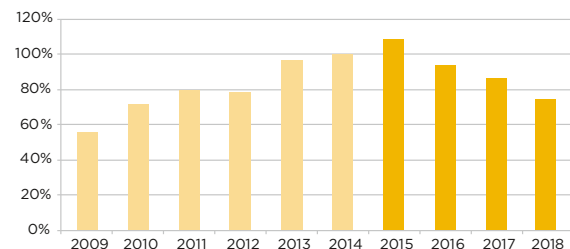
The City of Gothenburg Group reported income of just over SEK 57.7 billion in 2018, of which just over half comprised tax revenue and municipal financial equalisation. Income increased by SEK 1.4 billion compared with 2017, with tax revenue accounting for much of this increase. Within the Municipality, income increased by 2.8%, or SEK 1.2 billion. In the company sector, operating income rose by 2.5% compared with 2017.

Investments

From year to year the City of Gothenburg Group carries out major investments when the population grows; urban development and the expansion of operations will also continue over time. Gross investment increased compared to previous years and amounted to SEK 10 billion in 2018, which is SEK 1.2 billion or almost 14% higher than the previous year. The total volume of investment, however, was approximately SEK 3.8 billion under budget, the main reason for this being the postponement of projects. The deviation is due to difficulties in staffing projects and delays in permit processes. A major reason for this in the company sector is that a land acquisition was not completed in 2018.

In the company sector, Förvaltnings AB Framtiden in the Housing cluster accounted for SEK 2.5 billion of the investment. Other investments included SEK 0.9 billion in the Energy cluster, SEK 0.9 billion in the Commercial Premises cluster and SEK 0.2 billion in the Port cluster. The internal company Göteborgs Stads Leasing AB had a volume of investment totalling SEK 0.7 billion, while the regional companies, primarily within waste collection, invested SEK 0.2 billion.

Level of self-financing for the year's investments



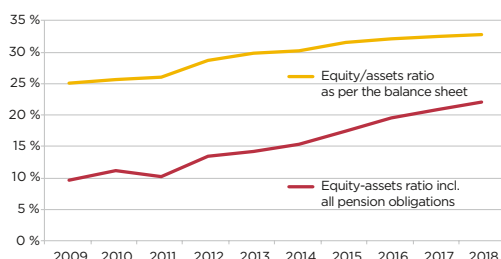
The level of self-financing for the year's investments remained relatively high at 74%, but it was lower than the average for the previous five years, which was 90%. The level of self-financing has decreased slightly compared with last year as the volume of investment has increased. The key figure is still relatively strong, mainly due to an accumulated surplus. This figure is also partly affected by high depreciation costs, which releases some of the investment budget.

Total assets

Total assets were SEK 100.8 billion, of which the Municipality accounted for SEK 82.3 billion and the companies for SEK 67.8 billion. Internal transactions within the combined accounts amounted to SEK 50.1 billion. The City of Gothenburg's total assets in participations in joint statutory authorities totalled SEK 0.8 billion. Total assets increased by almost 6%, which can largely be attributed to increased investments.

Return on equity and total assets are examples of profitability measures, which describe the earnings in relation to capital investment. Return on equity decreased from 7.7 to 6.9% in 2018. Return on total assets also showed a decrease from 3.8 to 3.2%. The average over a five-year period is still just over 3%. In this context, it is important to note that these parameters should only be considered an indicator over time, as the key figures are not used in the management.

Equity/assets ratio

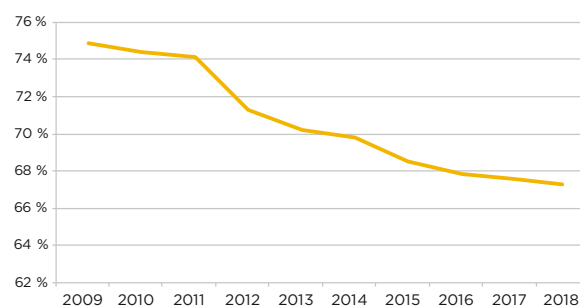


The equity/assets ratio is a measure of long-term financial manoeuvrability. The equity/assets ratio trend depends on the change in equity and assets. For 2018, the equity/assets ratio was 32.9%, which was a marginal change from 32.4% the previous year. The equity/assets ratio according to the fully funded model, which includes all pension obligations, increased by 1.5 percentage points and was 22.4% in 2018.

There is no general level for how high the equity/assets ratio should be for a city the size of Gothenburg, but a high ratio means greater manoeuvrability and a greater ability to handle fluctuations in the earnings trend. It is important for the individual companies included in the combined accounts 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 get into finan-

cial difficulties. The various company clusters show good, stable equity/assets ratios of between 20 and 71%.

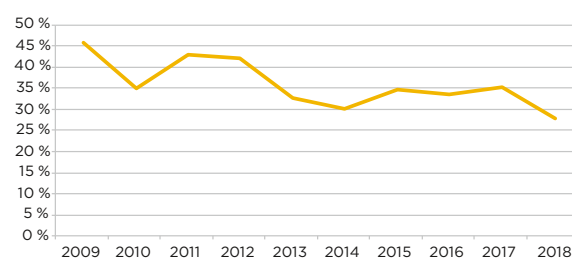
Indebtedness



This key figure shows the size of the total indebtedness in relation to total assets. The debt/equity ratio amounted to 67.1%, a further, yet marginal, reduction compared to the previous year. This was positive for net financial items, and the reduced indebtedness signifies reduced financial risk.

The lower debt/equity ratio can partly be attributed to performance levels that contributed to a high level of self-financing for investments; in other words, a lower loan-to-value percentage in relation to assets. Total borrowing at the end of the year amounted to just over SEK 42 billion, which was an increase of just over SEK 1 billion on the previous year.

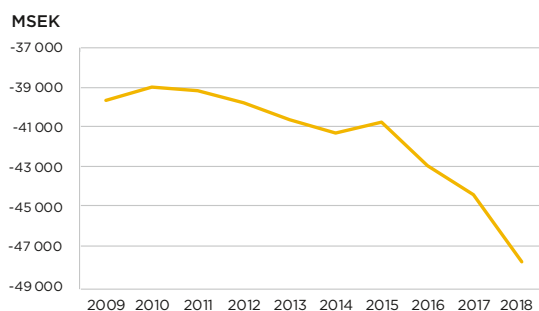
Liquidity



Short-term manoeuvrability for the year in the form of the acid-test ratio was 27% in 2018, a decline of almost 8 percentage points on the previous year. A large part of the change is attributable to the fact that more of the total borrowing was classified as a current liability. The Municipality's internal bank also serves as an internal bank for the municipal companies. In recent years, the Municipality has had an acid-test ratio level whereby the Municipality, from a short and medium-term

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

Net financial assets



The net financial assets parameter includes all financial assets and liabilities in the balance sheet that the Municipality expects to convert in the next 10–20 years, namely financial assets 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 3.3 billion, which equates to 7.4%. The change in recent years is largely attributable to the increase in the application of RKR 18.1 (transition to gross accounting in connection with investment income) and also to increased borrowing. In addition, accounts payable played a role in the change.

Pension obligations

The Municipality's total pension obligations for 2018 amounted to SEK 16.0 billion, which is largely unchanged compared to the previous year. Of the total pension obligation, SEK 10.7 billion related to pension obligations 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 in accordance with the Swedish Municipal Accounting Act.

Summary analysis

The City of Gothenburg Group reported net earnings of SEK 2,300 million in 2018. Compared to 2017, this was a marginally worse performance. The Group's investments totalled SEK 10 billion in 2018, an increase of SEK 1.2 billion on 2017. The company sector's share of the volume of investment was SEK 5.8 billion, while the Municipality accounted for SEK 4.3 billion. Compared to the budget for the year, investments were approximately SEK 3,8 billion lower, which is mainly due to projects in the Municipality being postponed. The combined accounts for the City indicate positive results at the same level as in the last two years. The level of self-financing for this year's investments has therefore been able to remain at a high level, 74%, in relation to the increase in investment volumes. At the same time, the equity/assets ratio has strengthened slightly and is now at 33%. Correspondingly, the City's debt/equity ratio has fallen and is now at 67%.

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

Sweden and Gothenburg are dependent on changes in the global economy. GNP forecasts and uncertainty regarding current interest rate levels mean it is even more important for the Group to monitor its own financial development and carry out active governance to minimise the risks related to factors such as economic downturns. Management of the major investments that need to be implemented both in the Municipality and in individual companies remains an important factor.

Income statement for the committees, joint statutory authorities and companies

Amounts in MSEK	Committees	Joint statutory authorities	Companies	Group eliminations	Combined accounts
Operating income	10,932	659	19,550	-4,783	26,358
Operating expenses	-39,658	-637	-13,843	4,260	-49,878
Depreciation/amortisation and write-downs	-1,490	-31	-3,484	399	-4,606
Net operating expenses	-30,216	-9	2,223	-124	-28,126
Tax revenue	27,590	-	-	-	27,590
Municipal financial equalisation	3,705	-	-	-	3,705
Financial receipts	1,224	5	-1	-1,172	56
Financial expenses	-511	-13	-644	375	-793
Earnings after financial items	1,792	-17	1,578	-921	2,432
Current and deferred tax	-	-	-145	14	-131
Minority share	-	6	-7	-	-1
Net earnings for the year	1,792	-11	1,426	-907	2,300

Balance sheet for the committees, joint statutory authorities and companies

Amounts in MSEK	Committees	Joint statutory authorities	Companies	Group eliminations	Combined accounts
Non-current assets	70,241	596	61,311	-38,358	93,790
Current assets	12,042	212	6,505	-11,736	7,023
Total assets	82,283	808	67,816	-50,094	100,813
Equity	24,092	107	20,521	-11,534	33,186
Provisions	4,051	541	4,841	-35	9,398
Non-current liabilities	34,047	10	30,104	-27,804	36,357
Current liabilities	20,093	150	12,350	-10,721	21,872
Total liabilities and equity	82,283	808	67,816	-50,094	100,813

Financial key figures

Per cent	2014	2015	2016	2017	2018
Return on equity	1.8	4.5	8.1	7.7	6.9
Return on total assets	2.4	2.7	4.2	3.8	3.2
Acid-test ratio	30	35	34	35	27
Level of financing for investments	85	109	94	87	74
Equity/assets ratio					
- Mixed model	30	32	32	32	33
- Full funding	15	17	20	21	22
Debt/equity ratio	70	69	68	68	67
- of which degree of provision	11	10	10	10	9
- of which short-term debt/equity ratio	24	22	23	19	22
- of which long-term debt/equity ratio	35	36	35	39	36
Net financial assets (MSEK)	-41,333	-40,735	-42,926	-44,427	-47,711

Internal transactions, Group and shareholders' contributions

The City of Gothenburg Group encompasses the Municipality, the municipal companies, the joint statutory authorities and the coordination associations. A large number of transactions take place between the different units of the City of Gothenburg Group and the tables below provide an outline of these transactions.

Extensive internal sales of district heating and electricity occur within the City of Gothenburg Group by Göteborg Energi AB to other units. Eco-cycle and water also makes extensive internal sales to other units. A decision by the City Council stipulates that the Municipality's investments in movable property must be financed through

leases, with the municipal company Göteborgs Stads Leasing AB as the leasing company. This involves a large number of transactions with other companies, committees and joint statutory authorities.

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

Sales

Amounts in MSEK	Companies	Municipality	Joint statutory authorities	Total
Seller				
Companies	-	3,416	9	3,425
Municipality	931	-	16	947
Joint statutory authorities	-	410	-	410
Total	931	3,826	25	4,782

Lending

Amounts in MSEK	Companies	Municipality	Joint statutory authorities	Total
Lender				
Companies	-	2,581	-	2,581
Municipality	33,539	-	-	30,811
Joint statutory authorities	-	525	-	525
Total	33,539	3,106	-	36,645

Interest

Amounts in MSEK	Companies	Municipality	Joint statutory authorities	Total
Interest income				
Companies	-	1	-	1
Municipality	347	-	-	347
Joint statutory authorities	-	3	-	3
Total	347	4	-	351

Surety

Amounts in MSEK	Companies	Municipality	Joint statutory authorities	Total
Surety issuer				
Companies	-	-	-	-
Municipality	4,421	-	105	4,526
Joint statutory authorities	-	-	-	-
Total	4,421	-	105	4,526

Group and shareholders' contributions

CompanyMSEK	Stadshus AB received shareholders' contributions from	Stadshus AB paid shareholders' contributions to	Stadshus AB received Group contributions from	Stadshus AB paid Group contributions to
City of Gothenburg	5	-	-	-
Göteborg Energi AB	-	469	798	-
Gothenburg Port Authority	-	-	104	-
Higab AB	-	99	167	-
Förvaltnings AB Framtiden	-	443	568	-
Göteborg & Co AB	-	-	-	318
Göteborgs Stads Kollektivtrafik AB	-	361	44	-
Business Region Göteborg AB	-	5	-	41
Göteborgs Stads Leasing AB	-	-	46	-
Total	5	1,377	1,727	359

Companies – financial performance

The aim of the municipal companies within the City of Gothenburg is to ensure that they, along with the City's other operations, create benefit for the city and its inhabitants and help to develop a sustainable Gothenburg community.

The majority of the companies are arranged in seven different sub-groups ("clusters"): Energy, Housing, Commercial Premises, Business, Public Transport, Port, and Tourism, Culture & Events. Other companies and the regional partially owned companies are directly subordinate to the parent company, Göteborgs Stadshus AB.

Göteborgs Stadshus AB is the parent company of the City of Gothenburg Group for all wholly and partially owned companies. Göteborgs Stadshus AB is tasked by the City Council with carrying out governance of the City's companies. This must take place in accordance with the goals set out in the City Council's budget, ownership directive and other guiding focus documents. The main principle for municipal companies is that they are run in accordance with the full-costing principle (income corresponds to costs), but some companies operate on markets that are subject to competition and can therefore generate gains. In the City Council's budget for 2018, a dividend of SEK 810 million was agreed and it was decided that operations with planned deficits in the Industry and the Tourism, Culture & Events clusters must be financed through capital contributions. In practice, the capital contributions mean funds from the profitable companies.

Financial performance

Net earnings for the year after tax amounted to SEK 1,426 million, which is in line with the strong performance of the last two years. The Group's operating income amounted to SEK 19.6 billion, which is almost SEK 600 million higher than the previous year and SEK 1,122 million more than budgeted. Earnings after financial items (before tax) amounted to SEK 1,578 million, which is SEK 135 million higher than the previous year but SEK 145 million under budget. The main reason for an under budget result is that the Housing sub-group reported SEK 338 million lower earnings than budgeted. This is partly offset by better earnings than budgeted within the Commercial Premises sub-group of SEK 198 million. For the Commercial Premises sub-group, it is primarily Älvstranden's sales and capital gains that contribute to the higher earnings. The

Housing sub-group's negative deviation relates to write-downs of new production projects because production costs are higher than the market's demand for returns, which gives an accounting need for impairment. The items affecting comparability for the year totalled SEK 14 million and relate to capital gains (SEK 328 million) and write-downs (SEK -314 million).

Compared with 2017, total assets have increased from SEK 64.4 billion to SEK 67.8 billion. The equity/assets ratio has decreased by 0.5 percentage points to 30.3%. The volume of loans has increased by SEK 2 million to SEK 37.6 million. The Group's return on equity is 6.9%, compared with the previous year's 5.8%, while the return on capital employed is 4.2%, compared with 3.9% in 2017.

The budgeted dividend to the Municipality for 2018 of SEK 810 million is planned to be taken from Göteborgs Stadshus AB's non-restricted equity with borrowing from Kommuninvest. In terms of liquidity, this will happen in March 2019, with an estimated borrowing requirement for Göteborgs Stadshus AB of just over SEK 600 million.

Göteborgs Stadshus AB believes that as a whole the conditions are good, within the framework of the Group's overall finances, to meet the financial commitments that exist in relation to the subsidiaries and the owner.

Investments

The companies' investment outcome totalled SEK 5.8 billion in 2018, an increase of around SEK 400 million on the previous year, which was already at a comparatively high level. The Housing sub-group's share consists of just over 40% of the companies' investments, followed by the Energy sub-group and the Commercial Premises sub-group, each of which accounts for around 15% of the total.

The companies' investment budget for 2018 was SEK 8.4 billion. The investments were thus not carried out at the rate planned, despite a slight increase in relation to the previous year. Several major investments were postponed and will instead impact future years.



This is the site of the future Selma Stad development, which will be a place for all aspects of life. Photo: Ola Kjelbye.

Amounts in MSEK	Operating income	Earnings after fin. items	Net earnings for the year	Total assets	Equity	Equity/as-Investments sets ratio for the year	
Energy	6,406	658	-23	12,826	6,065	47	901
Housing	5,693	487	5	30,948	10,354	33	2,523
Commercial Premises	2,048	353	205	11,797	2,343	20	933
Business	87	-50	-10	104	66	63	2
Public Transport	1,394	50	3	1,189	457	38	12
Port	791	245	107	3,205	1,722	54	235
Tourism, Culture & Events	1,669	-217	77	2,291	1,195	52	383
Internal companies	887	17	-24	3,259	1,238	38	602
Regional companies	1,738	57	42	3,451	758	22	243
Parent company (Göteborgs Stadshus AB)	28	-331	826	19,431	13,767	71	0
Boplat	26	3	2	27	9	32	0
Eliminations	-1,216	308	215	-20,713	-17,452	-	-
Total	19,550	1,578	1,426	67,816	20,521	30	5,834

Foundations

The City of Gothenburg manages 79 foundations and four gifts for various purposes. The market value of the combined wealth is SEK 920 million. The City of Gothenburg only manages grant-making foundations, which means that the City is responsible for the foundations' capital and for the yield being paid out according to the donors' specific instructions.

The foundations' capital produces an annual yield which is awarded the following year. The foundations and the gifts awarded a total of SEK 31 million in 2018.

The majority of the foundations' capital is kept in a jointly managed fund, in which each foundation has a share. This capital has been invested in three funds. The value of these funds decreased by 3.7% in 2018. In addition, around SEK 50 million has been invested in directly-owned shares to enable the sale of options and thereby increase the yield.

The total yield, including option transactions, generated earnings in the region of SEK 27 million in 2018 which, after deductions for a certain degree of capitalisation and management costs, can be used as a dividend in the foundations in 2019. This will be supplemented by the non-restricted equity available in the gifts and some foundations.

The foundations and gifts can be divided into four different categories:

- » 27 foundations have made donations to people in financial need or children with special needs (social focus) totalling around SEK 4.7 million
- » 23 foundations and two gifts have awarded grants to teachers and grants and bonuses to students (education focus) worth around SEK 9 million
- » 20 foundations and two gifts have supported the city's museums and art for public spaces (cultural focus) with around SEK 13.5 million
- » Nine foundations have awarded money to associations and other voluntary organisations for various public interest and charitable causes, often with a social focus, totalling around SEK 3.9 million.

The foundations' capital is stable and yields increased in 2018. The foundations will be of benefit to the people of Gothenburg for many years to come.



Photo: Frida Winter.

Sponsorship

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

Sponsorship policy and guidelines

To ensure uniform definition and application of sponsorship rules within the City, the City Council adopted a policy and guidelines for sponsorship within the City of Gothenburg in 2013. To obtain a comprehensive picture of the City's sponsorship activities and to improve opportunities for coordination and control, the decision was made at that time that every committee and board of directors must draft an annual list of all sponsorship commitments decided at committee/board level.

What is sponsorship?

The City of Gothenburg's policy defines sponsorship as a voluntary commercial agreement of mutual benefit between two or more parties, where one party (the sponsor) agrees to provide compensation in the form of cash, goods and/or services and where the other party (the sponsored party) in exchange provides exposure of the company name, trademark or services for the benefit of the sponsor in its business.

Companies

The companies account for the majority of sponsorship commitments, which totalled approximately SEK 25 million for 2018. Of these, Liseberg has the largest sponsorship commitments, amounting to approximately SEK 10 million.

Committees

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

Summary

The City's sponsorship commitments are largely unchanged compared with 2017 and are mainly for purposes related to young people, sport, culture, major public events and a sustainable city. Awareness of the existing policy is high. The total reported sponsorship commitments for the City amounted to SEK 25 million in 2018, compared to SEK 28 million in 2017. See the annual report of the respective committee or board for further information.



Photo: Lo Birgersson.

Financial monitoring and risk management

Total borrowing for the entire Group was SEK 42.1 billion at the end of the year, an increase of SEK 1.1 billion compared to the same period the previous year. The average term for capital tied up in combined external borrowing amounted to 3.2 years at the end of the year, with the average fixed interest term 3.8 years.

Four loans were taken out in 2018 and the Municipality's long-term new borrowing totalled SEK 3.8 billion. The credit rating has been maintained at the same high level as before.

Relations with investors

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

Finance policy for the City of Gothenburg

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

The financial infrastructure

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

High credit rating

Credit rating institutes Moody's and Standard & Poor's confirmed the Municipality's strong credit rating during the year. The Municipality's credit rating from Moody's has been the highest possible, Aaa, since 2006 and its rating from Standard & Poor's has been the second highest, AA+, since 2007. The outlook for both ratings is stable.

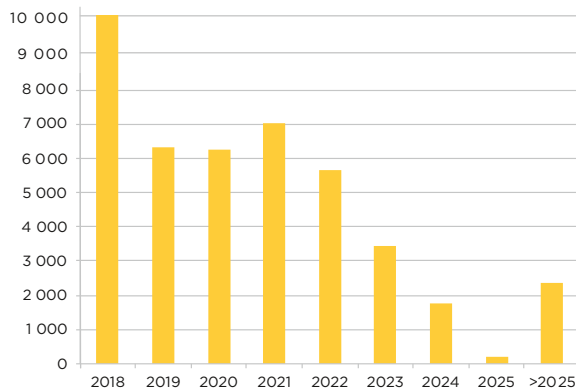
Capital market programmes

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

Programme	Loan limit	Degree of utilisation
EMTN, bond loans	EUR 6 bn	SEK 27.3 bn
KCP, short loans < 1 year	SEK 6 bn	SEK 2.2 bn
ECP, short loans < 1 year	USD 500 m	SEK 1.2 bn
Kommuninvest		SEK 5.1 bn
European Investment Bank		SEK 5.3 bn
Nordic Investment Bank		SEK 1.0 bn

The Group's external borrowing was SEK 42.1 billion at the end of the year, an increase of SEK 1.1 billion compared to 2017. The average remaining term for total borrowing amounted to 3.2 years at the end of the year, with the average fixed interest term 3.8 years. Total borrowing can be divided into borrowing via the City (SEK 38.3 billion) and loans raised by companies outside of the internal bank (SEK 3.8 billion). The part of the debt relating to the tax-funded operation, net borrowing, amounted to SEK 4.2 billion, which accounts for approximately 9.8% of total borrowing. Borrowing via Kommuninvest i Sverige AB mainly took place in the company sector and amounted to SEK 5.1 billion at the end of the year.

The repo rate has been negative since February 2015, which meant the Municipality was able to borrow funds with negative interest on the short-term programmes. There is, however, an interest floor for EMTN loans, which means that interest can never be less than 0%.

Borrowing maturity structure (MSEK)**Derivatives portfolio**

Derivative instruments are used to hedge interest and currencies on underlying loans. The nominal value of the derivative portfolio amounted to SEK 17.0 billion. At the end of the year, the Municipality had a positive market value of SEK 23.8 million on its derivative positions relating to hedging interest on net borrowing.

Effectiveness of hedging instruments

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

Counterparty risk

The Municipality is exposed, through derivative agreements, to the risk that a counterparty is

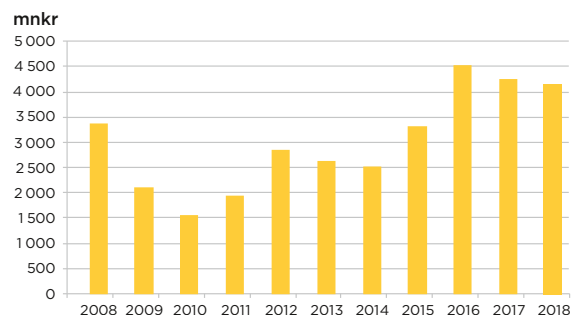
unable to fulfil its obligations. The counterparties are Swedish and international banks. In terms of business volume, 79% of the counterparty risk lies with counterparties with a rating of at least AA and 21% of the risk lies with counterparties rated A1 to Baa3.

Financing risk

SEK 10.0 billion of the Municipality's and companies' loans will mature during the coming year. To meet these obligations, the Municipality has binding loan commitments totalling SEK 8 billion. In addition there are investments in housing bonds of SEK 3.0 billion. The Municipality also has agreements for new loans with the European Investment Bank and the Council of Europe Development Bank.

Development of net borrowing

Net borrowing is protected against interest rate rises through interest rate swaps. The rates for the fixed interest rate swaps are between 0.3 and 2.9%. Net borrowing amounted to SEK 4.2 billion as of 31 December 2018, which is a decrease of SEK 0.1 billion.

**City of Gothenburg's risk management**

Type of risk	Policy		Outcome
Interest risk (average fixed interest period)	2–6 years		3.8 years
Financing risk (average capital commitment period)	2–6 (long external loans)		3.6 years
Counterparty risk (derivative volume per counterparty)	Max. 30% volume/counterparty		Within policy
Currency risk (foreign currency exposure)	None	Deviation as purchase of new trams has not been fully hedged (CEB 25/01/2017).	

Green bonds

As part of the environmental programme, the City of Gothenburg issues bonds to finance various environmental projects in areas such as renewable energy, public transport, water treatment, energy efficiency, smart grids, city planning and waste management.

As of 31 December 2018, green bonds amounted to SEK 7.1 billion. The City of Gothenburg

has, together with a number of Nordic issuers, established a framework for monitoring the environmental impact of the investments financed by the green bonds issued.

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

Project breakdown – Green bonds

Project (MSEK)	Administration/Company	Area	2016	2017	2018
GoBiGas	Göteborg Energi AB	Biofuel	-	-	-920
Electric cars	Gatubolaget	Energy efficiency measures and renewable energy	-	19	15
Denitrification	Gryaab	Water treatment	164	32	3
Tree planting	Parks and Landscape Administration	Environment	5	6	8
Pedestrian-friendly city	Traffic & Public Transport Authority	Sustainable transport	10	17	32
Bicycle-friendly city	Traffic & Public Transport Authority	Sustainable transport	28	28	65
Energy efficiency measures for road lighting	Traffic & Public Transport Authority	Energy efficiency	42	37	43
Sustainable construction	City Premises Administration	Sustainable construction	498	588	707
Energy-efficient housing	Förvaltnings AB Framtiden	Sustainable construction	427	544	830
New trams	Göteborgs Stads Leasing AB	Sustainable transport	170	91	41
Kodammarna pumping station	Eco-cycle and Water	Water treatment	-	34	80
Solar cell park	Göteborg Energi	Renewable energy	-	-	38
Selma Stad	Göteborgslokaler	Sustainable construction	-	-	239

5

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Accounting principles and definitions

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

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), while the municipal sector's accounting is governed by chapter 8 of the Swedish Local Government Act and by the Swedish Municipal Accounting Act. In addition, the Swedish Council for Municipal Accounting (Rådet för kommunal redovisning, RKR) issues recommendations for accounting in the municipal sector.

The municipal rules take precedence when preparing the Municipal Group's annual accounts, i.e. the combined accounts. The Annual Report has been prepared in accordance with these rules with the exception of some parts of recommendation RKR 10.2 Provisions and Contingent Liabilities. The combined accounts have been prepared in accordance with RKR 8.2 Combined Accounts, with deviations regarding method of consolidation. Deviations from the recommendations and the reasons for these deviations are reported under the appropriate header below.

Changes in accounting principles 2018

New items to a value of SEK 383 million within the framework of financial leases are included in the year's investments from 2018 onwards. The corresponding figure for 2017 was SEK 394 million. These amounts were previously included in the value of non-current assets in the balance sheet.

As of 2018, items affecting comparability will no longer be reported on their own lines in the income statement; instead they will only be mentioned in a note. These items comprise the "of which" items of other relevant notes and also include financial items as applicable (see note 3).

Corrections/adjustments

Correction of the comparative figures for accumulated depreciation for financial leases for 2017 has been

made in the order of SEK 443 million and the corresponding amount for non-current lease liabilities. The correction is partly due to the fact that disposals were not previously included in the accounts in a correct manner, and partly because valuation of lease liabilities now takes into account future lease payments (see note 19 A).

Other changes between items in the balance sheet for the 2017 comparison year relate to the correction of a 2016 sale of property misreported in 2017 by SEK 36 million (see note 19 B).

Other comparison years have not been adjusted.

Combined accounts

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

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

Consolidation principles

Full consolidation has been applied when preparing the combined accounts, which means that all of the companies' assets, liabilities, income and expenses are recognised in the balance sheet and income statement. Subsidiaries are companies in which the City has a controlling interest, over 50% of the share of voting

power. With subsidiaries, the non-controlling interest is treated as a deduction in net earnings for the year and under equity.

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

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

The consolidation methods applied are in line with the company sector's K3 rules, but are a departure from the recommendations set out in RKR 8.2 which stipulate proportional consolidation. The City of Gothenburg has only a few subsidiaries that are not wholly owned and its few associates are of minor financial scope. In light of this, the consolidation methods applied do not create significant deviations, rather they provide a true and fair picture of the results and position as well as an adequate basis for analysis and governance.

Untaxed reserves

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

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 in comparisons with other periods. The item must amount to a considerable sum and be of such a nature that it is not expected to occur often or regularly.

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

REVENUE

Tax revenue

The Municipality's reported tax revenue consists of preliminary tax payments credited to the Municipality during the year, a forecast for the final settlement and the difference between the final assessment and the reported tax revenue for the previous year. The preliminary final settlement for tax revenue is based on the Swedish Association of Local Authorities and Regions' (SALAR) December forecast, in accordance with recommendation RKR 4.2 Accounting of Tax Revenue. See note 6.

Other revenue

Göteborg Energi AB recognises its connection charges for electricity, gas and district heating in their entirety as revenue in accordance with K3 when delivery of the connection begins. External connection charges amounted to SEK 62.7 million in 2018, compared to SEK 58.8 million the previous year. In the combined accounts, the item has been adjusted to deferred income and distributed over five years in accordance with RKR 18.1 Receipts from Fees, Subsidies and Sales. See notes 1 and 14.

COSTS

Depreciation

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

Component depreciation has been applied as of 2017 to new acquisitions of buildings, plant and machinery, in line with RKR 11.4 Property, Plant and Equipment. The table below shows the intervals for the depreciation periods currently applied, as well as the Municipality's recommended depreciation periods for existing assets acquired up to and including 2016. The table also shows the depreciation periods applied by the companies. See notes 4 and 5.

Depreciation periods, non-current assets (years)	Municipality Up to and incl. 2016	Municipality As of 2017	Companies
Capitalised expenditure for development and similar	5	5	3-7
Goodwill	5-10	5-10	5-10

Land improvements	20-50	7-75	10-50
Buildings	20-50	15-50	10-100
Kiosks, pavilions, barracks	10	10	10
Plant, machinery and equipment	5-10	5-30*	3-25
Personal computers and IT equipment	3	3	3
Pipe/cable rights	-	-	100
Tenancy rights	-	-	20

* For eco-cycle and water 5-50.

Write-downs

In accordance with RKR 19 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. See notes 4 and 5.

Loan expenses in connection with investments

Loan expenses in connection with investments can be reported according to the main rule or the alternative rule in accordance with recommendation RKR 15.1 Accounting of Loan Expenses. Gothenburg Municipality has applied the main rule since 2014, which means that the loan expenses are charged directly to earnings. The company sector follows the alternative rule which means that the loan expenses, under certain conditions, may be charged to the cost of the asset. The combined accounts include the capitalised borrowing costs for the year, with SEK 44 million (SEK 21 million) in the asset items Properties for activities and Construction in-progress, calculated at an interest rate of 2%. See notes 5 b and 7.

NON-CURRENT ASSETS

Drawing a boundary between cost and investment

Within the City of Gothenburg, assets for continuous use or holdings with a useful life of at least three years are viewed as non-current assets if the amount is greater than half a price base amount. The boundary is the same for property, plant and equipment as it is for intangible assets, as well as for financial lease agreements. See notes 5 and 18.

Intangible fixed assets

Intangible fixed assets are shown at acquisition cost less

depreciation according to plan and any write-downs. In the combined accounts, intangible fixed assets consist among other things of goodwill. Goodwill is the difference between the cost and the fair value of the Group's share of net assets acquired.

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.

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

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

Component accounting of non-current assets has been applied as of 2017 to new acquisitions of buildings, plant and machinery, in line with RKR 11.4 Property, Plant and Equipment. 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. In the budget for 2017, approximately SEK 250 million was transferred from the operational budget to the investment budget.

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) as the leasing company. In accordance with RKR 13.2 Accounting of Rental/Lease Agreements, 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 pe-

riod as if they had been purchased. Paid lease fees are recognised as repayment by instalments and interest.

Correction of the comparative figures for accumulated depreciation for financial leases for 2017 has been made in the order of SEK 443 million, and the corresponding amount for non-current lease liabilities. The correction is partly due to the fact that disposals were not previously included in the accounts in a correct manner, and partly because valuation of lease liabilities now takes into account future lease payments (shown in note 19 A).

The City of Gothenburg mainly has three 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.

Financial assets and liabilities

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

LIABILITIES AND PROVISIONS

Pensions

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

Pension benefits earned in pension schemes from 1998 onwards are shown as a cost in the income statement and a provision in the balance sheet. A special employer's contribution of 24.26 per cent of pension provisions made is also reserved under provisions. See note 12.

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

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

Provisions

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

Provisions for landfill sites have been entered at amounts assessed to be necessary to settle the obligation on the balance sheet day. The amount is based on a projection made in 2010, which has been consolidated by an analysis of leachate in 2015. The calculation is continually updated. No present value has been calculated for a provision for landfill sites and the City of Gothenburg does not therefore comply with RKR 10.2 Provisions and Contingent Liabilities in these sections. The provision was utilised in 2017 to the amount of SEK 1 million for restoration measures. The remainder of the provision will be used when the investment for dealing with leachate comes into use.

In 2012, the City Council decided to set up a development fund of SEK 400 million for future initiatives, in particular social initiatives. Use of the fund will be shown as items affecting comparability in the respective year's income statement in line with the City Council's decision. The fund is recognised in the balance sheet as a provision. It does not meet the criteria for a provision set out in recommendation RKR 10.2 because there is no clear obligation. The provision, which at the start of the year amounted to SEK 27 million, was utilised in its entirety at the end of the year.

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

Memorandum items

Memorandum items is an accounting concept that means that pledged assets and contingent liabilities are not included as liabilities or provisions in the balance sheet, but are shown directly under. Contingent liabilities consists of possible commitments where there is uncertainty as to the size of the sum and/or degree of realisation. These include the Municipality's guarantee commitments, the portion of pension commitments dating back further than 1998, and leases. See notes 16, 17 and 18.

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Consolidation: The merging of financial reports from a parent company and (at least) one subsidiary or associate into a combined report for the Group.

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

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

Net investment: Investment expenditure less investment income.

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

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

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

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

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

Level of self-financing for investments: (Earnings before extraordinary items + depreciation or amortisation) / gross investment, or (earnings before extraordinary items + depreciation or amortisation) / net investment.

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

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

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

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

Income statement

Amounts in MSEK	Note	Municipality		Combined accounts	
		2017	2018	2017	2018
Operating income	1	10,866	10,932	25,758	26,358
Operating expenses	2, 3, 17	-38,339	-39,658	-48,294	-49,878
Depreciation/amortisation and write-downs	4, 5	-1,400	-1,490	-4,434	-4,606
Net operating expenses		-28,873	-30,216	-26,970	-28,126
Tax revenue	6	26,572	27,590	26,572	27,590
Municipal financial equalisation etc.	6	3,827	3,705	3,827	3,705
Financial receipts	7	1,158	1,224	152	56
Financial expenses	3, 7	-556	-511	-907	-793
Earnings after financial items		2,128	1,792	2,674	2,432
Extraordinary receipts		-	-	-	-
Extraordinary costs		-	-	-	-
Current and deferred tax		-	-	-276	-131
Minority share		-	-	-29	-1
Net earnings for the year		2,128	1,792	2,369	2,300

Municipality's balanced budget requirement analysis

Amounts in MSEK	2016	2017	2018
Net earnings for the year	938	2,128	1,792
Less all capital gains	-436	-824	-739
Certain capital gains applying exception options	-	-	-
Certain capital losses applying exception options	-	-	-
Unrealised losses on securities	-	-	-
Reversal of unrealised losses on securities	-	-	-
Net earnings for the year after balanced budget requirement analysis, before allocation to EER	502	1,304	1,053
Funds to earnings equalisation reserve (EER)	-212	-1,000	-740
Funds from earnings equalisation reserve (EER)	-	-	-
Balanced budget requirement result for the year after allocation to EER	290	304	313

Balance sheet

Amounts in MSEK	Note	Municipality		Combined accounts	
		2017	2018	2017	2018
ASSETS					
NON-CURRENT ASSETS					
Intangible fixed assets	5	8	5	186	155
Property, plant and equipment	5	27,433	30,976	84,384	90,140
Financial assets	8	33,457	39,260	3,511	3,495
Total non-current assets		60,898	70,241	88,081	93,790
CURRENT ASSETS					
Stocks, stores and development properties	9	591	628	1,012	1,122
Current receivables	10	14,132	10,666	4,834	4,854
Investments in securities etc.		-	-	-	-
Cash and bank		1,005	748	1,380	1,047
Total current assets		15,728	12,042	7,226	7,023
Total assets		76,626	82,283	95,307	100,813
EQUITY, PROVISIONS AND LIABILITIES					
EQUITY					
- of which net earnings for the year	11	22,300	24,092	30,741	33,049
		2,128	1,792	2,369	2,300
MINORITY INTEREST		-	-	137	137
PROVISIONS					
Provisions for pensions and similar obligations	12	2,770	3,122	4,137	4,504
Deferred tax liability		-	-	3,573	3,433
Other provisions	13	951	929	1,555	1,461
Total provisions		3,721	4,051	9,265	9,398
LIABILITIES					
Non-current liabilities	14	35,885	34,047	37,486	36,357
Current liabilities	15	14,719	20,093	17,678	21,872
Total liabilities		50,604	54,140	55,164	58,229
Total equity, provisions and liabilities		76,626	82,283	95,307	100,813
Guarantees, pension obligations and contingent liabilities not recognised as liabilities or provisions	16-18	15,814	16,147	12,710	12,162

The comparative figures for 2017 have been adjusted as a result of corrections; see note 19.

Cash flow statement

Amounts in MSEK	Note	Municipality		Combined accounts	
		2017	2018	2017	2018
OPERATING ACTIVITIES					
Earnings before financial items		2,263	1,898	3,495	3,191
Adjustment for items not affecting liquidity		1,588	2,098	4,711	5,206
Interest received/paid		-135	-107	-877	-758
Income tax paid		-	-	-73	-239
Cash flow from activities before change in working capital		3,716	3,889	7,256	7,400
Increase (-)/decrease (+) in current receivables		-501	-1,332	938	-399
Increase (-)/decrease (+) in inventories		-4	-3	63	-93
Increase (+)/decrease (-) in current liabilities		719	746	783	727
Cash flow from operating activities		3,930	3,300	9,040	7,635
INVESTING ACTIVITIES					
Investment in intangible fixed assets		-4	0	-29	-18
Sale of intangible fixed assets		-	-	-	-
Investment in property, plant and equipment		-3,596	-4,950	-8,541	-10,250
Sale of property, plant and equipment		107	893	592	912
Investment in financial assets		-	0	-184	-1
Sale of financial assets		-	3	200	27
Cash flow from investing activities		-3,493	-4,054	-7,962	-9,330
FINANCING ACTIVITIES					
Newly raised loans	14	9,440	3,775	11,430	4,621
Repayment of non-current liabilities*	14	-4,297	-2,902	-9,212	-4,276
Increase (+)/decrease (-) in interest-bearing current liabilities		-592	1,436	-36	923
Increase (-)/decrease (+) in interest-bearing non-current receivables		-4,699	-2,579	-3,056	105
Dividend/shareholders' contribution		-	767	-8	-8
Reduction in provisions due to payments		-117	0	-119	-2
Cash flow from financing activities		-265	497	-1,001	1,363
DISBURSEMENT OF STATE INFRASTRUCTURE SUBSIDIES		-17	0	-17	0
Cash flow for the year		155	-257	60	-333
Liquid funds at beginning of year		850	1,005	1,320	1,380
Liquid funds at the end of the year		1,005	748	1,380	1,047
SPECIFICATION OF ITEMS NOT AFFECTING LIQUIDITY					
Depreciation/amortisation and write-downs		1,400	1,128	5,132	4,973
Provisions, new and dissolved		378	330	333	290
Other items not affecting liquidity		-188	640	-754	-57
Total items not affecting liquidity		1,590	2,098	4,711	5,206
* REPAYMENT SPECIFICATION FOR NON-CURRENT LIABILITIES					
Repayments including reclassified current liabilities	14	-3,152	-2,902	-8,067	-4,276
Repayment of non-current liabilities	14	-1,145	0	-1,145	0
Total repayment	14	-4,297	-2,902	-9,212	-4,276

The cash flow statement shows the cash flow from operating activities, investing activities and financing activities. The sum of these components is the change in liquid funds during the year.

Cash flow from operating activities has been calculated using the indirect method. Net earnings for the year before financial items, excluding capital gains/losses, plus add-back of items not affecting liquidity, such as depreciation/amortisation, provisions, etc., have been adjusted by the change in working capital (stock, current operating receivables and current liabilities) for the year. This cash flow is SEK 3,300 million for the Municipality and SEK 7,635 million in the combined accounts.

The cash flow from investing activities (impact on liquidity from acquisitions and sales of non-current assets) amounts to SEK -4,054 million for the Municipality and SEK -9,330 million in the combined accounts.

The cash flow from financing activities is SEK -497 million in the Municipality. In the combined accounts the overall flow decreased by SEK -1,363 million. Borrowing in the combined accounts has increased by a total of SEK 345 million.

Cash flow for the year (change in liquid funds) is virtually unchanged for both the Municipality and the combined accounts at SEK -257 million and SEK -333 million respectively. This is a conscious strategy because the market's negative interest means that a cost is incurred for cash in banks.

Reference to note 14 for new borrowing also includes changes in other non-current liabilities.

Notes

1. Operating income

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Charges	2,412	2,436	7,307	7,762
Rents and leases	1,321	1,409	7,753	7,903
State subsidies	3,084	3,044	3,086	3,045
EU grants	35	39	35	40
Other subsidies	125	189	329	396
Work set up as an asset	158	172	285	277
Sales activities and contract work	2,207	2,385	3,058	3,329
Development income	993	600	772	485
Capital gains	98	234	320	533
Other revenue	433	424	2,813	2,588
Total operating income	10,866	10,932	25,758	26,358

2. Operating expenses

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Wages and social security contributions	-19,056	-19,849	-22,915	-23,811
Pension costs	-1,729	-1,912	-2,166	-2,386
Other personnel costs	-	-	-126	-130
Financial assistance	-1,032	-1,000	-1,032	-1,001
Cost of premises	-1,152	-1,319	-1,032	-1,126
Contract work and purchased activities	-10,633	-10,964	-9,279	-9,791
Fuel, energy, water, etc.	-343	-362	-3,397	-3,929
Consumables and repairs	-938	-952	-1,662	-1,685
Lease expenses	-312	-333	-217	-236
Development expenses	-310	-98	-310	-98
Capital losses and disposals	-13	-36	-95	-55
Other operating expenses	-2,821	-2,833	-6,063	-5,630
Total operating expenses	-38,339	-39,658	-48,294	-49,878

3. Items affecting comparability

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Reversal, development fund	18	27	18	27
Total receipts affecting comparability	18	27	18	27
Provision for Backplan agreement with Swedish Transport Administration (operating expenses)	-	-149	-	-149
Reversal of provision for E45 over-decking (operating expenses)	-	118	-	118
Reversal indexing of the provision for E45 over-decking (financial expense)	-	24	-	24
Agreement between Västtrafik and the Traffic & Public Transport Authority concerning trams (operating expenses)	-	-115	-	-115
Development fund utilised (operating costs)	-18	-27	-18	-27
Total costs affecting comparability	-18	-149	-18	-149
Total items affecting comparability	0	-122	0	-122

The items comprise "of which" items.

4. Depreciation/amortisation and write-downs

	Municipality		Combined accounts	
	2017	2018	2017	2018
Amortisation, intangible assets	-4	-3	-77	-54
Depreciation, buildings and plant	-1,010	-1,063	-2,430	-2,524
Depreciation, machinery and equipment	-386	-424	-1,707	-1,713
Write-downs	0	0	-220	-315
Total depreciation/amortisation and write-downs	-1,400	-1,490	-4,434	-4,606

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

Amounts in MSEK	Intangible assets	Properties for activities	Land reserve	Construction in progress	Plant and machinery	Of which financial leases	Total
Cost	72	30,997	529	7,161	3,253	2,288	42 012
Acc. write-ups	-	-	-	-	-	-	-
Acc. depreciation/amortisation	-35	-12,745	-102	0	-1,632	-1,143	-14,514
Acc. write-downs	-29	-28	-	-	-	-	-57
Opening book value	8	18,224	427	7,161	1,621	1,145	-27,441
Investments	0	2,121	66	2,505	492	383	-5,184
Sales/disposals	0	-59	-26	-	-143	-190	-228
Depreciation/amortisation	-3	-1,057	-6	-	-424	-315	-1,490
Reversed write-downs	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
Write-ups	-	-	-	-	-	-	-
Reclassifications/transfers	0	-160	1	0	233	0	74
Closing book value	5	19,069	462	9,666	1,779	1,023	30,981

Comparative figures for 2017 have been adjusted as an effect of correction for financial leases, see note 19 A.

5 b. Properties, plant, machinery and equipment, combined accounts

Amounts in MSEK	Intangible assets	Properties for activities	Land reserve	Construction in progress	Plant and machinery	Of which financial leases	Total
Cost	1,133	90,423	529	10,804	34,474	-	137,363
Acc. write-ups	-	3,377	-	-	-	-	3,377
Acc. depreciation/amortisation	-893	-35,281	-102	-	-17,722	-	53,998
Acc. write-downs	-54	-494	-	-181	-1,443	-	-2,172
Opening book value	186	58,025	427	10,623	15,309	-	84,570
Investments	19	2,041	66	6,233	2,376	-	10,735
Sales/disposals	-3	-73	-26	-2	-137	-	-241
Depreciation/amortisation	-47	-2,512	-6	-	-1,720	-	-4,285
Reversed write-downs	-	2	-	11	-	-	13
Write-downs	-	-68	-	-260	-	-	-328
Write-ups	-	0	-	-	-	-	0
Reclassifications/transfers	0	1,866	1	-2,400	364	-	-169
Closing book value	155	59,281	462	14,205	16,192	-	90 295

Comparative figures for 2017 have been adjusted as an effect of a correction for sales, see note 19 B.

6. Tax revenue, municipal financial equalisation, etc.

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Preliminary tax revenue, current year	26,656	27,705	26,656	27,705
Preliminary final settlement, current year	-113	-34	-113	-34
Final settlement, previous year	29	-81	-29	-81
Total tax revenue	26,572	27,590	26,572	27,590
Income equalisation	2,827	2,690	2,827	2,690
Structural subsidy	-	-	-	-
Cost equalisation	-314	-460	-314	-460
Settlement subsidy/charge	-5	89	-5	89
LSS equalisation	150	151	150	151
General subsidies	376	422	376	422
Municipal property charge	793	813	793	813
Total municipal financial equalisation etc.	3,827	3,705	3,827	3,705
Total tax revenue, municipal financial equalisation, etc.	30,399	31,295	30,399	31,295

7. Financial income and expenses

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Interest income from subsidiaries	340	346	-	-
Interest income	25	30	38	47
Earnings from shares and participations	771	821	108	-3
Other financial income	22	27	6	12
Total financial income	1,158	1,224	152	56
Interest expenses	-469	-413	-832	-743
Interest on pension costs	-32	-70	-14	-24
Other financial expenses	-55	-28	-61	-26
Total financial expenses	-556	-511	-907	-793
Net financial items	602	713	-755	-737
Market value of interest rate swaps				
Nominal amount of interest rate swaps	4,500	4,500	25,360	25,260
Market value of interest rate swaps	-166	24	-1,109	-644
Secured debt in foreign currency	4,118	3,028	4,118	3,028
Cross currency swaps	-81	-60	-81	-60

Earnings from shares and participations, Municipality 2018; SEK 810 million of the SEK 821 million is dividends from municipal companies.

8. Financial assets

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Shares and participations	9,800	9,802	414	420
Deferred tax asset	-	-	0	0
Other non-current interest-bearing receivables	23,657	29,458	3,097	3,075
Total financial assets	33,457	39,260	3,511	3,495
Itemisation: Shares and participations				
Göteborgs Stadshus AB	9,451	9,451	-	-
Associates	1	1	58	63
Kommuninvest	336	336	336	336
Other companies, tenant-owner dwellings and basic fund capital trusts	12	14	20	21
Total shares and participations	9,800	9,802	414	420

9. Stocks, stores and development properties

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Inventories	28	31	370	495
Development properties	563	597	642	627
Total inventories and development properties	591	628	1,012	1,122
<i>Itemisation: Development properties</i>				
Value brought forward	540	563	735	642
Expenses for the year	248	118	657	312
Withdrawal of book value	-263	-87	-782	-333
Reclassification/revaluation	38	3	32	6
Total development properties	563	597	642	627

10. Current receivables

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Accounts receivable, Group companies	78	99	-	-
Accounts receivable	491	531	1,453	1,692
VAT receivables	262	303	275	326
Receivables from the government	326	0	544	200
Prepayments and accrued income	1,954	1,958	1,584	1,539
Other current interest-bearing receivables, Group companies	10,284	7,126	-	-
Other current receivables	737	649	978	1,097
Total current receivables	14,132	10,666	4,834	4,854

11. Equity

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Equity brought forward	20,172	22,300	28,404	30,741
Other adjustments	-	-	-32	8
Net earnings for the year	2,128	1,792	2,369	2,300
Closing equity	22,300	24,092	30,741	33,049
<i>Itemisation: Distribution of equity</i>				
Earnings equalisation reserve	1,869	2,609	-	-
Other equity	20,431	21,483	-	-
Closing equity	22,300	24,092	30,741	33,049

Comparative figures for 2017 have been adjusted as a result of correction, see note 19 B.

12. Provisions for pensions

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Defined-benefit pension scheme	2,207	2,490	3,472	3,766
Collective agreement occupational pension, fixed-term pension, etc.	22	22	22	23
Total pensions	2,229	2,512	3,494	3,789
Employer's contribution	541	610	643	715
Total pensions and employer's contribution	2,770	3,122	4,137	4,504
Itemisation: Change in provision over the year				
Provision brought forward	2,561	2,770	3,943	4,137
New commitments during the year	252	371	303	454
- of which newly earned pension	196	298	223	333
- of which interest and base amount indexation	54	70	87	116
- of which change in actuarial bases	0	0	0	0
- of which pension to survivors	7	6	7	6
- of which miscellaneous	-5	-3	-14	-1
Payouts for the year	-84	-87	-153	-159
Change in special employer's contribution for the year	41	68	44	72
Total pensions and employer's contribution	2,770	3,122	4,137	4,504

The Municipality's reporting of pensions is in accordance with the Swedish Municipal Accounting Act's mixed model, which means that pension obligations earned from 1998 onwards are recognised in the balance sheet while pension obligations earned before 1998 are recognised as a contingent liability as a memorandum item (see note 17). In addition to these pension obligations, defined-contribution pensions are recognised under current liabilities (see note 15). The Municipality's total pension obligations including employer's contribution amounted to SEK 14,474 million in 2018, of which SEK 10,535 million refers to obligations that date back further than 1998, so-called pension obligations in contingent liabilities. Pension costs including employer's contribution amounted to

SEK 1,912 million in 2018, which is an increase of SEK 183 million on 2017. The costs include pension payments from the pension obligations in contingent liabilities of SEK 456 million, defined-contribution pensions savings of SEK 733 million and a provision for a defined-benefit pension scheme of SEK 302 million. In addition there is an employer's contribution which equals SEK 386 million.

The City of Gothenburg Group's total pension obligations for 2018 amounted to SEK 15,974 million, an increase of SEK 8 million on the previous year. Degree of updating 100%.

13. Other provisions

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
A. Provision for restoration of landfill				
Carrying amount at beginning of year	22	21	76	69
Provisions for the period	-	-	12	14
Provisions utilised	-1	0	-18	-17
Unused amounts reversed	-	-	-1	-
Reclassification	-	-	-	-
Closing provision	21	21	69	66
B. Provision for infrastructure measures				
Carrying amount at beginning of year	794	806	794	806
Provisions for the period	25	173	25	173
Provisions utilised	-13	-54	-13	-54
Unused amounts reversed	-	-143	-	-143
Reclassification	-	-	-	-
Closing provision	806	782	806	782

C. Provision for measures in the construction sector

Carrying amount at beginning of year	42	69	455	454
Provisions for the period	55	46	125	96
Provisions utilised	-14	-4	-112	-99
Unused amounts reversed	-14	-5	-14	-13
Reclassification	-	-	0	-
Closing provision	69	106	454	438

D. Provision for environmental measures

Carrying amount at beginning of year	-	19	64	76
Provisions for the period	19	1	21	1
Provisions utilised	-	-5	-9	-5
Unused amounts reversed	-	-4	-	-4
Reclassification	-	-	-	-
Closing provision	19	11	76	68

E. Provision for development fund

Carrying amount at beginning of year	45	27	45	27
Provisions for the period	-	-	-	-
Provisions utilised	-18	-27	-18	-27
Unused amounts reversed	-	-	-	-
Reclassification	-	-	-	-
Closing provision	27	0	27	0

F. Other provisions

Carrying amount at beginning of year	9	9	123	123
Provisions for the period	-	-	8	9
Provisions utilised	-	0	-8	-25
Unused amounts reversed	-	0	0	0
Reclassification	-	-	-	-
Closing provision	9	9	123	107

Total opening balance

912 951 1,557 1,555

Total provisions for the period

99 220 191 293

Total utilised

-46 -90 -178 -227

Total unused amounts reversed

-14 -152 -15 -160

Reclassification

- - 0 -

Total closing balance

951 929 1,555 1,461

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.

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 31 (25) million.

C. Measures in the construction sector

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

D. Environmental measures

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

E. Development fund

On 6 December 2012, the City Council decided to set up a development fund of SEK 400 million for future initiatives, in particular social initiatives. The fund's assets will not replace the committees' ordinary responsibility, but will mainly be used to deal with joint problems that the committees cannot reasonably manage in the ordinary budget. According to the City Council decision, dissolution of the fund will be recognised as items affecting comparability in the respective year's income statement. The fund has been recognised in the balance sheet as a provision. It does not meet the criteria for a provision set out in recommendation RKR 10.2 Provisions. The development fund closed on 31 December 2018.

F. Other provisions

Other provisions relate to expected damages and outstanding claims.

Combined accounts:

A. The provision for the restoration of landfill refers, aside from the Municipality's unchanged provision of SEK 21 million, primarily to the restoration of landfill sites within the Renova Group (OB of SEK 28 million has increased to SEK 39 million, with Tagene accounting for SEK 29 million). SEK 14 million of funds at Gothenburg Port Authority earmarked for the restoration of Torsviken dredging depot (OB SEK 20 million) have been utilised, with completion expected in 2021 (CB SEK 6 million).

B. See the Municipality.

C. The provision for measures in the construction sector refers, aside from the Municipality's provision, which in total increased from SEK 69 million to SEK 106 million, to future commitments in construction projects within Älvstranden Utveckling AB. This primarily concerns Kvillebäcken (OB SEK 29 million/CB SEK 25 million), Stora Torp (OB SEK 34 million/CB SEK 28 million), Västra Eriksberg (OB SEK 45 million/CB SEK 32 million), Lindholmshamnen (OB SEK 135 million/CB SEK 116 million), Skeppsbron (unchanged CB SEK 13 million) and a new provision for the Älvkantsskydd flood protection of SEK 10 million. Älvstranden also reports several smaller, ongoing provisions totalling SEK 12 million, as does Higab AB (CB SEK 16 million) and Förvaltnings AB Framtiden (CB SEK 10 million). The item also contains provisions for guarantee commitments relating to one-coat rendered façades within Förvaltnings AB Framtiden, which fell from SEK 89 to SEK 69 million during the year.

D. Funds earmarked for environmental measures refer, aside from the Municipality's provision, which has decreased from SEK 19 million to SEK 11 million as a result of both utilisation and reversal, to the provision within the Göteborg Energi Group linked to ongoing confirmed future environmental measures, such as the restoration of land (unchanged CB SEK 25 million). Liseberg AB reports an unchanged provision for contaminated land in a subsidiary company (CB SEK 20 million). The remaining amounts are unchanged and encompass both a provision for decontamination of the Färjenäs training area used by Greater Gothenburg Rescue Services and a provision to Gryaab for land decontamination of Färjestaden of SEK 6 million each.

E. See the Municipality.

F. Aside from the Municipality's provision (unchanged CB SEK 9 million), other provisions largely comprise costs for outstanding claims within Försäkrings AB Göta Lejon, where SEK 20 million was utilised during the year (CB SEK 90 million). The remaining provisions partly refer to pensions at Gothenburg Port Authority (CB 2.1 SEK million), FEI European Championships in equestrian sports at Got Event (CB 2.7 million) and restructuring costs at Göteborgs Spårvägar AB (CB 2.5 million).

14. Non-current liabilities

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Liabilities to banks and credit institutions	32,233	29,792	34,080	32,348
Deferred income	3,216	3,816	3,305	3,900
Liabilities to Group companies	436	434	-	-
Other non-current liabilities	-	5	101	109
Total non-current liabilities	35,885	34,047	37,486	36,357
<i>Itemisation: Deferred income, regulated over several years</i>				
Connection charges	282	347	390	469
Investment grants	1,833	2,134	1,834	2,135
Payments for street costs	1,101	1,335	1,081	1,296
Total deferred income	3,216	3,816	3,305	3,900

Non-current liabilities change over the year

Opening borrowing	28,524	35,885	30,852	37,486
Amortisation for the year	-4,297	-2,902	-9,212	-4,276
Newly raised loans	9,439	3,775	11,429	4,613
Reversal of previous year's reclassification	3,152	2,902	8,067	4,276
Current portion of non-current liabilities	-2,902	-6,094	-4,276	-6,345
Change in deferred income	1,866	600	625	595
Change in other non-current liabilities	103	-119	1	8
Total non-current liabilities	35,885	34,047	37,486	36,357

Information on loans from banks and credit institutions

Average interest rate (%)	0.39	0.45	0.63	0.49
Average fixed interest period (days)	546	539	573	580
Loans maturing within 0-1 year	2,902	6,094	4,276	6,571
Loans maturing within 1-2 years	6,094	4,804	6,571	6,269
Loans maturing within 2-5 years	16,404	16,930	18,919	18,814
Loans maturing within 5+ years	8,590	7,034	8,590	7,034

Comparative figures for 2017 have been adjusted as a result of correction, see note 19 A.

15. Current liabilities

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Liabilities to Group companies	2,031	2,672	-	-
Liabilities to banks and credit institutions	5,546	9,661	6,920	9,912
Accounts payable	2,315	2,431	3,248	3,338
Employee taxes	300	312	352	367
Accruals and deferred income*	3,958	4,426	6,009	6,806
Other current liabilities	569	591	1,149	1,449
Total current liabilities	14,719	20,093	17,678	21,872

* This item includes the Municipality's defined-contribution pension including employer's contribution of SEK 817 (848) million.

16. Guarantees

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Guarantees for loans and pension obligations				

Gothenburg Port Authority	467	442	-	-
Göteborg Energi AB	235	237	-	-
Higab AB	1,197	1,196	-	-
Göteborgs Stadshus AB	1,776	2,360	-	-
Other companies	306	291	-	-
Total guarantees City companies	3,981	4,526	-	-
Other guarantees				
Private houses – government home loans	1	1	1	1
Foundations	501	502	501	502
Associations	163	178	163	178
Other	57	60	57	60
Total external guarantees	722	741	722	741
Total guarantees	4,703	5,267	722	741
Other contingent liabilities	-	-	166	157
Pledged assets	-	-	580	381

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

In November 2012, the City of Gothenburg stood surety jointly and severally, as for a debt of its own, for all of Kommuninvest i Sverige AB's present and future obligations. All 288 municipalities that were members of Kommuninvest Cooperative Society on 31 December 2018 have entered into identical guarantee commitments. Kommuninvest's total obligation amounted to SEK 405 billion and its total assets to SEK 406 billion on 31 December 2018. Gothenburg's share of the guarantee liability is 1.92%, SEK 7.8 billion.

A recourse agreement has been concluded between all members of Kommuninvest Cooperative that regulates the division of responsibility between the

member municipalities in the event of the above-mentioned guarantee commitment being utilised. Under the agreement, responsibility will be divided partly in relation to the size of the funds that each member municipality has borrowed from Kommuninvest i Sverige AB and partly in relation to the size of each member municipality's invested capital in Kommuninvest Co-operative Society.

The Municipality's guarantee for pension obligations in certain municipal companies, joint statutory authorities and foundations amounted to SEK 760 million at the end of the year. There was no need for Gothenburg Municipality to redeem guarantee commitments in 2018.

17. Pension obligations not recognised as liabilities or provisions

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
PA-KL pension obligations, active	3,524	3,173	3,530	3,180
PA-KL pension obligations, retired	4,840	4,948	4,931	5,033
Pension obligations, annuity	363	345	363	345
Total PA-KL pension obligations	8,727	8,466	8,824	8,558
Pension obligations, managers' agreements	-	-	-	-
Other pension obligations	10	12	10	12
Guarantee commitments, FPG/PRI	-	-	5	6
Total pension obligations	8,737	8,478	8,839	8,576
Special employer's contribution	2,120	-2,057	2,142	2,077
Total pension obligations and special employer's contribution	10,857	10,535	10,981	10,653

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 65 million on 31 December 2018, compared to SEK 56 million in 2017.

18. Lease expenses

Amounts in MSEK	Municipality		Combined accounts	
	2017	2018	2017	2018
Operational lease agreements				
Lease fees paid for the year	312	333	217	236
Contracted future lease fees				
Maturing within 1 year	104	145	52	55
Maturing within 1-5 years	149	198	127	119
Maturing in more than 5 years	1	2	82	56
Financial lease agreements				
Lease fees paid for the year	352	383	-	-
Contracted future lease fees				
Maturing within 1 year	345	342	-	-
Maturing within 1-5 years	588	559	-	-
Maturing in more than 5 years	146	122	-	-

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 13.2. 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 Stadshuset AB which is owned by City of Gothenburg.

19. Effects on the 2017 comparison year as a result of corrections regarding financial leases (A) and sales (B)

Amounts in MSEK	Note	Municipality			Combined accounts		
		2017	+/-	2017	2017	+/-	2017
ASSETS, extract							
NON-CURRENT ASSETS, extract							
A. Property, plant and equipment, Acc. cost	5	-	443	-	-	-	-
A. Property, plant and equipment, Acc. depreciation	5	-	-	-	-	-34	-
B. Property, plant and equipment, Acc. cost	5	-	-	-	-	-2	-
Property, plant and equipment		26,990	443	27,433	84,420	-36	84,384
EQUITY, PROVISIONS AND LIABILITIES, extract							
EQUITY, extract							
B. Adjustment entry, Sales	11	-	-	-	4	-36	-32
Equity		-	-	-	30,777	-36	30,741
NON-CURRENT LIABILITIES extract							
A. Liabilities to banks and credit institutions, Non-current lease liabilities	14	-	443	-	-	-	-
Non-current liabilities		35,442	443	35,885	-	-	-

Auditor's Report for 2018

Concerning the City of Gothenburg Executive Board and Committees and the combined annual accounts Gothenburg Municipality, reg. no. 212000-1355.

We, the auditors appointed by Gothenburg City Council, have examined the activities of the City of Gothenburg Executive Board and Committees. By means of lay auditors appointed to Gothenburg Municipality's wholly-owned companies and subsidiaries, the activities of the Municipality's companies have also been examined. The examination has been performed by expert advisors who assist the auditors.

The City Executive Board and Committees are responsible for activities being conducted in an appropriate and financially satisfactory manner, for the accounts and the reporting being true and fair and for the adequacy of the internal control systems.

Our responsibility is to express an opinion on the accounts, the activities and the internal control systems on the basis of our audit. We also assess whether the annual accounts are consistent with the financial and operational goals decided by the City Council.

The examination has been performed in accordance with the Local Government Act and generally accepted auditing standards in municipal activities as well as the City of Gothenburg's audit regulations. The examination has been carried out with the focus and to the extent required to provide reasonable grounds for assessment and examination of liability.

The results of the examination of the City Executive Board and Committees are shown in the audit memoranda and audit accounts submitted to the Board and the Committees. The results of the examination of the companies are shown in a corresponding way in the audit reports and audit accounts submitted to each company. The audit of the City of Gothenburg's accounts and annual accounts, including the combined accounts, can be found in a separate audit report which has been submitted to the City Executive Board. The year's examination is summarised in our annual statement, which has been submitted to the City Council. A remark was addressed to the Commercial Premises Committee. The audit shows that the committee decided to recognise evacuation costs contrary to generally accepted auditing standards. The committee's reporting is therefore not true and fair. Four members

of the committee who registered a reservation against the committee decision on recognising the evacuation costs for the benefit of a separate claim, are excluded from the above remark.

Criticism has also been directed at Lundby district committee in its entirety in the form of a remark. The audit shows serious deficiencies in parts of the social services' activities.

In their audit report, the lay auditors have directed criticism at the board of directors of Göteborgs Spårvägar AB in the form of a remark. The audit reveals serious deficiencies in the company's internal governance and control as well as a lack of activity from the board when it comes to dealing with previously identified shortcomings in the company's working environment. It is our opinion that the Board and Committees of the Municipal 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.

We recommend that the 2018 Annual Report for the City of Gothenburg be adopted.

We note that Gothenburg City Council's budget for 2018, as with previous years' budgets, lacks clear financial goals. As a result, it is not possible to assess the results in the Annual Report against set financial goals.

The City Executive Board's analysis of goal achievement for the operational goals shows a continued weak trend of development. Goal achievement has only changed in a positive direction for one of the City Council's 18 operational goals. In our opinion, the Administration Report needs to be supplemented with an analysis of why the development trend is still weak and

an action plan for how the goals can be achieved.

The auditors shall report their examination of liability of the Board and Committees to the City Council. The assignment of the lay auditors in the companies does not include a standpoint in the matter of liability. We recommend that the City Council grant the members of the Board and the Committees discharge from liability for the financial year 2018.

We recommend that the 2018 Annual Report for the City of Gothenburg be adopted.

Gothenburg, 9 April 2019

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