

Stockholm County Council

Interim report at August 2017

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The figures in parentheses refer to the year-before period, unless otherwise specified. Deviations may occur in tables and diagrams since the figures have been rounded from SEK 000s to millions.

1. Introduction

The Stockholm region is growing strongly, which places demands on the expansion and upgrade of healthcare and public transport. The population of Stockholm County is growing by around 35,000 residents per year. The expansion entails financial challenges and requires that a strict budget discipline is applied with continuous prioritisations to achieve balanced finances.

Stockholm County Council's surplus before transition costs¹ amounted to SEK 3,370 million for the period January to August 2017, which is SEK 522 million higher than the corresponding period in 2016. The results improvement during the period is mainly due to increased operating revenues in the form of passenger receipts in public transport and increased tax revenues that are affected by the favourable economic climate. After adjustment for transition costs that are linked to future health and medical care, the surplus for the period was SEK 2,714 million.

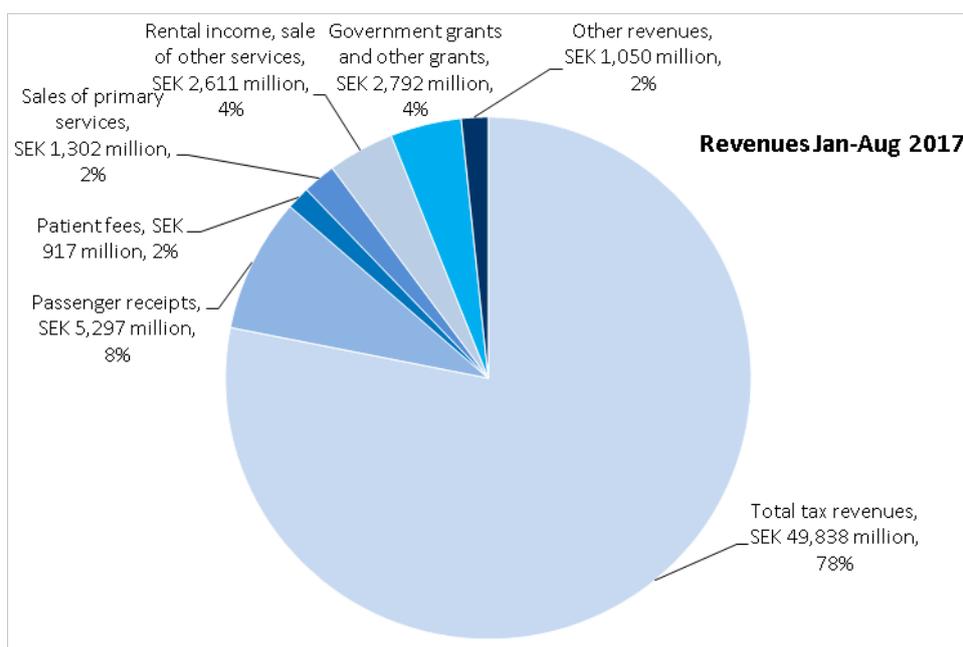
The forecast surplus before transition costs for 2017 amounted to SEK 1,300 million, which is higher than this year's budget of SEK 283 million. The positive earnings forecast in relation to the budget depends in part on the aforementioned passenger receipts, but also on the sale of a property with a capital gain of SEK 48 million. The overall financial situation for public transport is relatively favourable while several emergency hospitals are forecasting deficits for 2017. A restrictive approach will continue to be required in 2017 in order to ensure a sustainable cost level.

Stockholm County Council's strong surplus is needed for the planned expansion and upgrade of the infrastructure in both healthcare and public transport. The surplus is mainly used to finance the investments being made, which leads to a lower need for borrowing than planned and thereby lower capital costs in the future.

¹ Transition costs refer to restructuring costs within the scope of the Future Health and Medical Care.

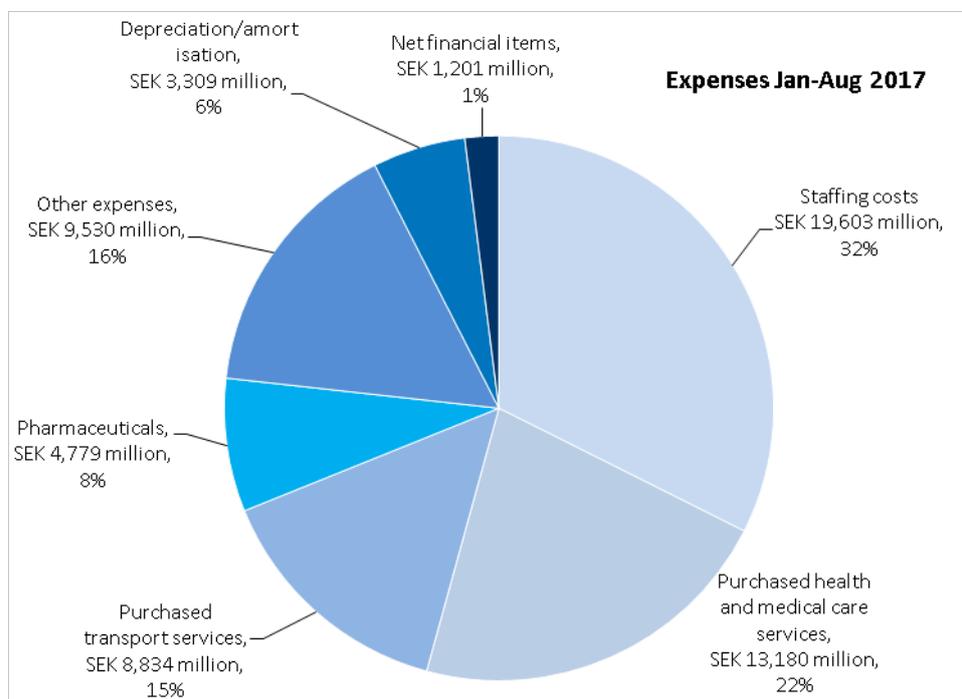
The pie chart below shows the distribution of Stockholm County Council's revenues and expenses for the period January to August 2017.

Stockholm County Council's total revenues in the period January to August 2017 amounted to SEK 63,807 million, which is 4.7 per cent higher than the corresponding period of the previous year. The overwhelming majority of revenues, 78 per cent, come from total tax revenues.



During the period January to August 2017, the County Council's total expenses before transition costs amounted to SEK 60,437 million, which is an increase of 4.1 per cent compared with the previous year. The County Council's largest cost item is the staffing costs in self-produced operations.

The rate of cost increase for the staffing costs is higher than what is assessed as long-term sustainable. In order to have balanced finances, the cost trend must be adapted to the County Council's long-term financial capacity.



The investment outcome in the period January to August 2017 amounted to SEK 8,495 million, corresponding to 44 per cent of the budgeted annual volume. The annual investment volume is forecast at SEK 17,338 million, which is nearly SEK 2,000 million below budget. The forecast for the County Council's interest-bearing liabilities at year-end is SEK 48,000 million. The increase in liabilities is due to the high investment activity in Stockholm County Council.

Stockholm County Council has six overall objectives: balanced finances, improved availability and quality in health and medical care, attractive public transport in a sustainable transport system, freely accessible culture that promotes experiences, encounters, formative education and participation, sustainable growth and development, and secured skills provisioning. The overall objectives of balanced finances, improved availability and quality in healthcare, and attractive public transport in a sustainable transport system are partially followed up as at 31 August. The objective of balanced finances and attractive public transport in a sustainable transport system is deemed to be achieved during 2017. However, the objective of an improved availability and quality in healthcare will not be achieved in 2017.

ADMINISTRATION REPORT

2. Significant events in 2017

Future Health and Medical Care

In August, the County Council Director assigned the Director of Health and Medical Care to be responsible for coordination and implementation of the Future Plan for Health and Medical Care, which was previously in the County Council Executive Board Administration. This clarifies the responsibility for the implementation of the Future Plan for Health and Medical Care in the whole of Stockholm's healthcare system.

The work on the implementation of the Future Plan for Health and Medical Care (FHS) is in full swing in 2017. The transfer of operations from Karolinska University Hospital to other emergency hospitals has begun. The Public Healthcare Services Committee has made a decision on the future operating content at Karolinska University Hospital in Solna and Huddinge.

The thoracic and paediatric clinics have moved in and established their operations in the first of the new care buildings in New Karolinska Solna. Planning is now under way for care and research to move into the rest of the care buildings and to the research building that will be completed gradually up to year-end 2017.

At Danderyd Hospital, construction is under way of the treatment building and at Södersjukhuset, several new care buildings are being built as well as a technical block. The construction of Chopin, the Centre in Huddinge for Operations and Interventions, has gained full speed. The Public Healthcare Services Committee has decided to introduce a new structure for the local urgent care centres to relieve the emergency wards.

Obstetrics

In the 2017 budget, the Public Healthcare Services Committee was assigned to prepare a long-term obstetrics plan for the County. Conditions in terms of facilities for opening a new obstetrics unit at St. Göran Hospital are expected to be in place beginning in 2022. Until then, the capacity of the other units needs to increase.

By the end of August 2017, Södersjukhuset and Södertälje Hospital had increased their capacity in the form of a larger number of childbirths by 12 and 23 per cent, respectively, compared with the previous year. The planning for the next few years includes a gradual increase of capacity mainly at Karolinska Huddinge.

The situation at the County's obstetrics clinics has been strained during certain periods, mainly during the summer. In spite of this, more than nine out of ten deliveries could be made at the clinic the parents had chosen.

Public transport

At the beginning of the year, AB Storstockholms Lokaltrafik (SL) introduced a tariff system without zones, which means that a journey has the same price regardless of the length of the journey. At the same time, the ticket prices were increased by around 5 per cent.

Citybanan, a newly built six-kilometre-long commuter rail tunnel under central Stockholm opened for service in the summer of 2017.

In August, the Light Rail opened for service between Solna Station and Stora Essingen without a transfer in Alvik.

Act of terror in Stockholm

On 7 April 2017, Sweden was shaken by an act of terror on Drottninggatan in central Stockholm. The event led to the death of five people and many people being injured, several seriously. Stockholm County Council directly entered the highest level of preparedness. Reinforcements were made with extra ambulance helicopters, extra ambulances, extra intensive care and psychological crisis support. For reasons of security, the majority of Stockholm's public transport was closed during the rest of the day. At present, a follow-up is being conducted of Stockholm County Council's efforts in connection with the act of terror in Stockholm.

The spring bill

In April, the government presented the spring amended budget for 2017 and the 2017 financial spring bill. The spring amended budget indicates changes in the national budget. For Stockholm County Council, funding was increased for obstetrics by SEK 113 million and an initiative is being made for children's and young people's mental health in an amount of SEK 23 million.

The fourth green bond

In May, Stockholm County Council issued its fourth green bond. The nominal amount is SEK 2,000 million, which corresponds to 30 per cent of the County Council's estimated credit requirements for 2017. Green bonds are a way to borrow money for the investments that also provide a good impact on the environment when the county council expands public transport and healthcare.

State grants for the pharmaceutical benefits

In May, the Swedish Association of Local Authorities and Regions (SALAR) approved an agreement on the state grants to the county councils for the pharmaceutical benefits scheme, among other things. For 2017, Stockholm County Council received SEK 5,682 million in government grants. In addition to the grant for the pharmaceutical benefits, this includes grants for some pharmaceuticals prescribed under the Communicable Diseases Act, some transfers of pharmaceuticals to inpatient care, some transfers of consumables, and a grant for the dose service. For pharmaceuticals used to treat hepatitis C, a grant of 70 per cent of the amount of the estimated cost for 2017 is included.

Budget bill for 2018

In September, the government presented the budget bill for 2018. In the budget bill, the government proposes several reforms to strengthen Swedish welfare, including increasing availability to healthcare and so that the county councils will provide good conditions for healthcare staff. The details in several of the government's targeted efforts will be clarified in consultations between the government and the Swedish Association of Local Authorities and Regions (SALAR). In the budget bill, the government also announces an increase in the general government grant to municipalities and county councils by SEK 5,000 million beginning in 2019 and another increase by SEK 5,000 as of 2020.

Corporate governance

The established owner function in the County Council Executive Board Administration aims to strengthen owner governance and create clarity concerning to objectives, roles and responsibilities. Through Landstingshuset i Stockholm AB (LISAB) and the owner committee, the County Council takes an active and responsible owner role for the operations the County Council operates under its own direction, both in company and in committee form. A new project for owner dialogue has been implemented. Through a reinforced owner dialogue, governance is coordinated from a corporate group perspective. The owner dialogue has a clear connection to the Group's and the respective board and committee's fulfilment of its objectives and owner directives. The strengthened owner governance aims for a better coordination of the County Council's self-production of healthcare.

Sweden negotiations

Within the scope of the Sweden negotiations, the County Council has conducted a dialogue with the state and several of the County's municipalities regarding the expansion of public transport in the county. In April 2017, this resulted in an agreement between the County Council and affected parties regarding the next expansion phase of public transport in

Stockholm County. The agreement means that the County Council will expand public transport with a new Metro line between Fridhemsplan and Älvsjö, a new Metro station along the future Yellow Line at Hagalund, and an extension of the Roslagsbanan suburban railway to City and the Southern Tramway. The objects are being financed by the County Council, the state and the affected municipalities. At the same time, the municipalities are committing to build more than 100,000 new homes in total by 2035. This provides the County an important addition of housing and a possibility to grow sustainably with more travel by public transport.

3. Objectives

The County Council Assembly makes decisions of a general and principle nature regarding objectives, emphasis, scope and quality of the County Council's operations. The management by objectives creates conditions for governance and development of the County Council's operations. The County Council has six overall objectives: balanced finances, improved availability and quality in health and medical care, attractive public transport in a sustainable transport system, freely accessible culture that promotes experiences, encounters, formative education and participation, sustainable growth and development, and secured skills provisioning. The overall objectives are divided into 21 broken-down goals to achieve the overriding objectives. The follow-up takes place in connection with the annual accounts and measurements take place with the help of 48 indicators.

3.1 Assessment of goal attainment

In the objectives and budget for Stockholm County Council 2017², the County Council Assembly decided on targets the indicators for 2017.

The outcome for all indicators is followed up at year-end. In the interim report as at 31 August, the outcome for several indicators is followed up under the overall objectives:

- balanced finances
- improved accessibility and quality in health and medical care
- attractive public transport as part of a sustainable transport system
- free culture that promotes experiences, meetings, education and participation.

For the indicators under the overall objectives of sustainable growth and development as well as a secured skills provisioning, a compilation is done of how the committees and companies work to ensure goal attainment.

3.2 Balanced finances

The overall objective has three broken-down goals: a balanced result, self-financing of operations and replacement investments, as well as sustainable investment development.

² SCC Objectives and budget 2017, LS 2016-0257.

| Goals and indicators | Outcome 2017 Aug | Achieved 2017 Aug | Outcome 2016 Aug | Forecast 2017 | Objectives 2017 |
|--|------------------------|-------------------------|------------------------|----------------------|--------------------|
| BALANCED FINANCES | | | | | |
| A balanced result | | | | | |
| Surplus before transition costs, SEK million | SEK 3,370 million | Yes ● | SEK 2,848 million | SEK 1,300 million | SEK 283 million |
| Self-financing of operating and replacement investments | | | | | |
| Operations are not loan financed | 0 % | Yes ● | 0 % | 0 % | 0 % |
| Replacement investments are not loan financed | 0 % | Yes ● | 0 % | 0 % | 0 % |
| Sustainable investment trend | | | | | |
| Net capital cost's share of the collective tax revenues | 8 % | Yes ● | 8 % | 9 % | ≤11% |
| Net debt's share of the collective tax revenues | 1) | Yes ● | 1) | 98 % | ≤120% |

1) Underlying parameters are only measured by full-year.

A balanced result

- To achieve balanced finances, the County Council must provide an economic surplus before transition costs of at least SEK 283 million. The forecast for 2017 is a surplus before transition costs of SEK 1,300 million. The assessment is thereby that the indicator value will be achieved during the year.

Self-financing of operating and replacement investments

Every generation shall bear its own costs for operations, maintenance and replacement investments. This means that the County Council shall not borrow for either operations or replacement investments.

- The cash flow from the operating activities amounted to SEK 5,294 million as of August. For the full year, the assessment is that the cash flow from operating activities will continue to be positive, which means that no borrowing for operations will arise.
- The replacement investments amounted to around SEK 1,700 million as of August. The objective that replacement investments will be self-financed by the operating activities is thereby deemed to have been achieved as of August. For the full year, the replacement investments are forecast to amount to around SEK 4,000 million. The objective to be achieved, it is presupposed that the positive cash flow from operating activities is retained for the rest of the year.

A sustainable investment trend

The County Council's investments entail a financial and economic commitment for a long time to come. The investments should therefore entail either increased capacity or efficiency enhancements to be justified. Excessively high capital costs and excessively high debt are at risk of leading to financial deficits or that the room for future operations is decreased. The investment expense must be sustainable.

- The net capital cost share of the collective tax revenues may not exceed 11 per cent. For the full year, the net capital costs are forecast to amount

to around 9 per cent. The assessment is thereby that the objective is achieved during the year.

- The interest-bearing net debt may amount to a maximum of 120 per cent of the collective tax revenues. The indicator is assessed only for the full year. The percentage of interest-bearing net debts is forecast to around 98 per cent and the assessment is thereby that the objective is achieved during the year.

The overall objective of balanced finances is estimated to be achieved in 2017.

3.3 Improved availability and quality of health and medical care

The overall objective has four broken-down goals, care at the right time, safe care, high level of efficiency and high confidence in care.

| Goals and indicators | Outcome 2017 Aug | Achieved 2017 Aug | Outcome 2016 Aug | Forecast 2017 | Objectives 2017 |
|---|------------------------|-------------------------|------------------------|------------------|--------------------|
| IMPROVED AVAILABILITY AND QUALITY OF HEALTH AND MEDICAL CARE | | | | | |
| Care at the right time | | | | | |
| Percentage of inpatient care episodes outside emergency hospitals | 20,9 % | Yes ● | 19,9 % | Met | ≥19% |
| Percentage of visits to local urgent care clinics of the total number of visits to emergency wards of emergency hospitals | 36,8 % | No ● | 36,0 % | Not met | ≥40% |
| Attainment rate, care guarantee | 79,0 % | No ● | - | Uncertain | ≥83% |
| Safe care | | | | | |
| Prevalence of healthcare-associated infections | 8,1 % | Yes ● | 10,1 % | Uncertain | ≤8.3% |
| 30-day re-admission frequency within inpatient care for those 65 years and over | 15,1 % | No ● | 15,5 % | Uncertain | ≤15.0% |
| Antibiotic prescriptions ¹⁾ | 335 | No ● | 343 | Uncertain | ≤330 |
| High level of efficiency | | | | | |
| Number of completed cases in Healthcare Guide 1177 e-services per 1,000 residents | 23 | Yes ● | - | Met | 19,5 |
| Share of GP clinics that conduct active disease prevention work | 63,1 % | No ● | 58,5 % | Uncertain | ≥70% |
| Compliance to the Wise Drug Formulary | 88,6 % | Yes ● | - | Met | 84% |
| High level of confidence in care | | | | | |
| Share of the population that has considerable confidence in the healthcare services | 60,0 % | No ● | 65,0 % | Not met | ≥65% |
| The percentage that says that they would recommend their GP clinic to others | 80,0 % | No ● | - | Uncertain | 82% |

¹⁾ Use of antibiotics in the County is monitored with the indicator of the number of antibiotic prescriptions taken out per 1,000 residents and year.

Care at the right time

Care that does not require the emergency hospitals' resources shall be conducted outside the emergency hospitals. The care shall have reasonable waiting periods and the individual's needs shall be in focus. The indicators used to guide towards the goal of care at the right time focus on short waiting times for health and medical care.

- The percentage of inpatient care episodes outside the emergency hospitals is increasing compared with the previous year to 20.9 per cent, mainly due to the geriatric care episodes outside the emergency hospitals increasing. The outcome exceeds the target by ≥ 19 per cent and the assessment for the year is that the objective will be achieved.
- The percentage of visits to local urgent care centres relative to visits to the emergency hospitals emergency wards is more or less unchanged at 36.8 per cent, which is lower than the target of ≥ 40 per cent. This can be explained by delays in the expansion of new local urgent care centres. An increase in the percentage of visits is expected as of the second quarter of 2018 when more local urgent care centres will be opened.
- The attainment rate of the care guarantee for physical visits consists of three parts: appointments with GPs within five days, appointments with specialists within 30 days and appointments for treatment at a specialist within 90 days. The three parts are weighed together and measured with the help of a target of ≥ 83 per cent. The combined outcome amounts to 79 per cent and thereby achieves the target.

The percentage of patients that were given an appointment with a general practitioner (GP) within five days during the period was 87 per cent, excluding patients who themselves opted to wait longer, which is on a par with the corresponding period last year. The time limits in Stockholm County Council's care guarantee are shorter than in the national care guarantee where the limit for an appointment with a GP is seven days. Not all GPs participate in the measurement that is done over two two-week periods annually and the measurement method is under development.

During the period, 71 per cent of the patients had waited a maximum of 30 days for an appointment with a specialist once a referral had been sent, which is four percentage points fewer than the corresponding period in last year. The national care guarantee has a limit of a maximum of a 90-day wait. In Stockholm County, there was a larger percentage waiting less than 90 days for a specialist appointment than the national average. 93 per cent compared with 76 per cent at the latest measurement done in July.

During the period, 85 per cent of the patients had waited a maximum of 90 days for an operation or other treatment at a specialist, which is on a par with the corresponding period of the previous year. In Stockholm County, there was a larger percentage of patients waiting less than 90 days for surgery or another treatment than the national average. 82 per cent compared with 68 per cent at the latest measurement done in July.

Karolinska University Hospital has difficulties achieving the targets in the care guarantee and has been commissioned to prepare action plans with steps to address this. Particular focus is on the operations where Karolinska University Hospital is the sole provider of care, and the operations in imperative care³ where Karolinska University Hospital shows deficient availability.

The goal of care at the right time is not achieved and the forecast for the full year is uncertain.

Safe care

Good quality healthcare means that the care is safe. It should be conducted based on science and well-tried experience, and be followed up to ensure good treatment results and that care related infections and other patient safety risks are prevented. Through improved patient safety, unnecessary suffering can be avoided at the same time that healthcare resources are used where the need is the greatest. To ensure safe transitions for the patients a good collaboration between care providers and the municipalities' operations is strived for.

- The spring's measurement of the occurrence of healthcare-associated infections shows that the percentage of infected patients is 8.1 per cent, which is two percentage points lower than the corresponding period of last year and somewhat lower than the target of ≤ 8.3 per cent. Measurements are done over two two-week periods annually and the measurement method is under development.
- A high re-admission frequency in inpatient care involving elderly individuals over 65 years of age may be an indication of deficiencies in healthcare, in municipal care or in the transition between inpatient care and the home. The indicator of the 30-day re-admission frequency in inpatient care for individuals 65 years and older will therefore be followed up. The re-admission frequency is decreasing from 15.5 per cent in 2016 to 15.1 per cent, but does not fully achieve the target of ≤ 15.0 per cent.
- Reducing antibiotics prescriptions is important from a patient safety perspective. The prescription of antibiotics, which is monitored through the number of antibiotics prescriptions per 1,000 residents and years, is decreasing compared to last year, but does not meet the target of ≤ 330 .

The goal of safe care is not achieved and the forecast for 2017 is uncertain.

High level of efficiency

A high level of efficiency means the right measures are performed at the right time and in an appropriate and resource-efficient manner. A high level of efficiency in the resource use is necessary for the County Council to be

³ Treatment that cannot be delayed.

able to meet the demands in the long term from a growing population with increasingly older residents.

- The number of concluded cases in the Healthcare Guide 1177 e-services per 1,000 residents is 23.0, which is to be compared to the target of 19.5. It is mainly the renewal of prescriptions, booking appointments and advice that are the largest services by volume.
- The percentage of GP clinics that conduct active illness prevention work is increasing compared with last year, from 58.5 per cent to 63.1 per cent. More GP clinics work with advising talks and more district nurses and nurses have undergone training and can thereby offer talks. The target of ≥ 70 per cent is not met, however.
- Compliance with the Wise Drug Formulary exceeds the target of 84 per cent by 4.6 percentage points thanks to well-implemented recommendations in terms of prescriptions filled.

The objective of high efficiency is achieved and the forecast for the full year is uncertain.

High level of confidence in care

- The percentage of the population that has great confidence in care in the spring's measurement was 60 per cent (the autumn's measurement will be reported in connection with the 2017 annual accounts), which is 5 percentage points lower than the previous year and lower than the target of ≥ 65 per cent. The forecast for the year is that the target will not be met.
- The percentage that says that they would recommend their GP clinic to others. The patient survey in GP activities is done once a year in September. The outcome is available in December and will be reported in the 2017 annual accounts. During the first quarter of 2017, patient surveys were done to measure patient perception of and satisfaction with care in primary hearing rehabilitation, deaf interpretation and cancer care. Altogether, this provides an outcome of 80 per cent.

The objective of high confidence in care is not achieved and the full-year forecast is very uncertain.

The objective of an improved availability and quality in healthcare is deemed to not be achieved in 2017.

3.4 Attractive public transport as part of a sustainable transport system

The overall objective has three broken-down goals: attractive travel, effective trips with a low environmental and health impact, and an accessible and cohesive region.

The broken-down goal of attractive trips is followed up at 31 August as well as an indicator linked to the broken-down goal of an accessible and cohesive region. Other broken-down goals and indicators are followed up in the annual accounts.

| Goals and indicators | Outcome 2017 Aug | Achieved 2017 Aug | Outcome 2016 Aug | Forecast 2017 | Objectives 2017 |
|--|------------------------|-------------------------|------------------------|------------------|--------------------|
| ATTRACTIVE PUBLIC TRANSPORT AS PART OF A SUSTAINABLE TRANSPORT SYSTEM | | | | | |
| Attractive journeys | | | | | |
| Proportion of satisfied passengers in general public transport ¹⁾ | 82 % | Yes ● | 80 % | 80 % | ≥ 75% |
| Proportion of satisfied passengers in special public transport ²⁾ | 85 % | No ● | 84 % | 85 % | ≥ 90% |
| Proportion of satisfied passengers in marine public transport ³⁾ | 97 % | Yes ● | 94 % | 94 % | ≥ 91% |
| Accessible and cohesive region | | | | | |
| Proportion of rail vehicles with accessible boarding step | 100 % | Yes ● | 98% ⁴⁾ | 100 % | ≥ 96% |

¹⁾ SL on-board survey, Perceived quality. Outcome January-May.

²⁾ Outcome January-July.

³⁾ Outcome and forecast pertain to archipelago service. Goal 2017 pertains to archipelago and port service.

⁴⁾ Outcome 2016 pertains to December 2016.

Attractive journeys

Attractive factors for the residents are good availability through timeliness and service frequency. In addition, the line network is also important, as well as that it should be easy to take public transport. Other significant factors are travel time, price, service information and positive personal treatment.

The Traffic Committee works to develop service to gradually increase the percentage of satisfied passengers. This is done by constantly enhancing the efficiency of the procurements and actively managing existing agreements with the traffic and maintenance contractors.

- Satisfaction in public transport continues to be high. So far this year, the percentage of satisfied passengers has increased by 2 percentage points from 80 per cent for full-year 2016 to 82 per cent.
- Customer satisfaction in special public transport services has improved relative to the levels achieved at the end of 2016. Among other things, this is an effect of the suppliers' work with information, and training and follow-up of drivers.
- The percentage of satisfied passengers in public marine transport has increased by 3 percentage points compared with the corresponding period last year.

Accessible and cohesive region

Public transport shall be accessible to those who live and spend time in the region. It shall create proximity to work, education, service and recreation based on various needs and conditions.

- In spring 2017, the last commuter rail carriages of model X10 were decommissioned, which has resulted in the percentage of rail vehicles with accessible boarding steps being 100 per cent in August 2017.

The overall objective of attractive public transport in a sustainable transport system is deemed to be achieved in 2017.

3.5 Free culture that promotes experiences, meetings, education and participation

The overall objective has four broken-down goals: children and young people being prioritised, strategic coordination of the County's resources, culture support for experiences, participation and meetings, and culture as an integrated part of healthcare.

| Goals and indicators | Outcome 2017 Aug | Achieved 2017 Aug | Outcome 2016 Aug | Forecast 2017 | Objectives 2017 |
|---|------------------------|-------------------------|------------------------|------------------|--------------------|
| FREE CULTURE THAT PROMOTES EXPERIENCES, MEETINGS, FORMATIVE EDUCATION AND PARTICIPATION | | | | | |
| Children and young people are to be prioritised | | | | | |
| An overwhelming proportion of the external grants shall go to activities for children and young people ¹⁾ | 67 % | No ● | 66,0 % | Uncertain | 70 % |
| Strategic coordination of the County's resources | | | | | |
| The proportion of municipalities where the Culture Committee has established collaboration with municipal representatives, cultural stakeholders and civil society. | 100 % | Yes ● | - | Met | 100 % |
| Cultural support for activities, participation and meetings | | | | | |
| The proportion of municipalities reached by support from the Culture Committee | 100 % | Yes ● | - | Met | 100 % |
| Culture as an integrated aspect of healthcare | | | | | |
| In construction, 2 per cent of the production costs for healthcare premises and 1 per cent for other premises is allocated to art. ²⁾ | 0,71 % | No ● | - | Uncertain | 1-2% |

¹⁾ Activities for children and young people are defined as an audience ages 0-25.

²⁾ For especially large construction, a freer calculation basis is applied in accordance with the financial handbook. There, the cost for art investments is determined through investigations in the special case that shall be based on the building's need for art investments to ensure good quality design.

Children and young people are to be prioritised

- The County Council's support for cultural activities prioritises children and young people. It is complicated to measure the degree to which the support goes to activities that target the prioritised target group of children and young people. For example, children usually partake of culture in the company of adults. The Stockholm Concert Hall Foundation has growing activities directed at children and young people; this outcome is not presented in the table.

Strategic coordination of the County's resources

- A strategic coordination of the County's resources in the area of culture strengthens the Stockholm region. The coordination shall be based on the municipalities' and cultural actors' needs, shall build on relevant

strategies and shall have the aim that the County's residents receive similar access to culture and shall also be in line with the Committee's cultural policy priorities.

Cultural support for activities, participation and meetings

- The Cultural Committee's grants to the County's cultural actors can contribute to social cohesion. It is important that personal participation is in focus and that participant-driven projects also receive attention.

Culture as an integrated aspect of healthcare

- Artistic design in construction shall amount to 2 per cent of the production costs for healthcare premises. During the first eight months of the year, 12 new art projects were ordered. These orders amount to SEK 7.25 million, which corresponds to 0.71 per cent of the total investment cost for these projects. This means that the target is not achieved.

The overall objective of free culture that promotes experiences, meetings, formative education and participation is deemed to be partially achieved in 2017.

3.6 Sustainable growth and development

The overall objective has four broken-down goals, a leading growth region, effective environmental work, social responsibility and secure processes.

None of the broken-down goals are monitored as of 31 August. Below is a description of the work under way to ensure that the goals are achieved at year-end.

A leading growth region

- An annual tax base growth rate in the County shall be equal to or greater than in the rest of the country. According to the Swedish Association of Local Authorities and Regions, the tax base growth in the county for 2017 is forecast to be 4.6 per cent. This indicates a higher annual rate of growth than the national figure, which is forecast at 4.3 per cent. The forecast is that the goal of being a leading growth region is achieved as of 31 August.
- Research in the service of healthcare. The number of financial agreements with external partners shall increase by at least 5 per cent. Stockholm's medical biobank has introduced deposits and withdrawals of samples in the whole of the County Council's healthcare with a focus on clinical research needs. Karolinska Trial Alliance has been appointed to be the County Council's testing centre for clinical treatment studies and is included as one of the country's six national nodes in clinical treatment research.

Effective environmental work

- Energy consumption in operating premises. In 2016, energy consumption in the operating premises decreased by around 6 per cent, from 212 to 199 kWh per square metre. In 2017, Locum AB and the Traffic Administration are implementing and planning further efforts concerning energy-efficiency enhancement. Locum AB also continued to install solar cells. The Traffic Administration also began an effort in 2017 concerning solar power in AB Storstockholms Lokaltrafik's roof areas. The assessment is that the objective of energy use in operating premises will be achieved for 2017.
- energy consumption for public transport services per passenger kilometre. In 2017, the Traffic Administration began an investigation on a transition to electric-powered bus service. The investigation comprises all of the County's bus services with associated infrastructure and aims to study various possibilities and variants of electrification. In 2016, the energy consumption for public transport had decreased by nearly 2 per cent compared with 2011, which indicates that the outlook is good for achieving the target I budget 2017.
- Percentage of renewable energy for transport services. In 2016, the percentage of renewable fuels was 85 per cent for the County Council's total transports and 96 per cent for public transport. Administrations and companies are working to increase the percentage of renewable energy for transports and in 2017, high standards were placed on renewable fuel in central, coordinated procurements of transport services. The assessment is that the target of at least 80 per cent renewable energy by 2017 will be achieved.
- Proportion of ecological food. Stockholm County Council is working in 2017 to prepare a plan for sustainable patient meals that among other things shall lead to a larger percentage of ecological food, more locally produced food, less food waste and lower use of antibiotics in animal production. In 2016, the percentage of ecological food was 43 per cent and 34 per cent for just patient meals. The target that at least 30 per cent of the food shall be ecological is accordingly met.

Social responsibility

- The County Council shall treat all residents equally. This means that committees and companies shall introduce methods and tools to systematically work with social responsibility. Work on social sustainability is under way in most of the county's operations. However, many operations lack a good follow-up and a fair reporting of the operations conducted.
- Code of Conduct for suppliers. At least 10 per cent of the suppliers shall be reviewed with regard to social responsibility. In the first half of 2017, the work with supplier follow-ups initiated in 2015 and 2016 continued

and a number of new follow-ups have been started. In 2017, the work to systematise Stockholm County Council's work on the Code of Conduct for suppliers was begun.

Secure processes

Security work shall be conducted in a systematic way. In 2017, at least 60 per cent of the County Council's committees and companies shall have introduced methods and tools for systematic work both within information security and for security. The target was the same for 2016 and at the time, it was not achieved.

- Information security. The collective assessment for full-year 2016 is that the work on the management system for information security is still in a development phase. Efforts are under way at an administration and company level with potential to achieve improvements in the systematic information security work.
- Security. The elevated threat level to the country and the security situation in Sweden's local area emphasizes the importance of the County Council's security work being conducted systematically and with intensity. Further efforts are required to achieve the goals.

It is assessed as uncertain if the overall objective of sustainable growth and development will be achieved in 2017.

3.7 Safeguarding skills provision

The overall objective has three broken-down goals: an attractive employer, improved working organisation and systematic skills planning.

Attractive employer

- The objective of an attractive employer is monitored through the indicators of the employee index, leadership index and total index for proud and motivated employees. The results are obtained through an employee survey that is conducted once a year. The County Council's operations work systematically based on the skills provisioning strategy so that the County Council will be perceived as an attractive employer.

Improved work organisation

In accordance with the Future plan for health and medical care, the work organisation shall be further developed through new work formats and ways of working that aim to promote security, continuity and sustainability. For the healthcare operations, this work means that all professions' working hours shall be scheduled.

- The goal is measured by monitoring how many physicians are covered by the GAT planning system. Work on the implementation of the planning system is continuing. The assessment is that the goal, that at

least 20 per cent of the physicians will be covered by this, will not be achieved.

Systematic skills planning

- The broad introduction of the KOLL model for skills planning and the IT tool ProCompetence is continuing. The interim follow-up shows that 25 per cent of the employees use the KOLL skills planning model. The assessment is that the percentage of users will increase further in 2017, but that the goal of 50 per cent of the employees using KOLL in 2017 will not be achieved.

It is assessed as uncertain if the overall objective of secured skills provisioning will be achieved in 2017.

4. Financial analysis

Stockholm County Council is presenting a surplus for the period January to August 2017. A surplus contributes to strengthening financial stability for the future. For the County Council, this means balanced finances over time, at the same time that the County's residents receive available care of a high quality and reliable public transport.

The table on the County Council Group describes Stockholm County Council's collective operations.

| County Council Group | | | |
|--|---|---|---|
| County Council | Group companies, etc. | | |
| Boards and committees | Administrations | Landstingshuset i Stockholm AB (100%) | AB Storstockholms lokaltrafik (100%) |
| <ul style="list-style-type: none"> County Council Assembly County Council Executive Board Public Healthcare Services Committee Trafiknämnden (Traffic Committee) Growth and Regional Planning Committee Culture Committee Patient Advisory Committee Audit Board | <ul style="list-style-type: none"> County Council Executive Board Administration Health and Medical Care Administration Public Healthcare Services Office Traffic Administration Metro Expansion Administration Growth and Regional Planning Administration Culture Administration Patient Advisory Committee Administration County Council Audit Office | <ul style="list-style-type: none"> Södersjukhuset AB Danderyds Sjukhus AB Södertälje Sjukhus AB S:t Eriks Ögonsjukhus AB Folktandvården Stockholms län AB Ambulanssjukvården i Storstockholm AB Stockholm Care AB MediCarrier AB Locum AB Waxholms Ångfartygs AB AB Stockholms Läns Landstings Internfinans Barnbördshuset Stockholm AB (49%) | <ul style="list-style-type: none"> SL Infrateknik AB AB SL Finans SL Älvsjö AB |
| Board of | Administrations under corporate-like forms | | Kommunalförbundet ägaresamverkan i Norrtälje Sjukvård och omsorg (50 %)¹ |
| <ul style="list-style-type: none"> Karolinska University Hospital Healthcare Provision, Stockholm County | <ul style="list-style-type: none"> Karolinska University Hospital Healthcare Provision, Stockholm County | | <ul style="list-style-type: none"> TioHundra AB |

Contract companies

| Co-owned legal entities with significant influence ² | Co-owned legal entities without significant influence ⁵ |
|---|--|
| <ul style="list-style-type: none"> ALMI Företagspartner i Stockholm Sörmland AB (40.5%) Mälardalstrafik MÅLAB AB (35%) Coordination association (25 %)³ Kommunalförbundet Svenskt ambulansflyg (23%)⁴ | <ul style="list-style-type: none"> Kommunalförbundet Avancerad Strålbehandling (14%) Resekortet i Sverige AB (13.3%) Landstingens Ömsesidiga Försäkringsbolag (4.8 %) |

Contracts

County council municipal affairs managed by a different legal entity than the County Council.
100 per cent of transport operations are run by external contractors.
37 per cent of healthcare is provided by external care providers.

1) Joint municipal association with Norrtälje Municipality.

2) Relates to jointly owned legal entities with a participating interest larger than 20 per cent.

3) SCC is a part of six coordination associations together with the Swedish Social Insurance Agency

(Försäkringskassan), the Public Employment Services and municipalities in the county.

4) Joint municipal association together with the other county councils and regions in Sweden.

5) The other companies with a participating interest of below 10 per cent are not included in the compilation.

4.1 Surplus/deficit

| Surplus/deficit SEK million | Outcome | Outcome | Change | Forecast | Budget | Deviation | Year end 2016 |
|---|-----------------|-----------------|--------------|----------------|----------------|----------------------|---------------------|
| | 2017 jan-Aug | 2016 jan-Aug | | 2017 | 2017 | Forecast - budget | |
| Operating revenues | 13 969 | 13 715 | 1,9 % | 22 217 | 21 160 | 1 057 | 21 102 |
| Staffing costs | -19 603 | -18 892 | 3,8 % | -29 916 | -29 371 | -545 | -29 175 |
| Purchased health and medical care, dental care | -13 180 | -12 513 | 5,3 % | -20 186 | -19 986 | -200 | -19 357 |
| Purchased transport services | -8 834 | -8 888 | -0,6 % | -13 668 | -13 800 | 132 | -13 433 |
| Other expenses | -14 309 | -14 128 | 1,3 % | -24 467 | -25 054 | 587 | -22 551 |
| Operating expenses | -55 926 | -54 421 | 2,8 % | -88 237 | -88 211 | -26 | -84 515 |
| Depreciation and amortisation | -3 309 | -2 967 | 11,5 % | -5 411 | -5 531 | 120 | -4 633 |
| Net operating expenses | -45 266 | -43 673 | 3,6 % | -71 432 | -72 583 | 1 151 | -68 045 |
| Total tax revenues | 49 838 | 47 208 | 5,6 % | 74 751 | 74 979 | -228 | 71 010 |
| Net financial items | -1 201 | -687 | 74,9 % | -2 019 | -2 113 | 94 | -1 257 |
| Resultat före omställningskostnader | 3 370 | 2 848 | | 1 300 | 283 | 1 017 | 1 708 |
| Omställningskostnader | -656 | -456 | | -1 089 | -1 120 | 31 | -899 |
| Surplus/deficit after transition costs | 2 714 | 2 393 | | 211 | -837 | 1 048 | 808 |

As of 31 August, the surplus before transition costs⁴ amounted to SEK 3,370 million, which is SEK 522 million higher than the corresponding period of the previous year. The positive surplus trend for the period is mainly the result of an increase of 5.6 per cent in total tax revenues.

The forecast surplus for 2017 before transition costs is estimated at SEK 1,300 million, compared with the budget for the year of SEK 283 million. The improved forecast is partly attributable to the Traffic Committee raising the forecast by SEK 300 million and a property being sold with a capital gain of SEK 48 million.

Stockholm County Council's strong surplus is needed for the planned expansion and upgrade of the infrastructure in both healthcare and public transport. The surplus is mainly used to finance the investments being made, which leads to a lower need for borrowing than planned and thereby lower capital costs in the future.

⁴ Transition costs refer to restructuring costs within the scope of the Future Health and Medical Care.

For the economic framework to last over a long time, it is important that the on-going structure change in healthcare is implemented. Focus during the period is to achieve budgeted surplus requirements and to adapt the operations' care volumes in accordance with current transition agreements and the intentions of the Future Health and Medical Care Plan. At present, the costs are increasing more than production, which means worse efficiency.

During the year, the work on the 'More Efficient County Council' programme that aims to free up resources for the County Council's core activities by ensuring an efficient management, control and follow-up of the County Council's operations.

For comparability between the years, transition costs have been excluded in all comparative figures. The forecast transition costs for the year are SEK 1,089 million, of which SEK 656 million are accrued by April. The forecast surplus after transition costs is SEK 211 million.

4.1.1 Revenues

The total revenues for the period⁵ amounted to SEK 63,807 million (60,923), which is 4.7 per cent higher than the corresponding period of the previous year. The revenue trend between years depends mainly on higher tax revenues that are affected by the favourable economic climate, and on higher operating revenues in the form of passenger receipts in public transport. The forecast for total revenues amounts to SEK 96,967 million, which is SEK 829 million higher than the budget for the year.

Operating revenues

Operating revenues totalled SEK 13,969 (13,715) million, which is an increase of 1.9 per cent compared with the corresponding period of the previous year. The outcome for the period includes a capital gain of SEK 48 million that pertains to a property sale. The forecast for operating revenues is SEK 22,229 million, an increase of SEK 1,069 million relative to the budget for the year.

⁵ Total revenues refer to the total of operating revenues and total tax revenues.

| SEK million | Outcome | Outcome | Change | Forecast | Budget Deviation | | Year end |
|--|---------------|---------------|--------------|---------------|------------------|--------------|---------------|
| | 2017 | 2016 | | 2017 | 2017 | forecast | 2016 |
| | Jan-Aug | Jan-Aug | | | budget | | |
| care | 917 | 911 | 0,7 % | 1 405 | 1 427 | -22 | 1 401 |
| Passenger receipts | 5 297 | 4 890 | 8,3 % | 8 115 | 7 877 | 238 | 7 540 |
| Sales of primary services ¹ | 1 302 | 1 321 | -1,4 % | 2 438 | 2 179 | 259 | 2 132 |
| Rental income, sales of other services, materials, goods | 2 611 | 2 414 | 8,1 % | 4 427 | 4 356 | 71 | 3 812 |
| grants | 2 792 | 2 867 | -2,6 % | 4 190 | 4 072 | 118 | 4 336 |
| Other revenues <i>of which items affecting comparability</i> ² | 1 050 | 1 312 | -20,0 % | 1 641 | 1 249 | 392 | 1 880 |
| | | 714 | | - | - | - | 656 |
| Total operating revenues | 13 969 | 13 715 | 1,9 % | 22 217 | 21 160 | 1 057 | 21 102 |

¹ Primary services consist of sold healthcare, medical and dental services plus sales of other primary service

² Items affecting comparability are individual events or transactions that exceed SEK 100 million.

In healthcare, medical and dental services, the revenues for the period comprise patient fees and sales of primary services for SEK 2,219 million (2,232), which is a decrease of 0.6 per cent compared with the corresponding period of the previous year. The patient fees in dental care are increasing by 2.4 per cent, which is in line with the price adjustment made on 1 January 2017. Fewer doctor's appointments, due to the transition in healthcare where produced care shall mainly increase outside the emergency hospitals, is one reason that other patient fees are decreasing somewhat.

In public transport operations, passenger receipts for the period amounted to SEK 5,297 million (4,890), which is 8.3 per cent higher than the previous year. The increase is explained mainly by the change in ticket prices in January, positive effects of changes in the ticket assortment, and more travel. The revenue forecast for the year amounts to SEK 8,115 million, which is SEK 238 million higher than the budget for the year.

Rental income and other sales revenue amounted to SEK 2,611 million (2,414), which is an increase of 8.1 per cent. The revenue forecast for the year amounts to SEK 4,427 million, which is SEK 71 million higher than the budget for the year.

The government and other grants amounted to SEK 2,792 million (2,866), which is a decrease of 2.6 per cent compared with the previous year. This includes specially designated government grants in healthcare that amounted to SEK 1,107 million (1,247) for the period. The forecast for government and other grants is SEK 4,190 million, which is SEK 118 million over the year's budget.

Other operating revenues amounted to SEK 1,050 million, which is a decrease of 20.0 per cent compared with the previous year. The outcome being higher in 2016 is attributable to capital gains that were realised last year.

Total tax revenues

Total tax revenues are comprised of three parts: tax revenues, a general government grant and a municipal economic equalisation. The period's total tax revenues amounted to SEK 49,838 million (47,208), meaning an increase of 5.6 percent compared with the corresponding period of the previous year.

| SEK million | Outcome | Outcome | Change | Change | Contributions |
|-------------------------------------|---------------|---------------|--------------|--------------|---------------|
| | 2017 | 2016 | % | SEK million | to% |
| | Jan-Aug | Jan-Aug | | | change |
| Tax revenues | 46 926 | 44 416 | 5,7 % | 2 510 | 5,3 % |
| General national governmental grant | 3 918 | 3 756 | 4,3 % | 161 | 0,3 % |
| Equalisation system | -1 007 | -964 | 4,4 % | -42 | -0,1 % |
| Total tax revenues | 49 838 | 47 208 | 5,6 % | 2 629 | |

The tax revenues increased by SEK 2,510 million during the period January to August 2017, compared with the corresponding period in 2016. This increase is attributable to a larger tax base in the County.

The general government grants increased by SEK 161 million during the period January to August 2017, compared with the corresponding period in 2016. This change includes SEK 292 million in higher grants for the pharmaceutical benefit scheme, and SEK 131 million in lower grants for refugee support. The grant for the pharmaceutical benefit scheme also includes grants for the treatment of hepatitis C, medication prescribed in the Communicable Diseases Act and certain other grants. Parts of the refugee support from 2017 are recognised under the municipal economic equalisation system.

The outcome of the municipal economic equalisation system increased by SEK 42 million during the period January to August 2017, compared with the corresponding period in 2016. The municipal economic equalisation system includes an income equalisation fee, a cost equalisation grant and an adjustment grant, or adjustment fee.

The income equalisation fee is calculated based on the difference between the County's taxable income and the tax equalisation base, also known as the guaranteed level, that for the County Council is equivalent to 115 per cent of the average tax capacity nationwide. The income level in Stockholm County is 117.4 per cent of the national average in 2017 and the County

Council must thereby pay an income equalisation fee on the part of the income exceeding the guarantee level. The system has changed as of 2016, which means that Stockholm County Council must pay more income equalisation than in the previous system.

The cost equalisation grant compensates for cost-driving differences between county councils that cannot be influenced, such as population changes.

The adjustment grant or adjustment fee is used to adjust the difference between the government grant and costs for the system.

In a comparison with the period January to August of last year, the income equalisation fee increased by SEK 166 million while the adjustment fee decreased by SEK 108 million. The cost equalisation grant increased by SEK 16 million.

Tax revenue forecast

For 2017, total tax revenues are forecast to amount to SEK 74,751 million, which is an increase over budget of SEK 228 million, corresponding to 0.3 per cent. The decrease is a combined effect of changes in tax revenues, general government grants and a municipal economic equalisation.

| SEK million | Forecast 2017 | Budget 2017 | Change % SEK million | Change | Outcome 2016 | Change PR/15 |
|--|------------------|----------------|-------------------------|-------------|-----------------|-----------------|
| Tax revenues | 70 390 | 71 068 | -1,0 % | -678 | 66 822 | 5,3 % |
| General national governmental grant | 5 871 | 5 550 | 5,8 % | 321 | 5 634 | 4,2 % |
| Equalisation system | -1 510 | -1 639 | -7,9 % | 129 | -1 447 | 4,4 % |
| Total tax revenues | 74 751 | 74 979 | -0,3 % | -228 | 71 010 | 5,3 % |
| Change from previous year, SEK millior | 3 741 | 3 969 | | | 3 746 | |
| Change from previous year,% | 5,3 % | 5,6 % | | | 5,6 % | |
| Tax rate | 12,08 | 12,08 | | | 12,08 | |

The tax revenues are estimated at SEK 70,390 million in 2017, which is a decrease by SEK 678 million compared with the year's budget. The decrease is attributable to the forecast for the tax base growth for 2017 having been revised downwards. As a basis for the forecast, the Swedish Association of Local Authorities and Regions' economic forecast from August was used.

The general government grants are estimated at SEK 5,871 million in 2017, which is an increase by SEK 321 million compared with the year's budget. The deviation is attributable to a higher grant for the pharmaceutical benefit scheme.

In 2017, the costs for the municipal economic equalisation system were forecast at SEK 1,510 million, which is SEK 129 million lower than budget. The deviation is attributable to revised population forecasts for the country and the County.

4.1.2 Expenses

Total expenses⁶ for the period amounted to SEK 60,437 million (58,075), which is an increase by 4.1 per cent compared with the year-before period. The forecast for the total expenses amounts to SEK 95 667 million, which is SEK 188 million lower than the budget for the year.

Operating expenses

Operating expenses for the period amounted to SEK 55,926 million (54,421), an increase of 2.8 per cent compared with the corresponding period of the previous year. Purchased health and medical care services and staffing costs, which together account for 59 per cent of operating expenses, represent the largest part of this cost increase. The forecast for operating expenses is SEK 88,237 million, which is SEK 26 million over the budget for the year.

Stockholm County Council is conducting an expansion and improvement of healthcare and public transport that meets the needs of the growing population. The efforts in the County Council entail both financial and planning challenges. A restrictive approach will continue to be required in 2017 in order to secure the cost level. A strong awareness of the costs and their development is necessary in all operations and lays the foundation for a long-term stable economy.

| SEK million | Outcome | Outcome | Change | Forecast | Budget | Deviation | Year |
|--|----------------|----------------|--------------|----------------|----------------|------------|----------------|
| | 2017 | 2016 | | 2017 | 2017 | forecast | end |
| | Jan-Aug | Jan-Aug | | | budget | 2016 | |
| Staffing costs | -19 603 | -18 892 | 3,8 % | -29 916 | -29 371 | -545 | -29 175 |
| Purchased health and medical care services | -13 180 | -12 513 | 5,3 % | -20 186 | -19 986 | -200 | -19 357 |
| Purchased transport services | -8 834 | -8 888 | -0,6 % | -13 668 | -13 800 | 132 | -13 433 |
| Pharmaceuticals | -4 779 | -4 662 | 2,5 % | -7 471 | -7 428 | -43 | -7 093 |
| Other materials and products, etc. | -3 268 | -3 077 | 6,2 % | -5 450 | -5 390 | -60 | -5 143 |
| Grants provided | -1 303 | -1 339 | -2,7 % | -2 007 | -2 019 | 11 | -1 779 |
| Premises expenses, lease of equipment | -1 758 | -1 590 | 10,6 % | -2 596 | -2 604 | 8 | -2 725 |
| Other expenses | -3 202 | -3 460 | -7,5 % | -6 944 | -7 614 | 671 | -5 811 |
| Total operating expenses | -55 926 | -54 421 | 2,8 % | -88 237 | -88 211 | -26 | -84 515 |

⁶ Total operating expenses refer to operating expenses, depreciation/amortisation and net financial items.

Staffing costs for the period amounted to SEK 19,603 million (18,892), an increase of 3.8 per cent compared with the corresponding period of the previous year. The payroll costs that account for the largest part of the staffing costs amounted to SEK 12,677 million (12,290) and increased by 3.2 per cent compared with the year-before period. Staffing costs include costs of insourced personnel in an amount of SEK 405 million (321), which corresponds to 2.1 (1.7) per cent of the total staffing costs for the period.

Pension expenses that account for the largest part of the staffing costs amounted to SEK 2,565 million (2,630) and decreased by 2.5 per cent compared with the year-before period. For full-year 2017, the pension expenses are forecast as reported under staffing costs at SEK 3,888 million. Compared with full-year 2016 when corresponding expenses amounted to SEK 3,937 million, this would entail a decrease by SEK 49 million or 1.2 per cent. The total pension expenses also include an interest component that is presented under financial expenses. The total pension expenses amount to SEK 2,981 million, which compared with the year-earlier period, corresponds to an increase of SEK 183 million or 6.5 per cent. The total pension expenses are forecast for full-year 2017 to SEK 4,507 million. Compared with full-year 2016 when corresponding expenses amounted to SEK 4,289 million, this would entail an increase by SEK 218 million or 5.1 per cent.

Measured in the number of full-time equivalents⁷, the personnel volume is 42,628, which entails an increase by 383 full-time equivalents or 0.9 per cent. The increase in the number of full-time equivalents has mainly taken place in healthcare. For 2017, the number of full-time equivalents is forecast to be 125 more than budget.

⁷ Full-time equivalents refer to the agreed time (attendance and absence) in relation to the individual full-time measure for the actual number of days during the period.

| Staffing costs | 2017 | 2016 | Change |
|-------------------------------------|----------------|----------------|---------------|
| SEK million | Jan-Aug | Jan-Aug | % |
| Payroll costs | -12 677 | -12 290 | 3,2 % |
| of which -sick pay | -226 | -209 | 7,7 % |
| -holiday period | -1 861 | -1 828 | 1,8 % |
| -compensation for other absenteeism | -2 348 | -2 314 | 1,5 % |
| -overtime compensation | -256 | -226 | 13,2 % |
| Pension expenses | -2 565 | -2 630 | -2,5 % |
| Social insurance fees | -3 962 | -3 680 | 7,6 % |
| Other personnel costs* | 6 | 28 | -77,7 % |
| Total personnel costs | -19 198 | -18 572 | 3,4 % |
| Cost of insured personnel | -405 | -321 | 26,2 % |
| of which health and medical care | -346 | -261 | 32,6 % |
| -Public transport | -59 | -52 | 12,0 % |
| -Culture | 0 | 0 | - |
| -Regional planning | 0 | -1 | - |
| -Other | -15 | -6 | 158,0 % |
| Total staffing costs | -19 603 | -18 892 | 3,8 % |

* Company healthcare, preventive healthcare, training and conference costs, employee representation, cost compensation and changes in holiday pay liability.

The rate of increase in the staffing costs is alarming since the expenses are increasing more than what is deemed to be long-term sustainable in Stockholm County Council. To lower the rate of cost increases, the operations must continue to focus on the challenges that exist within the areas, such as personnel volume, sick leave rates and changed work methods. The operations, mainly the emergency hospitals, must take necessary steps to stay within the given budget limits.

| Sickness absence as a percentage of ordinary working time | 2017 | 2016 |
|--|-------------|-------------|
| Per cent | August | August |
| Women | 6,9 | 7,3 |
| Men | 3,6 | 3,8 |
| Total | 6,2 | 6,5 |
| Sickness absence of 60 days or more in relation to total sickness absence* | 53 | 54 |

* Of all sickness absence, sickness absence of 60 days or more accounted for 53 per cent.

Sickness absences have decreased compared with the year-earlier period. The percentage of sickness absences that lasted 60 days or more has also decreased.

Expenses for purchased health and medical care services amounted to SEK 13,180 million (12,513), an increase of 5.3 per cent compared with the corresponding period of the previous year. The forecast costs for purchased

health and medical care services for the full year 2017 are SEK 20,186 million, which is SEK 200 million over the budget for the year. For more information, continue reading in Section 8.

The costs for purchased transport services for the period amounted to SEK 8,834 million (8,888), a decrease of 0.6 per cent compared with the previous year. The full-year forecast for purchased transport services is SEK 13,668 million, which is a decrease of SEK 132 million relative to the budget for the year. For more information, continue reading in Section 9.

The expenses for pharmaceuticals, materials and goods, premises expenses, rent of equipment, grants paid and other expenses amounted to SEK 14,310 million (14,128) for the period. Pharmaceuticals costs are the single largest item and amounted to SEK 4,779 million (4,662), which is an increase of 2.5 per cent compared with the year-before period. Consulting costs during the period January to August amounted to SEK 508 million. The forecast for pharmaceuticals, materials and goods, premises expenses, rent of equipment, grants paid and other expenses is SEK 24,468 million, which is a decrease by SEK 587 million compared to budget.

Other expenses for the period amounted to SEK 14,309 million (14,128), which is an increase of 1.3 per cent compared with the previous year. The expenses are increasing for materials and goods where e.g. pharmaceutical costs are included, as well as premises and property expenses. The forecast for other expenses is SEK 24,467 million, which is a decrease of SEK 587 million relative to the budget for the year.

Depreciation/Amortisation

Expenses relating to depreciation and amortisation amounted to SEK 3,309 million (2,967), an increase of 11.5 per cent compared with the same period of the previous year. Depreciation and amortisation are increasing as a result of investments made. The forecast depreciation and amortisation for 2017 amounts to SEK 5,411 million and is SEK 120 million lower than the budget for the year.

Net financial items

Net financial items for the period amounted to SEK -1,201 million (-687). The deviation compared with the year-before period consists primarily of an increased interest component in the year's pension expense, and costs for the PPP⁸ agreement for New Karolinska Solna that was commissioned

⁸ Public-Private Partnership, PPP, is a procurement form for large infrastructure projects. The basis is a long-term agreement between the public sector as the client and a private party as the implementer where the private party takes

during the year. The forecast for net financial items for 2017 is SEK -2,019 million, which is SEK 94 million better than budget, primarily as a result of continued low market interest rates.

4.2 Results by operational area

Stockholm County Council's committees and companies are divided into overall areas of operation. The table below shows the County Council's results as at 31 August distributed by operational area. Also refer to Section 8 for healthcare, Section 9 for public transport and Section 11 for other operations.

| Results by operational area | County Council grants | Income | Expenses | Surplus/deficit | Forecast | Budget |
|--|-----------------------|---------------|----------------|-----------------|--------------|--------------|
| SEK million | Jan-Aug | Jan-Aug | Jan-Aug | Jan-Aug | 2017 | deviation |
| Healthcare | 38 454 | 7 200 | -44 468 | 1 187 | 110 | -153 |
| Public transport | 6 635 | 8 142 | -13 747 | 1 030 | 550 | 300 |
| Culture | 406 | 45 | -434 | 18 | 0 | 0 |
| Regional planning | 112 | 1 | -110 | 4 | 0 | 0 |
| Other operations | 2 031 | 58 896 | -59 566 | 1 361 | 640 | 870 |
| Group adjustments | -47 638 | -10 629 | 58 039 | -228 | 0 | 0 |
| Surplus/deficit before transition costs | 0 | 63 656 | -60 285 | 3 370 | 1 300 | 1 017 |
| Transition costs | | | -656 | -656 | -1 089 | 31 |
| Surplus/deficit after transition costs | 0 | 63 656 | -60 941 | 2 714 | 211 | 1 048 |

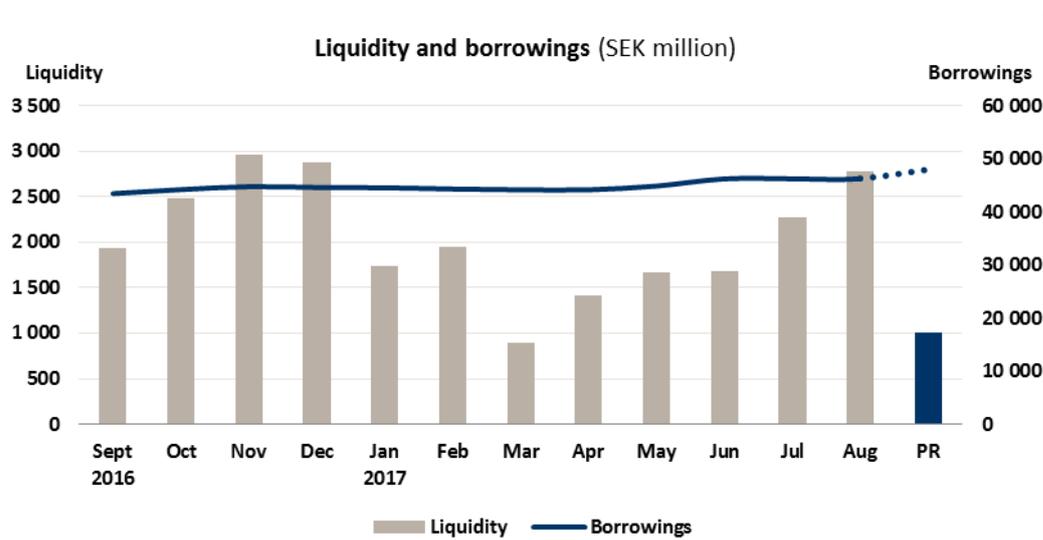
4.3 Financing

Stockholm County Council's liquidity amounts to SEK 2,784 million as of August, which is SEK 94 million lower than at the beginning of 2017. The liquidity forecast for 2017 shows liquidity at year-end of SEK 1,000 million.

The County Council's interest-bearing liabilities as of August amounted to SEK 46,229 million, which is SEK 1,632 million higher than at the beginning of 2017. The forecast for interest-bearing liabilities at year-end is SEK 48,000 million. The increase during the year is due to new borrowings to finance the year's investments.

The average interest on loans for the County Council's loan portfolio is 1.8 per cent, which is unchanged compared to the 2016 annual accounts.

comprehensive responsibility for project engineering, the construction process and operation and maintenance.



4.4 Reconciliation against the balance requirement

The forecast balanced-budget requirement is SEK 163 million for 2017. This includes transition costs that are linked to the implementation of future health and medical care in an amount of SEK 1,089 million, as well as capital gains of SEK 48 million.

| Deficit for the year according to the balance requirement | Forecast |
|--|------------|
| SEK million | 2017 |
| Surplus/deficit | 211 |
| Capital gains | -48 |
| Surplus/deficit after balance requirement adjustments | 163 |
| Balance requirement surplus/deficit | 163 |

Stockholm County Council will not use the possibility of reserving funds in an earnings equalisation reserve to equalise revenues over an economic cycle.

During the period 2012 to 2014, the County Council Assembly decided to reserve a total of SEK 5,300 million in equity to cover future transition costs in connection with the implementation of future health and medical care.

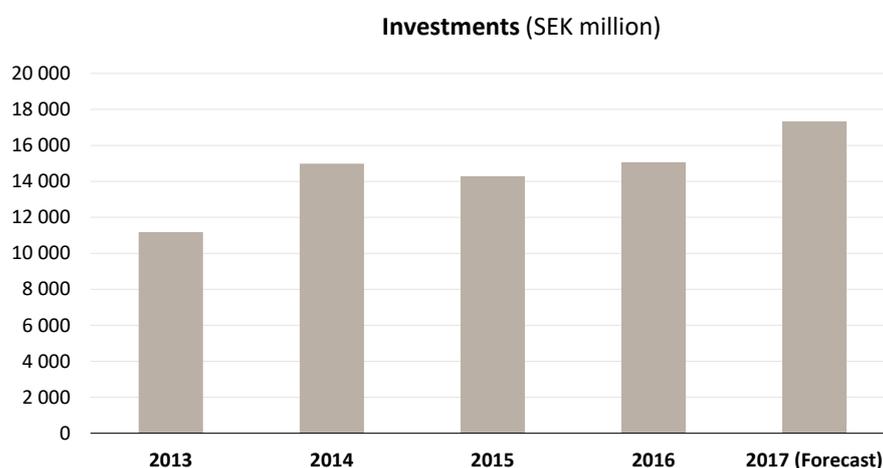
Since the decision for a reservation in equity was made, the total budget for covering future transition costs in connection with the implementation of future health and medical care was set at SEK 3,500 million.

5. Investments

The Stockholm region is growing stronger than it has in many years. This is basically positive, but at the same time sets high demands of good availability and quality in healthcare and a well-functioning public transport. The investment volume is extensive and entails significant challenges to the County Council's finances.

5.1 Investment trend

The development of investing activities in Stockholm County Council in the past four years and a forecast for 2017 are presented by the diagram below. The investment plans for 2017 are extensive and this year's investment budget amounts to SEK 17,338 million.



The table below shows the period's investments that amount to SEK 8,495 million, which corresponds to a conversion rate of 44 per cent (55) in relation to a budgeted annual volume of SEK 19,239 million. The forecast for 2017 amounts to SEK 17,338 million.

| Investments SEK million | Outcome | Outcome | Forecast | Budget | Year end | Conversion rate % | |
|---------------------------------------|--------------|--------------|---------------|---------------|---------------|-------------------|-------------|
| | 2017 | 2016 | 2017 | 2017 | 2016 | 2017 | 2016 |
| | Jan-Aug | Jan-Aug | | | | Jan-Aug | Jan-Aug |
| Healthcare including properties (LFS) | 2 095 | 2 107 | 3 924 | 4 691 | 3 884 | 45 % | 49 % |
| New Karolinska Solna | 1 926 | 2 692 | 3 181 | 3 089 | 3 855 | 62 % | 61 % |
| Public transport | 4 011 | 3 491 | 7 762 | 8 423 | 6 147 | 48 % | 56 % |
| Citybanan commuter rail | 0 | 341 | 709 | 709 | 378 | 0 % | 85 % |
| Expanded Metro | 358 | 372 | 651 | 1 291 | 658 | 28 % | 49 % |
| Other | 105 | 79 | 1 111 | 1 035 | 144 | 10 % | 17 % |
| Total investments SCC Group | 8 495 | 9 082 | 17 338 | 19 239 | 15 065 | 44 % | 55 % |

5.2 Investments in health and medical care

To the end of August 2017, the investment outcome regarding investments in healthcare amounted to SEK 2,095 million, which corresponds to a

conversion rate in relation to the year's budget of 45 per cent. The budget for the full year amounts to SEK 4,691 million.

A part of healthcare's total investments is comprised of strategic equipment investments. They amounted to SEK 182 million at August 2017 while the budget for 2017 amounts to SEK 836 million. The conversion rate for the period is thereby 22 per cent. The forecast for strategic equipment investments is in line with the budget.

5.2.1 Major property investments in healthcare

The table below shows a selection of the major property investments under way during the year.

| SEK million | Expense for the year | | Budget 2017 | Accumulated total | Budgeted total expense | Total percentage completion (%) |
|--|----------------------|---------------|-------------|------------------------|------------------------|---------------------------------|
| | 31 August 2017 | Forecast 2017 | | expense 31 August 2017 | | |
| New treatment building, Danderyd Hospital | 256 | 525 | 478 | 842 | 1 662 | 51 % |
| Care wards and treatment, St. Göran Hospital | 88 | 269 | 425 | 271 | 1 560 | 17 % |
| New construction and renovation, Södertälje Hospital | 55 | 113 | 150 | 1 035 | 1 200 | 86 % |
| New building western location – treatment building, Södersjukhuset | 337 | 484 | 612 | 1 162 | 2 064 | 56 % |
| New building western location – care building, Södersjukhuset | 159 | 264 | 265 | 353 | 750 | 47 % |
| Care wards, entrance, Sollentuna Hospital | 154 | 329 | 347 | 320 | 854 | 37 % |
| Conversion to care wards stage 1, Danderyd Hospital | 67 | 127 | 98 | 310 | 608 | 51 % |
| Building 74 – New supply district, Södersjukhuset | 77 | 180 | 127 | 431 | 530 | 81 % |
| New construction and renovation of surgery (CHOPIN), Karolinska Huddinge | 160 | 387 | 475 | 454 | 1 940 | 23 % |

New treatment building, Danderyd Hospital

The treatment building's framework remains and interior installations are under way. A renewed implementation decision with an extended timetable was approved by the County Council Assembly in June 2017. The increased need for investment funds also means that the 2017 forecast exceeds the budget.

Care wards and treatment, St. Göran Hospital

This project is delayed, partly because of appeals against building permits. The project is showing a significant need for additional investment funds. Work is under way to reassess the elements of the project relating to the renovation of care wards in the project. When the review is done, the project will go up with a renewed implementation decision in 2018. The investment funds for a greater need have been allocated in SCC Objectives and budget 2018.

New construction and renovation, Södertälje Hospital

Preparatory work is under way ahead of the renovation. Stage 1 of new construction is complete and the final inspection is approved. A final settlement will take place in 2017. The higher production rate during 2016 means that the forecast for 2017 is slightly lower than budget.

New building western location – treatment building, Södersjukhuset

The treatment building's framework is finished and interior installations are under way. There is a delay to the project owing to the complexity of the hospital campus, where there are several ongoing projects, resulting in a lower forecast for 2017. The project is showing a need for additional investment funds and a new implementation decision is expected in 2017. The investment funds for a greater need have been allocated in SCC Objectives and budget 2018.

New building western location – care building, Södersjukhuset

The care building's framework is finished and interior installations are under way.

Care wards, entrance, Sollentuna Hospital

At Sollentuna Hospital, interior installations are under way. A renewed implementation decision with an extended timetable was approved by the County Council Assembly in June 2017.

Conversion to care wards stage 1, Danderyd Hospital

Part of the conversion of care wards phase 1 at Danderyd Hospital was completed. The forecast for 2017 is higher than budget since part of the production costs are presumed to come somewhat earlier than planned. However, there is some uncertainty since the procurement of construction contracts has been appealed.

Building 74 – New supply district, Södersjukhuset

The framework is finished and interior installations are under way in the technical building. Complex ground work entailed delays to the project and the conversion of costs was lower in earlier years, which means that costs will arise later in 2017. The project is showing a need for additional investment funds and a new implementation decision is expected in 2017. The investment funds for a greater need have been allocated in SCC Objectives and budget 2018.

New construction and renovation of surgery and radiology, Karolinska Huddinge

Framework assembly of the new build is under way. A more detailed payment plan was drawn up after the budget for 2017 had been decided, resulting in a lower forecast for 2017.

5.2.2 New Karolinska Solna

| Investments New Karolinska Solna | Outcome 2017 Jan–Aug | Outcome 2016 Jan–Aug | Forecast 2017 | Budget 2017 | Forecast total 2008–2019 | Total cost budget 2017 |
|--|----------------------------|----------------------------|------------------|----------------|--------------------------------|------------------------------|
| SEK million | | | | | | |
| Building¹ | | | | | | |
| New construction in progress, SCC share | 64 | 20 | 78 | 143 | 1 039 | 1 104 |
| Supplemental agreements/Change requests | 379,5 | 240 | 402,5 | 307 | 1 796 | 1 700 |
| On-going new construction OPS building investment ² | 668 | 1 377 | 858 | 858 | 14 641 | 14 641 |
| Credit and indirect cost OPS | 283 | 528 | 337,3 | 349 | 3 894 | 3 894 |
| Total building | 1 394 | 2 165 | 1 676 | 1 656 | 21 371 | 21 339 |
| Art | 3 | 4 | 7 | 7 | 29 | 29 |
| Equipment³ | | | | | | |
| IT and communication technology | 71,4 | 61 | 222 | 222 | 767 | 767 |
| Medical equipment | 411,1 | 409 | 929,5 | 800 | 2 890 | 2 890 |
| Interior equipment or fittings | 15,8 | 31 | 48,2 | 79 | 160 | 160 |
| Unspecified | -17,1 | 0 | 160 | 160 | 160 | 172 |
| Total equipment | 481,2 | 501 | 1 359,7 | 1 260,4 | 3 977 | 3 989,2 |
| Total | 1 878 | 2 670 | 3 042 | 2 923 | 25 377 | 25 358 |

¹ Excluding investments in the Thorax building, L-block and ALB.

² Approved "construction cost" SEK 14,641 billion as per agreement.

³ Including budget for Radiofarm, R&DE and the Treatment Building.

The construction of New Karolinska Solna is in phase with the timetable and compensation according to the PPP agreement⁹ complies with the payment plan. The thoracic and paediatric clinics have moved in and established their operations in the first of the new care buildings. Planning is now under way for care and research to move into the rest of the care buildings and to the research building that will be completed gradually up to year-end 2017.

The on-going new construction is following the project agreement's building plan and the largest item otherwise in property investments is the supplemental agreements to the project agreement. The state of interest rates means that building expenses and the PPP investment are estimated

⁹ Public-Private Partnership, PPP, is a procurement form for large infrastructure projects. The basis is a long-term agreement between the public sector as the client and a private party as the implementer where the private party takes comprehensive responsibility for project engineering, the construction process and operation and maintenance.

to be lower than budgeted. The total outcome from New Karolinska Solna's property investments is according to plan.

The forecast for the equipment project's investment exceeds the year's budget by around SEK 100 million. The forecast increase for 2017 does not, however, affect the project's total forecast.

The investment forecast for 2017 amounts to SEK 3,042 million, excluding investments in the N block, the L block and the Q building. The reason for the forecast deviation from budget is primarily a greater scope of supplemental agreements. The forecast increase for 2017 affects the investment's total forecast.

| Expenses - New Karolinska Solna | Outcome 2008-2016 | Outcome 2017 Jan-Aug | Total | Budget 2017 |
|---|----------------------|----------------------------|--------------|----------------|
| SEK million | | | | |
| Management and administration | 111 | 1 | 112 | 38 |
| Projects | | | | |
| Operations-related, transferred to Karolinska | 721 | 430 | 1151 | 0 |
| Furnishings | 1 | 0 | 1 | 1 |
| IT and communication technology | 20 | 0 | 20 | 5 |
| Medical equipment | 91 | 2 | 93 | 10 |
| Art | 12 | 2 | 14 | 4 |
| Evacuation and preparatory work plus contractual issues | 617 | 5 | 622 | 20 |
| Total project | 1462 | 439 | 1901 | 39 |
| Operating expenses NKS | | | | |
| Parking, Technical building and hospital section | 1127 | 823 | 1950 | 1428 |
| Total cost | 2 700 | 1 262 | 3 962 | 1 505 |

5.3 Investments in public transport

The investment outcome in the operational area of public transport amounts to SEK 4,369 million at August 2017, which is equivalent to a conversion rate of 42 per cent relative to this year's budget. The forecast for full-year 2017 is SEK 9,122 million, which is below the year's budget by SEK 1,302 million.

5.3.1 Public transport by land and sea

The table below presents a selection of the investment projects that are under way with regard to public transport by land and sea.

| Traffic investments TN (excl. FUT) in select | Outcome 2017 Jan-Aug | Forecast 2017 | Budget 2017 | Project's outcome Aug 2017 | Project's total budget | Project's conversion rate |
|--|----------------------------|------------------|----------------|----------------------------------|------------------------------|---------------------------------|
| SEK million | | | | | | |
| Red Line Programme | 194 | 381 | 952 | 5 692 | 12 721 | 45 % |
| Hässelby Branch | 0 | 0 | 0 | 23 | 1 784 | 1 % |
| Commuter Rail Programme | 1 233 | 1 586 | 1 408 | 11 550 | 12 397 | 93 % |
| Roslagsbanan Suburban Railway Programme | 913 | 1 554 | 1 080 | 4 450 | 9 651 | 46 % |
| Light Rail North Solna programme | 117 | 259 | 483 | 5 261 | 5 532 | 95 % |
| Light Rail North Kista programme | 55 | 115 | 272 | 352 | 4 937 | 7 % |
| City Tramway programme stage 2 | 138 | 348 | 318 | 2 425 | 3 071 | 79 % |
| Bus Depot Programme | 81 | 181 | 465 | 2 229 | 3 815 | 58 % |
| Bus terminal Slussen | 13 | 400 | 20 | 17 | 1 891 | 1 % |
| Slussen Programme | 329 | 604 | 607 | 1 204 | 2 150 | 56 % |
| Replacement of lifts and escalators | 104 | 178 | 192 | 314 | 1 500 | 21 % |

In some projects, there are major forecast deviations for the current year, which are commented below.

The Red Line Programme is estimated to be below the budget for the year by SEK 571 million, as a result of payment plans being postponed.

The Roslagsbanan expansion programme is forecast to exceed the budget for the year by SEK 474 million, mainly because the procurement of new vehicles¹⁰ has been appealed. The appeal means that the first payment for vehicles will be made in 2017, instead of as budgeted in 2016.

The Light Rail North Solna Programme is expected to be below the budget for the year by SEK 224 million. The reason for the deviation is mainly an advancement of the fees that are tied to rail vehicles. Expenses were already recognised in 2016 instead of 2017 as budgeted.

The forecast for the year for the Bus Depots Programme is SEK 284 million lower than budget for the year, owing to a postponement of the detailed development plan for Tomtebodan and Enlunda.

The Slussen bus terminal is expected to exceed the year's budget by SEK 380 million. The deviation is due to the compensation to the City of Stockholm for accrued expenses already being paid in 2017, which is not included in the year's budget. However, the compensation is included in the project's overall budget.

5.3.2 Citybanan commuter rail

Citybanan opened for service in summer 2017. The project includes two new stations, Odenplan and City, which will connect to the Metro stations Odenplan and T-Centralen. The Swedish Transport Administration is

¹⁰ Model X15p vehicles.

responsible for the actual construction of Citybanan, but the stations are being financed and will be owned by Stockholm County Council. The Citybanan project has no investment outcome at August 2017, but the forecast for the year is on a par with budget.

| Transport investments Citybanan commuter rail line | Outcome 2017 Jan-Aug | Forecast 2017 | Budget 2017 | Project's acc. outcome Aug 2017 | Project's total budget | Project's conversion rate |
|---|----------------------------|------------------|----------------|--|------------------------------|---------------------------------|
| SEK million | | | | | | |
| Citybanan commuter rail | 0 | 709 | 709 | 3 704 | 4 516 | 82 % |

5.3.3 Expanded Metro

The expansion of the Stockholm Metro to Nacka, Arenastaden and Barkarby involves an extension of the current Metro by 19 kilometres, and 11 new Metro stations. The expansion is being funded by the Swedish state, Stockholm County Council, the City of Stockholm, Municipality of Nacka, City of Solna and Järfälla Municipality. The table below presents the on-going investment projects for the expansion of the Metro.

| Selection of transport investments, Metro Expansion Administration | Outcome 2017 Jan-Aug | Forecast 2017 | Budget 2017 | Project's acc. outcome Aug 2017 | Project's total budget | Project's conversion rate |
|---|----------------------------|------------------|----------------|--|------------------------------|---------------------------------|
| SEK million | | | | | | |
| Metro to Nacka and the southern suburbs | 161 | 317 | 384 | 771 | 12 965 | 6 % |
| Metro to Arenastaden | 74 | 134 | 314 | 516 | 4 153 | 12 % |
| Metro to Barkarby | 81 | 123 | 453 | 309 | 2 934 | 11 % |
| Depot | 43 | 77 | 139 | 107 | 3 607 | 3 % |
| Vehicles | 1 | 1 | 2 | 2 | 3 102 | 0 % |

Within two of the projects, there are major forecast deviations during the current year. The forecast for the Metro to Arenastaden and the Metro to Barkarby projects is below the budget for the year by SEK 180 million and SEK 330 million, respectively. This is because the project engineering work and beginning of construction were postponed compared with the prevailing conditions when the budget was decided. The delay is not deemed to affect the projects' service start, which is estimated at 2024.

5.4 Investments in other operations

| Investments other operations | Outcome 2017 Jan-Aug | Forecast 2017 | Budget 2017 |
|------------------------------|----------------------------|------------------|----------------|
| SEK million | | | |
| IT equipment | 86 | 261 | 167 |
| Other | 19 | 850 | 868 |
| | 105 | 1 111 | 1 035 |

The investments in other operations amount to SEK 105 million and relate mainly to investments in IT. This item includes investments of SEK 16 million pertaining to the Future Healthcare Information Environment Programme; also see section 11.2 Future Healthcare Information Environment Programme.

The increase in the forecast for IT equipment depends mainly on a higher investment need for IT services for Karolinska University Hospital, Danderyd Hospital and Södersjukhuset.

6. Expected financial development

The County Council is facing major financial challenges when the region grows and operations are expanded. The County Council's investments amount to nearly SEK 117 billion 2018–2027 and the majority will be invested in the next five-year period. The increases in operating expenses must be limited in order for the finances to be balanced as the capital costs grow and other financial commitments grow.

6.1 Development in the next few years

Sweden is in a strong economic expansion, but the assessment is that the rate of growth will slow in upcoming years. Resource use reaches levels that are expected to lead to faster price increases and both financial and monetary policy will be tightened. Growth in the surrounding world affects the Swedish export economy positively, but growing uncertainties internationally constitute a risk.

The County Council's financial conditions are largely governed by the tax revenues and their development. The total tax revenues constitute nearly 80 per cent of the revenues and are estimated to increase by an average of 3.6 per cent per year during the period 2017 to 2021 according to the 2018 budget, which is to be compared with a historic 4.5 per cent on average for the period 2013-2016. One explanation of the lower growth is that the County Council's contribution to the municipal economic equalisation system is increasing by an average of around 14 per cent per year, which corresponds to SEK 1 billion in 2021 compared to 2016. The County Council is in the midst of an extensive change effort in the next few years and a stable economy forms the basis of enabling this trend.

As a part of the implementation of the future health and medical care, the final phases of the new construction New Karolinska Solna will open in 2018. New Karolinska Solna is the first step in the revolutionary process development that healthcare is facing. In the next few years, the County Council will be launching extensive investments in emergency hospitals and other healthcare premises, which provides possibilities of developing and enhancing the efficiency of care in accordance with the future health and medical care. Work and investments in system support for digitalisation of the healthcare processes are being intensified. Within public transport, extensive investments are under way in rail-bound traffic, including the extension of the Metro, which increases the service offering for the county residents of the future. In the coming ten-year period, assets at a value of SEK 125 billion will be commissioned, which means that the capital costs' share of total revenues will increase: from 6.1 per cent in 2016 to 9.4 per cent at most during the period.

Passenger receipts in public transport constitute an important source of income for the County Council and partially finance the expansion of public transport. In accordance with budget 2018, the ticket price will be increased from January 2018, which means that a 30-day pass valid in the entire county will then cost SEK 860. This corresponds to a SEK 30 increase compared with 2017.

In order for it to be economically possible to handle the commitments being implemented in the next few years, efficiency enhancements are necessary due to the tax revenues growing slower and the pension expenses being expected to be higher than previously assumed. Compared with 2017, the total pension expenses and the County Council's pension commitments are expected to grow by SEK 2,200 million and SEK 8,300 million, respectively, by 2021.

The economic conditions set high demands on efficient management, governance and follow-up. Efficiency enhancements must be made throughout the County Council in order for the assignments to be possible to implement within given financial limits. The County Council's core activities must be prioritised, which means that what is not included in the County Council's core activities and entails expenses needs to be prioritised out. The administrative costs need to decrease, internal regulations need to be revised and clarified and processes need to be streamlined. In addition, the use of consultants must decrease. The County Council Director's assignment for an efficient management, governance and follow-up¹¹ constitutes an important part of this work. In addition to this, the two main client committees, the Traffic Committee and the Public Healthcare Services Committee, must ensure an effective client governance so that the County Council's residents get the most possible activities of good quality for each tax cent used.

For the cost growth, it is central that the work at the emergency hospitals is done in a cost-effective manner in accordance with signed conversion agreements in future health and medical care. A closer collaboration and a higher degree of coordinated management of the emergency hospitals enable more efficient care process and greater patient focus.

The budgeted surplus for 2018 is SEK 262 million before transition costs. For plan years 2019, 2020 and 2021, the budgeted results amount to a surplus of SEK 261 million, SEK 256 million and SEK 251 million, respectively. The County Council's budgeted results are small relative to the

¹¹ LS 2017-0180.

total revenues and expenses. Besides the costs for operating activities, resources are required in the next few years for the transition in healthcare resulting from the Future Plan.

OPERATIONS REPORT

7. Management

The County Council Assembly is the County Council's highest decision-making body and makes overall decisions about governance. Governance and management of the County Council is ensured by the County Council Executive Board, which is responsible for Group effects being taken into account in decision making, at the same time that the responsibility for executing decisions and carrying out activities is decentralised. A prerequisite for this is that the County Council has a clear and coordinated governance and management system and all committees and boards integrate their governance and follow-up so that it is complied with at all levels.

7.1 County Council's governance and management system

The County Council's governance and management system is a tool to govern and manage the operations effectively and achieve goals and quality. The governance and management system consists of the components organisational structure, steering documents, steering model and management process. The governance and management system is developed to ensure an effective governance, management and follow-up of the County Council's operations and improve the County Council Executive Board's prerequisites to maintain control.

The following development takes place within the scope of the governance and management system:

- a new target model including a vision for the County Council has been developed for 2018 and proposals on guidelines for management by objectives has been worked out
- a new structure and hierarchy for steering documents has been prepared and work is under way to prepare guidelines for steering documents
- steps are being taken to reduce the number of policies
- an integrated system solution, decision support, that supports the County Council's management process for a uniform and effective management, governance and follow-up for the County Council's operations is being developed and will be implemented at the end of the year
- the supervision report is being developed
- the set process for owner dialogue has been implemented and through the reinforcement, the governance is being coordinated from a

corporate group perspective. This contributes to the County Council's own production of healthcare being better coordinated.

7.2 Assignments

The County Council Assembly has the utmost responsibility for Stockholm County Council's operations. The political leadership decides on operational strategy, finances, objectives and priorities, and commissions committees and boards to carry out assignments regarding implementation, investigations and analyses. These assignments are the political leadership's way of governing the operations and implementing changes to achieve the best possible results for the residents of the county. The assignments that are followed up in Stockholm County Council's interim report are presented in Appendix A2 Reporting of assignments.

7.2.1 Assignments in the budget

The table presents the assignments decided on by the County Council Assembly in connection with the 2017 budget¹² as well as remaining assignments from earlier budget years¹³. Of a total of 26 assignments in the 2017 budget, 10 have been carried out.

| Assignments in the budget 2012-2017 | | | | Previously | Total |
|---|-----------|-----------|----------|---------------|------------|
| Percentage completion at 31 August 2017 | Yes | Partially | No | reported back | |
| 2017, count | 10 | 15 | 1 | 0 | 26 |
| 2012-2016, count | 2 | 9 | 0 | 162 | 173 |
| Total | 12 | 24 | 1 | 162 | 199 |

7.2.2 Assignments in the current year

During the year, the County Council Assembly has also decided on assignments, where feedback reporting will take place in the County Council's interim report and annual report for 2017. In addition, assignments from 2014 to 2016 remain that have not been completed. Of a total of eight assignments in the 2017 budget, two have been carried out.

| Assignments during continuous years 2014-2017 | | | | |
|---|----------|-----------|----------|-----------|
| Percentage completion at 31 August 2017 | Yes | Partially | No | Total |
| 2017, count | 2 | 6 | 0 | 8 |
| 2014-2016, count | 5 | 10 | 0 | 15 |
| Total | 7 | 16 | 0 | 23 |

¹² SCC Objectives and budget 2017, LS 2016-0257.

¹³ SCC Objectives and budget 2016, LS 2015-0039, SCC Objectives and budget 2015, LS 1403-0399, SCC Objectives and budget 2014, LS 1301-0040 and SCC Objectives and budget 2012, LS 1105-0733.

7.3 Follow-up of supervisory obligations

In accordance with the Local Government Act, the County Council Executive Board has supervisory responsibility over the County Council's committees and companies. This means that the County Council Executive Board shall ensure compliance with the requirements set based on laws and steering documents and that the internal governance and control are conducted satisfactorily. In connection with the annual accounts, a summary supervision report is prepared that is reported to the County Council Assembly.

7.3.1 Internal governance and control

The objective of internal governance and control is to ensure controllability, accuracy in goal attainment and efficiency, and to avoid serious mistakes and faults. In addition, it shall provide a basis for continuous improvements.

All committees and boards shall issue an assurance that they have taken necessary steps to achieve satisfactory internal governance and control, and shall issue an updated interim internal control plan.

All committees and boards have submitted an assurance that they have taken necessary steps to achieve adequate internal governance and control. All committees and boards have also appended an interim follow-up of their adopted internal control plans for 2017.

The results show that 9 out of 22 committees and boards do not have any major deviations in planned measures. They are therefore deemed to have an adequate compliance in the implementation of these measures.

The committees and boards that have reported major deviations account for 11 per cent of the total number of measures. The reporting also shows that 13 per cent of the measures have no or very limited effect on the risk exposure.

| | | Total number of action plans | | | | | | | | Total | |
|--------------------------------------|------------------------------|--|----------------------------|-----|-----------------------|----|------------------------------|----|------|-------|-------|
| | | Assessment of the action's risk-reducing effect [number and % of total] | | | | | | | | | |
| | | Not assessed | Green (intended effect) | | Yellow (deviation) | | Red (not intended effect) | | | | |
| Reported progress in action plans | Not assessed | 20 | 6 % | 0 | 0 % | 0 | 0 % | 0 | 0 % | 20 | 6 % |
| | Green (according to plan) | 31 | 10 % | 90 | 28 % | 21 | 7 % | 12 | 4 % | 154 | 48 % |
| | Yellow max. 20% deviation | 26 | 8 % | 25 | 8 % | 53 | 16 % | 9 | 3 % | 113 | 35 % |
| | Red (large deviation) | 6 | 2 % | 2 | 1 % | 6 | 2 % | 21 | 7 % | 35 | 11 % |
| | Total | 83 | 26 % | 117 | 36 % | 80 | 25 % | 42 | 13 % | 322 | 100 % |

The measures that both show major deviations with regard to plan and intended effect account for 7 per cent. Of them, there are a few measures that are related to risks that have been deemed to be critical. Examples of critical risks are a shortage of care capacity at the emergency hospitals, deficiencies in IT support and approaches for handling technical documentation at the Traffic Administration and threats of fines in conjunction with the Work Environment Authority's order to Södersjukhuset AB.

An analysis of reported internal control plans also show that the County Council's extensive operating changes and investments constitute a large part of the operations' risk exposure. It is therefore especially important to ensure that these risks are continuously managed from a corporate group perspective. This particularly applies to risks linked to:

- redistribution of care in accordance with the Future Plan for Health and Medical Care
- higher costs and expenses than planned in the scope of on-going and upcoming investments
- cost controls, timetables and quality in turn-over/receipt and deliveries in the Group's projects and procurements
- efficiency enhancements that are to slow the cost growth
- the Group's objective and financial results
- the ability to maintain and comply with requirements of high security in mainly traffic, patient and information security
- conditions for recruiting and retaining personnel who are critical for the operations' deliveries and effectiveness.

| Number of action plans for risks deemed critical | | | | | | | | | | | |
|--|------------------------------|--------------|------|----------------------------|------|-----------------------|------|------------------------------|------|-------|------|
| Assessment of the action's risk-reducing effect [number and % of total] | | | | | | | | | | | |
| | | Not assessed | | Green (intended effect) | | Yellow (deviation) | | Red (not intended effect) | | Total | |
| Reported progress in action plans | Not assessed | 0 | 0 % | 0 | 0 % | 0 | 0 % | 0 | 0 % | 0 | 0 % |
| | Green (according to plan) | 7 | 5 % | 32 | 24 % | 15 | 11 % | 7 | 5 % | 61 | 19 % |
| | Yellow max. 20% deviation | 4 | 3 % | 8 | 6 % | 30 | 22 % | 6 | 4 % | 48 | 15 % |
| | Red (large deviation) | 2 | 1 % | 2 | 1 % | 4 | 3 % | 17 | 13 % | 25 | 8 % |
| | Total | 13 | 10 % | 42 | 31 % | 49 | 37 % | 30 | 22 % | 134 | 42 % |

8. Healthcare

The residents of Stockholm County shall have good access to knowledge-based, safe care that maintains a high level of quality. The right care shall be given at the right time, at the right level and as necessary. A health-promoting and illness-prevention approach shall characterise healthcare. In addition to this, the patient shall have extensive possibilities to make a free choice. The Future Plan for Health and Medical Care forms the basis of the extensive change work under way in healthcare.

8.1 General health and medical care

Total health and medical care services in Stockholm County comprise emergency hospitals, primary care and dental care.

Availability in self-produced healthcare is generally good. In some areas, there are difficulties in achieving the desired availability. This is mainly true of certain patient categories at Karolinska University Hospital and at the emergency hospitals' emergency wards. All care producers are focused on meeting availability and working actively to improve it. Through production coordination, available capacity can be used and medical priorities can entail that care capacity is better redistributed.

An explanation of availability problems arising is partly a consequence of the shortage of care capacity and surgical resources, mainly explained by the shortage of nurses. In accordance with the intentions in the emergency hospitals' transition agreements, work is under way with the relocation of care, increasing polyclinical activities¹⁴ and the introduction of new approaches with an aim to create a more effective healthcare structure.

The transition agreements exist during the period 2016-2019 to facilitate the transition of inbound and outbound shifts of care in accordance with the LEON¹⁵ principle at the same time that major renovations and new construction is under way at all hospitals. If the intentions in the transition agreement are not followed by all parties¹⁶, without a party living on in work methods according to earlier agreement models, there is a risk that the rate of cost increase remains too high and that the efficiency enhancement requirement is not achieved.

¹⁴ Care that was previously provided in inpatient care is instead provided in outpatient care.

¹⁵ Lowest effective level of care.

¹⁶ 'Parties' refers to owners, implementers and clients.

| Surplus/deficit, health and medical care* | Outcome | Outcome | Change | Forecast | Budget | Deviation | Year end |
|--|----------------|----------------|--------------|----------------|----------------|-------------|----------------|
| | 2017 | 2016 | | 2017 | 2017 | Forecast | 2016 |
| SEK million | jan-aug | jan-aug | | | | - budget | |
| Operating revenues | | | | | | | |
| Patient fees | 917 | 911 | 0,7 % | 1 405 | 1 427 | -22 | 1 401 |
| County Council grants | 38 454 | 36 301 | 5,9 % | 57 642 | 57 642 | 0 | 54 559 |
| Other revenues | 5 710 | 5 483 | 4,1 % | 9 577 | 9 086 | 491 | 9 021 |
| Total operating revenues | 45 081 | 42 695 | 5,6 % | 68 624 | 68 155 | 469 | 64 981 |
| Operating expenses | | | | | | | 0 |
| Staffing costs | -17 604 | -16 845 | 4,5 % | -26 847 | -26 271 | -576 | -26 095 |
| Purchased health and medical care, dental care | -13 352 | -12 677 | 5,3 % | -20 511 | -20 119 | -392 | -19 616 |
| Other expenses | -11 754 | -11 260 | 4,4 % | -19 048 | -19 221 | 172 | -17 359 |
| Total operating expenses | -42 710 | -40 783 | 4,7 % | -66 407 | -65 611 | -796 | -63 070 |
| Depreciation/amortisation | -648 | -507 | 27,8 % | -1 171 | -1 301 | 130 | -805 |
| Net financial items | -536 | -290 | | -936 | -980 | 44 | -510* |
| Surplus/deficit | 1 187 | 1 116 | | 111 | 263 | -153 | 595** |

* Health and medical care includes the Public Healthcare Services Committee, Kommunalförbundet sjukvård och omsorg i Norrtälje, Healthcare Provision Stockholm County, Karolinska University Hospital, Södersjukhuset AB, Danderyds Sjukhus AB, Södertälje Sjukhus AB, TioHundra AB, S:t Eriks Ögonsjukhus AB, Folk tandvården Stockholms Län AB, Ambulanssjukvården i Storstockholm AB, Stockholm Care AB, MediCarrier AB, Patient Advisory Committee and NKS Construction.

**Excluding interest effects on pension expenses for companies in the LISAB Group.

***Pertains to surplus/deficit before appropriations and tax, adjusted for interest effect on pension expenses.

The surplus for all healthcare services was SEK 1,187 million (1,116) as of August. For the full year, a surplus of SEK 111 million is forecast, which is SEK 153 million lower than budgeted. The negative deviation can primarily be attributed to some of the emergency hospitals. In health and medical care as a whole, operating revenues for the period amounted to SEK 45,081 million (42,695), which is an increase of 5.6 per cent compared with the previous year. This increase is mainly the result of higher County Council grants. The full-year forecast for operating revenues at the end of August has increased by SEK 469 million relative to budget. This increase is the result of higher sales of materials and services as well as a rise in other revenues.

Operating expenses for health and medical care services amounted to SEK 42,710 million (40,783), an increase of 4.7 per cent compared with the corresponding period of the previous year. The forecast for the year for operating expenses has increased by SEK 796 million compared with the budget. The largest deviation can be attributed to staffing costs.

Staffing costs for the period amounted to SEK 17,604 million (16,845), an increase of 4.5 per cent. This increase is due in part to an increase in the number of full-time equivalents of 0.9 per cent compared with the same period of the previous year, contractual salary increases, higher costs for

insourced personnel and a rise in pension expenses. The forecast for the year for staffing costs has increased by SEK 576 million compared with the budget for the year. Staffing costs include costs for insourced personnel of SEK 331 million (262), with insourced nurses accounting for the largest increase in costs. The cost of insourced personnel accounts for 1.9 (1.6) per cent of the total staffing costs.

The costs for purchased health and medical care services amounted to SEK 13,352 million (12,677), an increase of 5.3 per cent compared with the previous year. Larger increases of purchased care are in the clinic activities, including home healthcare, habilitation, purchased ambulance services and other purchased health and medical care services. Other costs have increased by 4.4%, mainly for pharmaceuticals, all other technical aids for people with disabilities, premises costs and IT services.

Depreciation and amortisation costs for health and medical care services amounted to SEK 648 million (507), an increase of 27.8 per cent compared with the corresponding period of the previous year. Depreciation and amortisation have increased mainly at Karolinska University Hospital as new medical equipment has been brought into use and at New Karolinska Solna, where buildings have been completed and partially brought into use. The forecast depreciation and amortisation for 2017 amounts to SEK 1,171 million, which is SEK 130 million lower than the budget for the year. Net financial items for the period amounted to SEK -536 million (-290), with the increase attributable to New Karolinska Solna.

8.1.1 Plan for the Future of Healthcare

In 2017, work increased on the implementation of future health and medical care. The first units are now in operation at New Karolinska Solna. Preparations are under way for the remaining move-ins taking place in 2018. The transfer of operations to other emergency hospitals has begun.

Infectious disease care and parts of vascular surgery have moved to Danderyd Hospital, while cardiac care and base pacemaker procedures have moved to Danderyd Hospital and Capio St. Göran Hospital. The Public Healthcare Services Committee has made a decision on the future operating content at Karolinska University Hospital in Solna and Huddinge. Some cancer care has been transferred from Karolinska to Södersjukhuset and to Capio St. Göran Hospital.

New care capacity for general and infectious disease care has opened at Danderyd Hospital. The new treatment building at Södertälje Hospital has been inaugurated and occupancy is under way. Construction of a new treatment building at Danderyd Hospital is under way, as well as

construction of a new treatment building, a new care building and a new technical building at Södersjukhuset. The construction of Chopin, the Centre in Huddinge for Operations and Interventions, has gained speed during the year and the upgrade to modern facilities for psychiatric services is continuing at Karolinska Huddinge.

The Public Healthcare Services Committee has decided to introduce a new structure for the local urgent care centres. The first, Hagaakuten, opened at Karolinska Solna. To relieve the emergency ward at Södersjukhuset, a provisional clinic was opened while waiting for a local urgent care centre at Rosenlund to open. Other local urgent care centres at Danderyd Hospital, Södertälje Hospital and St. Göran Hospital, as well as Löwenströmska/Sollentuna and Nacka Hospital will open in early 2018.

The County Council Director has given the Director of Health and Medical Care the task of being responsible for coordination and implementation of future health and medical care. This responsibility was previously held by the County Council Executive Board Administration. This clarifies the responsibility for the implementation of the Future Plan for Health and Medical Care in the whole of Stockholm's healthcare system.

In the County Council Assembly's decision on the Future Plan for Health and Medical Care in 2011, a forecast was done of the need for the number of care episodes until 2016. The forecast indicated a need for 40,000 new care episodes. Half of these, 20,000 care episodes, were assumed to be necessary to create at the emergency hospitals and half outside. The outcome for 2016 at the emergency hospitals was a decrease by 4,000 care episodes instead of the forecast increase by 20,000. Care outside increased by 17,000, which is somewhat lower than the forecast increase of 20,000. The outcome was accordingly that the share of care that takes place outside the emergency hospitals increased more than the Future Plan predicted, which is positive. The development in 2017 is continuing in the same direction. There are many reasons for the lower outcome at the emergency hospitals. One is that the emergency hospitals' transition agreements provide incentives to conduct care in other care forms than inpatient care at the emergency hospitals. More activities in outpatient care and the expansion of the ASiH¹⁷ care are examples of this. Another reason may be an actually lower need than the forecast presumed and some closed care capacity due to staffing difficulties.

8.1.2 Consumption of healthcare

These statistics present total care consumption for all residents in Stockholm County, meaning the sum of the Public Healthcare Services

¹⁷ Advanced medical care in the home (ASiH).

Committee and Kommunalförbundet Sjukvård och omsorg i Norrtälje (KSON). Healthcare consumption includes both self-produced care and care from private providers.

| Healthcare Stockholm County Council* | Outcome | Outcome | Change | Forecast | Budget | Deviation | Year end |
|---|-----------|-----------|--------|------------|---------------|-----------|------------|
| | 2017 | 2016 | | 2017 | 2017 | Forecast | 2016 |
| | Jan-Aug | Jan-Aug | | | - budget | | |
| Care episodes | 208 024 | 210 335 | -1,1 % | 324 191 | 338 492 | -4,2 % | 318 786 |
| Visits to doctors | 5 032 462 | 5 110 985 | -1,5 % | 7 967 393 | 8 323 980 | -4,3 % | 7 811 755 |
| Visits to other care providers | 6 952 971 | 6 659 105 | 4,4 % | 10 676 101 | 10 361 079,88 | 3,0 % | 10 317 672 |

* Including KSON.

Care episodes

During the period, the residents of Stockholm County Council consumed around 208,000 care episodes. Of them, around 160,500 were conducted in somatic specialist medical care, around 26,000 in geriatrics and around 21,500 are psychiatric care episodes. Compared with the previous year, the number of care episodes decreased in somatic specialist medical care. Geriatrics and psychiatry have more care episodes compared with the previous year. Some of the reduction is the result of the emergency hospitals' work to develop activities, introduce new working methods and increase efficiency. The reduction is also an effect of the greater degree of polyclinical activities¹⁸, in line with the emergency hospitals' transition agreements. The reduction at the emergency hospitals is also explained by difficulties in staffing the wards, which affects the availability of beds.

Visits to doctors and visits to other care providers¹⁹

Visits to doctors in primary care are around 2,743,000 as of August. Compared with the corresponding period of the previous year, the number of visits to doctors within primary care has decreased, partly as a result of the new remuneration model for GP clinics. The remuneration model is expected to result in fewer, and to a certain extent longer, visits to doctors and to generate a shift to increased visits to nurses for more minor illnesses. Visits to other care providers during the same period increased by 6.0 per cent. Altogether, the visits in primary care increased by 3.4 per cent. In somatic specialist medical care, visits decreased by 1.8 per cent.

The number of visits with other care providers is expected to be 3.0 per cent higher than budgeted. For visits to doctors and care episodes, the forecast for the full year is 4.3 per cent and 4.2 per cent lower than budget,

¹⁸ Care that was previously provided in inpatient care is instead provided in outpatient care.

¹⁹ Visits to care providers are visits made to, for example, district nurses or assistant nurses at GP clinics, to physiotherapists, speech therapists, occupational therapists and chiropractors.

respectively. The forecast for the full year is that healthcare consumption for care episodes, visits to doctors and other visits will be higher compared with 2016.

Obstetrics

Obstetrics include both outpatient and inpatient care and inpatient care production includes prenatal care, delivery and antenatal care. The number of visits in obstetrics amounted to around 62,500, which is a decrease of 3.8 per cent compared with the corresponding period of the previous year. The decrease in the number of visits is attributable to fewer children being born this year compared with last year and that patients were referred to antenatal clinics or child health centres to a greater extent than before. In total, the number of inpatient care episodes amounted to around 17,400, which corresponds to an increase of 5.8 per cent.

In April 2016, Södra BB's childbirth unit at Södersjukhuset was closed, and part of Södra BB's concept was transferred to Södertälje Hospital. In May 2016, BB Sophia closed its operations. These changes impacted obstetrics at the other clinics in the County. The capacity in the County's other obstetrics units was increased and efforts have been made to distribute the childbirths more evenly over the County's obstetrics clinics.

The situation at the County's obstetrics clinics has been strained during certain periods, mainly during the summer. In spite of this, more than nine out of ten deliveries could be made at the clinic the parents had chosen. Of a total of nearly 7,600 childbirths in June to the end of August, 63 had to be referred to other county councils. At the same time, the County provided both highly specialised delivery care and neonatal care to women and children from other counties.

Prehospital care

In connection with the transition to ambulance care's new IT system – the Future Prehospital Platform (FRAPP)²⁰ – there is no comparable information on the number of assignments done for road-based ambulance care. In February, FRAPP was installed in the last ambulance vehicle and the previous records system CAK net was discontinued in March 2017.

Within prehospital care, work is under way to ensure that prehospital routing is in place when the new care structures are to be implemented. SOS Alarm AB is working to strengthen the patient routing. An important part of this work is directing ambulance patients to the right level of care.

²⁰ FRAPP is ambulance care's new digital operational support for record keeping and EKG monitoring.

Dental care

The number of commenced orthodontic treatments decreased by 6.3 per cent to around 3,700 compared with the same period last year. The decrease is mainly due to delays in the so-called selection procurement where part of the activities did not get started until March. The full-year forecast for 2017 is in line with the budget.

The number of adults who received necessary dental care, meaning dental care at a doctor care tariff, increased by 2.6 per cent to around 21,900 compared with the year-before period. The most common treatments for these patients are prophylaxis, fillings and tooth extraction.

The number of adults treated as a part of a disease treatment increased by 9.6 per cent to 5,200 compared with the same period last year. The patients are mainly within the patient categories of severe sleep apnea and infection removal. The full-year forecast for 2017 is estimated at 7,200 treatments, which is in line with budget.

The waiting time for treatment of children and adolescents in specialist dental care remained within the agreed maximum limit of two months and was thereby on the same level as the previous year.

8.2 Financial follow-up of self-produced care**8.2.1 Emergency hospitals**

Stockholm County Council has six emergency hospitals that are run under the County Council's own direction. One of them, Norrtälje Hospital, is operated by TioHundra AB which the County Council co-owns with Norrtälje Municipality through "Kommunalförbundet Sjukvård och omsorg i Norrtälje".

| Surplus/deficit emergency hospitals SEK million | Surplus/deficit 2017 Jan-Aug | Surplus/deficit 2016 Jan-Aug | Period Budget Jan-Aug | Forecast full-year Aug | Budget full-year 2017 | Deviation forecast budget | Adjusted surplus/deficit 2016* |
|--|------------------------------------|------------------------------------|-----------------------------|------------------------------|-----------------------------|---------------------------------|--------------------------------------|
| Karolinska University Hospital | -64 | -44 | -68 | -70 | 30 | -100 | 89 |
| Södersjukhuset AB | 72 | 125 | 62 | 9 | 9 | 0 | 103 |
| Danderyds Sjukhus AB | 47 | 81 | 81 | -35 | 7 | -42 | 33 |
| TioHundra AB | -3 | -7 | 2 | -7 | 0 | -7 | -24 |
| Södertälje Sjukhus AB | -7 | 23 | 13 | -27 | 3 | -30 | 34 |
| St. Eriks Ögonsjukhus AB | 46 | 41 | 10 | 30 | 3 | 27 | 47 |
| Total emergency hospitals | 91 | 219 | 100 | -99 | 52 | -152 | 282 |

*Pertains to surplus/deficit before appropriations and tax, adjusted for interest effect on pension expenses

The total surplus after August for the emergency hospitals amounted SEK 91 million (219), which is SEK 128 million lower than the preceding year and SEK 9 million lower than the period-allocated budget of SEK 100 million.

Four out of six emergency hospitals show a results decrease compared with last year and three out of six show a lower result than the period-allocated budget. The worsening in results is mainly due to increased costs for staffing in the form of pension provisions, as well as a greater need for insourced personnel, primarily nurses.

The personnel volume measured in the number of full-time equivalents (agreed time) amounted to 26,316 during the period, an increase of 340 full-time equivalents compared with the previous year.

The stronger follow-up of the emergency hospitals during the period of transition is taking place through a systematic and regular follow-up that comprises individual and joint meetings and written reporting. In some of the emergency hospitals' operations, action plans were established in 2017 to ensure and enable balanced finances and to achieve the budgeted results requirement. The action plans include both improvement and efficiency measures, as well as cost savings.

The emergency hospitals' action plans for 2017 total SEK 410 million. The outcome of the action plans after August is estimated at SEK 165 million. Follow-up takes place monthly during the year and is reported to the County Council's Owner Committee.

Four out of six emergency hospitals forecast a lower result for the full year than budget, which means that the full-year forecast in total for emergency hospitals is SEK 152 million lower than budget. Staffing difficulties and a delayed move-out of care are the foremost reasons for the result deviation.

Production

Production of care follows the plan according to future health and medical care where a higher share of medical care is conducted outside the emergency hospitals. New Karolinska Solna is gradually starting up its new assignment with the move-out of basic medical care and greater focus on highly specialised care. The emergency hospitals are streamlining their operational assignments and in turn phasing out care to other care producers. In conjunction with the transition agreements, the emergency hospitals have the freedom to conduct the care assignments with new approaches where possible with retained care quality. This flexibility is necessary to manage the financial limits.

To manage the care assignment with greater efficiency, Karolinska University Hospital must adjust to its new assignment more quickly. Care that shall not be carried out at Karolinska University Hospital must move to other care providers. This places demands on the Public Healthcare Services Committee promptly arranging there to be receiving care providers for moved-out care.

The emergency hospitals' total production amounted to 143,000 (146,000) care episodes in inpatient care and 1 875,000 (1,938,000) visits in outpatient care. Total production within inpatient care was 2.2 per cent lower than the previous year. This reduced production within inpatient care is partly the result of bed shortages at emergency hospitals, as well as the current shift towards more polyclinical activities. Production within outpatient care was 3.3 per cent lower than the previous year. The decrease of the production in outpatient care can mainly be attributed to care being moved out from the emergency hospitals to other care producers.

8.2.2 Healthcare Provision Stockholm County

Healthcare Provision Stockholm County takes care of all County Council-run care outside the emergency hospitals and offers care in every phase of life. Healthcare Provision Stockholm County is responsible for County Council production within primary care, psychiatry, habilitation and health, as well as geriatrics and advanced healthcare in the home. In establishing the Future Plan's network healthcare, Healthcare Provision Stockholm County plays a key role as a good recipient of outsourced care and as the principal for the local emergency clinics that are being set up.

Healthcare Provision Stockholm County's surplus as at August 2017 was SEK 179 million (178), which is SEK 3 million higher than the budget for the period. The forecast for the full year is in line with budget, with a surplus requirement of SEK 100 million.

The staffing costs amounted to SEK 4,878 million and were SEK 103 million higher than the previous year, which is an increase of 2.2 per cent. This outcome was 0.2 per cent over budget.

The personnel volume for the period, measured as the number of full-time equivalents, totalled 11,124, a decrease of 120 full-time equivalents compared with the same period of the previous year.

Production

As of August, Healthcare Provision Stockholm County had received around 3,406,000 visits and produced around 25,600 care episodes in psychiatry and geriatrics, and around 164,700 care days within ASiH²¹ and palliative care. Within inpatient care, production is 0.9 per cent higher than the previous year, partly because of an increase in adult psychiatry. The care days in ASiH are also more as of August 2017 than the year-before period. Compared with the previous year, production within outpatient care is 0.8 per cent lower, with the reduction coming mainly in GP services. This decrease is partly the result of new remuneration models, which encourage fewer, but where necessary longer, visits.

²¹ Advanced medical care in the home.

9. Public transport

Stockholm has well-functioning public transport. Public transport is an important prerequisite for a long-term sustainable economic growth by offering efficient, environmentally friendly and accessible travel alternatives that tie the region together. As an important part of the regional development, work is under way to expand and modernise public transport in Stockholm County.

9.1 Overall public transport

The operational area of public transport comprises public transport on land, on water and special public transport, as well as the extension of the Stockholm Metro.

| Surplus/deficit, public transport* | Outcome | Outcome | Change | Forecast | Budget Deviation | | Year end |
|------------------------------------|----------------|----------------|---------------|----------------|------------------|-------------|----------------|
| | 2017 | 2016 | | 2017 | 2017 | Forecast | |
| SEK million | jan-aug | jan-aug | | | - budget | | |
| Operating revenues | | | | | | | |
| Passenger receipts | 5 299 | 4 893 | 8,3 % | 8 115 | 7 877 | 238 | 7 542 |
| County Council grants | 6 635 | 6 423 | 3,3 % | 9 952 | 9 952 | 0 | 9 634 |
| Other revenues | 2 788 | 2 699 | 3,3 % | 4 259 | 3 946 | 313 | 3 983 |
| Total operating revenues | 14 722 | 14 014 | 5,0 % | 22 326 | 21 775 | 551 | 21 159 |
| Operating expenses | | | | | | | |
| Staffing costs | -459 | -399 | 15,2 % | -710 | -741 | 31 | -645 |
| Purchased transport services | -8 834 | -8 886 | -0,6 % | -13 662 | -13 794 | 132 | -13 431 |
| Other expenses | -2 121 | -2 192 | -3,2 % | -3 778 | -3 375 | -403 | -3 612 |
| Total operating expenses | -11 415 | -11 476 | -0,5 % | -18 149 | -17 909 | -240 | -17 688 |
| Depreciation/amortisation | -1 963 | -1 803 | 8,9 % | -3 135 | -3 073 | -62 | -2 830 |
| Net financial items | -315 | -329 | -4,3 % | -492 | -543 | 51 | -480** |
| Surplus/deficit | 1 030 | 406 | | 550 | 250 | 300 | 161*** |

* Public transport includes the Traffic Administration, AB Storstockholms Lokaltrafik, Waxholms Ångfartygs AB, Transport Services for the Disabled and Metro Expansion Administration.

**Excluding interest effects on pension expenses for companies in the LISAB Group.

***Pertains to surplus/deficit before appropriations and tax adjusted for interest effect on pension expenses

As of August, public transport achieved a surplus of SEK 1,030 million, which is SEK 624 million higher than the corresponding period of the previous year. The forecast surplus for the full year is SEK 550 million, which is SEK 300 million higher than budget.

Passenger receipts are expected to exceed the budget for the year as a result of a higher travelling base than budgeted at the beginning of 2017, positive effects of changes in the ticket assortment, and the positive revenue growth at the beginning of the year. This year's forecast for other revenues also exceeds budget, which is mainly attributable to the many result-neutral items, such as external projects, vehicle leasing, operating power and fuel.

The item other expenses is also expected to exceed the budget for the year. The deviation is due mainly to higher costs for external projects. However, the costs for the external projects are met by corresponding received revenues which is why this does not affect the surplus. In addition to this, some accrued expenses in investment projects and residual values in the facility registry were expensed.

In January, public transport on land shifted to a tariff system without zones, which means that a journey has the same price regardless of the length of the journey. The aim of the change is to make things easier for passengers and thereby make the services more accessible. At the same time, ticket prices were increased by around 5 per cent, the first increase since 2011.

The Sweden Negotiations were completed in the spring, which resulted in an agreement on four expansions of the public transport system where Stockholm County Council is the infrastructure owner: the Metro between Fridhemsplan and Älvsjö, a new Metro station in Hagalund, an extension of the Roslagsbanan suburban railway to T-Centralen via Odenplan, and the Southern Tramway between Älvsjö and Flemingsberg.

The Traffic Committee decided to introduce a new main line in the inner city²² with a planned service start in December 2017.

In the spring, service on the commuter boat line Sjövägen²³ was strengthened with extra vessels and more departures during rush hour.

Citybanan, a six-kilometre-long commuter rail tunnel under central Stockholm opened for service in the summer. The project also comprises two new stations for commuter rail service, Odenplan and City.

9.1.1 Regional transport provisioning programme for Stockholm County

Stockholm County Council is the regional public transport authority in Stockholm County. In this role, the County Council shall establish and when necessary update a regional transport provisioning programme. The programme shall include a report of what regional public transport is available in the County and how the need for such service is expected to develop. It shall also include targets for the public transport provisioning. The programme shall be prepared after consultation with the County's municipalities and affected authorities as well as with public transport companies and representatives for business and passengers.

²² Bus Line 6 will serve the route Ropsten-Karolinska.

²³ Commuter Boat Line 80.

The regional transport provisioning programme takes up the overall principles for how public transport should be developed in the County, with close connection to the regional development plan (RUFs). It is therefore one of the County Council's and the County's most important strategic plans. A new regional transport provisioning programme was drafted and will be adopted by the County Council Assembly in autumn 2017.

9.1.2 Passengers

| Public transport travel | Outcome | Outcome ¹ | Change | Forecast | Objective | Deviation | Year end |
|--|-------------|----------------------|--------|----------|-----------|--------------------|----------|
| | 2017 Aug | 2016 Aug | % | 2017 | 2017 | forecast budget | 2016 |
| Total, thousands | | | | | | | |
| Public transport on land, boardings ² | 2 667 | 2 617 | 1,9 % | 2 740 | 2 742 | -0,1 % | 2 921 |
| Public transport on water, passengers | 4 437 | 4 139 | 7,2 % | 5 663 | 5 663 | 0,0 % | 5 358 |
| Special public transport, journeys ³ | 2 617 | 2 716 | -3,6 % | 4 132 | 4 231 | -2,3 % | 4 144 |

¹ The previous year's figures can differ from that previously reported as adjustments are made retroactively.

² Reporting takes place with a one-month delay.

³ Includes journeys by public transport for the disabled, patient transport and service transport.

In public transport on land, the number of boardings increased by 1.9 per cent compared with the year-before period. This increase is noted in all modes of transport, except the local rail where travel decreased as a result of several local rail lines being closed during the spring and summer. The forecast for the year is in line with budget.

In public transport on water, the number of passengers increased by 7.2 per cent compared with the year-before period. This increase has several explanations: last year's strike in archipelago service affected last year's travel negatively, the number of passengers increased in the summer months and there were more passengers in the commuter boat services. The forecast for the year is in line with budget.

The total number of journeys in special public transport decreased by 3.6 per cent compared with the year-before period. This is partly explained by a decrease in the number of people with disabled transport permits. This decrease is also reflected in the forecast for the year, which points to a decrease of 2.3 per cent compared with the budget.

10. Other operations

The other operations in Stockholm County Council comprise the Culture Committee, the County Council Executive Board Administration, the Growth and Regional Planning Committee, the Patient Advisory Committee, Group financing, AB Stockholms Läns Landstings Internfinans, Landstingshuset i Stockholm AB, the damages account and the County Council Auditors.

10.1 Overall other operations

Culture Committee

The Culture Committee establishes annual appropriations for the respective forms of external support for the County's cultural actors, association life and study associations, as well as its own administration. As of 31 August, a surplus of SEK 18 million is reported. The forecast for 2017 is a break-even.

County Council Executive Board

The County Council Executive Board Administration works on behalf of the County Council Executive Board via the County Council Director. The County Council Executive Board Administration supports the County Council Executive Board in leading, controlling and coordinating the County Council's affairs and operations. The Administration reports a surplus for the period of SEK 163 million. The forecast for 2017 is SEK 25 million compared with the budgeted break-even.

Growth and Regional Planning Committee

The committee is responsible for regional planning and the regional development and growth issues in the County Council. The committee reports a surplus for the period of SEK 4 million. The forecast for 2017 is a break-even.

Patient Advisory Committee

The Patient Advisory Committee serves as a body for contact with both patients and staff and also has the task of arranging support persons. The committee reports a surplus for the period of SEK 3 million. The forecast for 2017 is a break-even.

Group financing

Group financing is the County Council's central accounting unit where items of a County Council-wide nature are reported, such as tax revenues. The unit has no employees and conducts no operations. The forecast and budget for full-year 2017 amounts to a deficit of SEK 878 million and SEK 1,663 million, respectively.

AB Stockholms Läns Landstings Internfinans

AB Stockholms Läns Landstings Internfinans' task is to be an internal bank for Stockholm County Council. The company will provide assistance on commercial terms to the County Council, its administrations, companies and foundations in central management of liquidity, borrowing in capital markets and lending to the County Council's administrations and companies. The company reports a surplus for the period of SEK 4 million. The forecast and budget for 2017 amounts to a surplus of SEK 4 million and SEK 3 million, respectively.

Landstingshuset i Stockholm AB

This company conducts not operations of its own, but is only the parent company for the County Council's companies, except for AB Storstockholms Lokaltrafik and its subsidiaries, which are directly owned by the County Council. The outcome for the period for the parent company amounts to a surplus of SEK 227 million. The surplus includes reversed impairment losses on shares in the subsidiaries in an amount of SEK 231 million. The forecast and budget for 2017 amounts to a deficit of SEK 8 million and SEK 31 million, respectively. The forecast regarding impairment losses, reversed impairment losses and Group contributions is difficult to assess and is not included in the parent company's annual forecast.

Damages account

The damages account is Stockholm County Council's insurance system for property and consequential loss insurance. The forecast and budget for 2017 is a break-even.

County Council Auditors

The auditors and lay auditors are the County Council Assembly's and ultimately the citizens' democratic instrument for audit and control of the operations conducted in the County Council Executive Board, committees, companies and foundations. The unit reports a surplus for the period of SEK 5.4 million. The forecast for 2017 is a break-even.

11.1 Properties in healthcare

Landstingsfastigheter Stockholm is a profit centre within Stockholm County Council, in which financial reporting of the County Council's care properties takes place. The properties are managed by Locum AB according to agreements and owner directives with Stockholm County Council.

Landstingsfastigheter Stockholm

Landstingsfastigheter Stockholm is a profit centre in the County Council where the County Council's healthcare properties are reported.

The outcome as of August 2017 amounted to a surplus of SEK 470 million (647) and the budgeted annual outcome is a surplus of SEK 335 million.

Locum AB

Locum manages the property portfolio in healthcare. Through the management agreement, the company is responsible for both technical and financial management of properties in Landstingsfastigheter Stockholm.

The company's outcome as of August 2017 amounted to a deficit of SEK 2 million (3) and the budgeted annual outcome is a surplus of SEK 7 million.

The property portfolio is mainly comprised of six emergency hospitals distributed over seven properties, nine smaller hospitals and a number of health centres, psychiatric clinics and dental clinics. The total floor space amounts to 2.0 million square metres in gross floor space, of which the strategic properties' gross floor space is 1.9 million square metres. Strategic properties are the properties that the County Council disposes over to ensure a long-term asset in suitable healthcare premises. The occupancy ratio for the strategic properties amounted to 90 per cent as of August 2017, which is unchanged compared to August 2016.

Despite major investments in future health and medical care, there are extensive maintenance requirements in the existing properties. Locum is working with five- and ten-year property plans that focus on the long-term development for all management properties and provide a collective view of the status of the respective property. The property plans provide a basis for management and investment planning and simplify comparisons of the management properties. An annual management plan is prepared for the major hospitals and revised when major changes arise.

11.2 Future healthcare information environment

The Future Healthcare Information Environment Programme aims to realise the Future Plan's intentions regarding online healthcare and new work methods. The new healthcare information environment constitutes the digital platform that is a prerequisite for healthcare actors to be able to work efficiently together in a network with the patient's needs in the centre.

The background of the programme is that the current IT and system landscape in Stockholm County Council is complex, fragmented and largely outdated, which entails several major challenges. A central component in the system landscape is the medical records system that in its current form is deemed to have very limited possibilities to meet the needs of online healthcare. This means, among other things, that the patients themselves have little possibilities of obtaining information about their care. The

employees compensate for the shortcomings in the digital working environment through manual duplication of work and by using yesterday's tools such as paper and faxes. The limited access to relevant data inhibits research and those who work with managing and developing healthcare with an aim to develop new knowledge and new treatment methods.

In 2017, work was focused on establishing and organising the programme, analysing the activities' needs and requirements on the healthcare information environment and on preparing procurement. The programme will proceed until the end of 2022 and the new healthcare information environment will be gradually implemented during this period. When the programme is complete, a modern and flexible environment will be in place that can be refined and where new functions and work methods can be added in a cost-effective manner. Using the new healthcare information environment will also facilitate the information exchange with national services in e-health.

The programme builds on the earlier work done in the scope of the 3R Future Healthcare Information Environment Programme and several deliveries from the earlier programme are being re-used. The County Council's costs for the programme amount to SEK 9 million as of 31 August. The forecast for the year is SEK 13 million as compared to the budgeted SEK 5 million.

Investment expenses amount to SEK 16 million. The forecast for the year is SEK 69 million as compared to the budgeted SEK 60 million. The investment object's total expense limit of SEK 2,200 million will not be exceeded, however.

11. Personnel and training

The County Council shall attract, retain and develop the expertise the County Council needs to fulfil its mission. By utilising and developing the expertise that exists and at the same time working for an influx of the right expertise, the supply of expertise can be ensured.

11.1 A secured skills supply and an attractive employer

| Workforce by area of activity | 2017 | 2016 | Change | Women | Men |
|---|---------------|---------------|------------|-----------|-----------|
| Number of employees | August | August | % | % | % |
| Health and medical care, inc. dental care | 42 780 | 42 581 | 0,0 | 80 | 20 |
| Public transport | 768 | 707 | 0,1 | 53 | 47 |
| Culture | 67 | 60 | 0,1 | 66 | 34 |
| Regional planning | 44 | 39 | 0,1 | 68 | 32 |
| Other operations | 1 168 | 1 161 | 0,0 | 48 | 52 |
| Total | 44 827 | 44 548 | 0,0 | 78 | 22 |
| Of whom, in administrations | 29 538 | 29 650 | 0,0 | 77 | 23 |
| Of which in the companies | 15 289 | 14 898 | 0,0 | 81 | 19 |
| Employment rate (%) | 97 | 97 | 0,0 | 97 | 98 |
| Full-time employees (%) | 88 | 88 | 0,0 | 78 | 22 |
| Number of annual employees ⁴ | 43 434 | 43 189 | 0,0 | 78 | 22 |

⁴ Employment rate relative to the number of employees.

Skills provisioning

In 2016, the County Council Assembly established a skills provisioning strategy that guides towards clearer Group perspectives in issues concerning the skills supply. Based on the strategy, the County Council Executive Board established an action plan that contains scheduled activities for a long-term secured skills supply. For example, all healthcare units shall review their work organisation to ensure that the right expertise is used for the right task, that the work environment is good and that patient safety is high. In addition, all of the county Council's operations shall work strategically with the differentiation of salary increases. A follow-up of the work based on the action plan is done in the full-year follow-up.

It continues to be difficult to recruit nurses, even if the recruitment situation in some respects has improved somewhat. In healthcare units, development is under way of the work organisation to ensure that the right skills are used for the right task. An effort for needs-based planning of doctor working hours during weekdays is proceeding according to plan. The

summer has demanded good planning and collaboration in the healthcare units. The staffing situation has been strained but under control. The work of preparing County Council-wide skills ladders²⁴ is proceeding according to plan. A skills ladder for nurses in clinical care is ready for implementation.

The County Council offers observation and placement positions to people who have foreign care education from outside the EU/EEA area. Most are doctors with specialist expertise who are doing or have done their probationary service or practical service prior to obtaining a Swedish licence.

Education and continuous skills development

The County Council collaborates with universities, vocational schools and high schools with regard to operations-integrated learning²⁵. Work is under way to ensure a high level of quality and adequate scope in the operations-integrated learning, including by involving private care providers more in the training assignment.

In 2017, Stockholm County Council has offered a large number of employed nurses the opportunity to obtain further education to become specialist nurses while retaining pay.

Future employees

Efforts to increase awareness of Stockholm County Council as an employer and strengthen the view of the County Council as an attractive employer have been redoubled. The County Council as an employer and the wide range of professions are marketed in part through participation in recruitment fairs and during placement and summer jobs for young people.

An attractive and competitive employer

The County Council has signed a new County Council-wide collective agreement with the Swedish Association of Health Professionals regarding a new working hour model to compensate employees who work in around-the-clock operations. A County Council-wide collective agreement regarding on-call and preparedness compensation was signed with the Swedish Medical Association.

The County Council's operations have conducted information and training initiatives to increase knowledge about the organisational and social

²⁴ A skills ladder refers to a structure for developing and maintaining skills and clarifying career paths.

²⁵ Operations-integrated learning refers to the placement component of the health and medical care programmes.

working environment. Based on the results of the employee follow-up, administrations and companies have further developed, together with occupational health services, the work of identifying early signals of illness and preventing sickness absence. Follow-up of long-term sickness absences takes place continuously in accordance with the cooperation agreement between Stockholm County Council and Försäkringskassan.

With support of the County Council's Work Environment Improvement project, active efforts have been made to develop the work organisation and working methods in healthcare units. Through the website arbetsmiljolyftet.ringla.nu, good examples and new knowledge from the project are spread. An effort was begun to systematically support a broad introduction of new approaches based on the Work Environment Improvement project.

During the year, work was done to implement the new anti-discrimination legislation. Work is continuing on training and tools to increase knowledge and awareness of gender equality, equal opportunity and diversity.

Goal and results-oriented managers

As a part of securing a future supply of managers, a programme for employees who have potential to become managers was prepared. A programme for manager guidance in a group has been developed and will begin in the autumn.

12. Income statement, balance sheet and cash-flow statement

12.1 Income statement, Group and County Council

| SEK million | Note | Group | | | | | County Council | |
|--|------|-----------------|-----------------|------------------|----------------|------------------|-----------------|-----------------|
| | | Outcome 2017 | Outcome 2016 | Forecast 2017 | Budget 2017 | Year end 2016 | Outcome 2017 | Outcome 2016 |
| | | Jan-Aug | Jan-Aug | | | | Jan-Aug | Jan-Aug |
| Operating revenues | 2,3 | 13 985 | 13 715 | 22 229 | 21 160 | 21 102 | 6 448 | 6 241 |
| Operating expenses | 2,3 | -56 582 | -54 858 | -89 314 | -89 315 | -85 388 | -52 628 | -50 464 |
| Depreciation and amortisation | | -3 325 | -2 985 | -5 435 | -5 548 | -4 659 | -1 186 | -989 |
| Net operating expenses | | -45 922 | -44 128 | -72 521 | -73 703 | -68 945 | -47 367 | -45 213 |
| Of which items affecting comparability ¹⁾ | | -656 | 258 | -1089 | -1120 | -243 | -656 | -168 |
| Tax revenues | | 46 926 | 44 416 | 70 390 | 71 068 | 66 822 | 46 926 | 44 416 |
| General government grant | | 3 918 | 3 756 | 5 871 | 5 550 | 5 634 | 3 918 | 3 756 |
| Income and expenses equalisation | | -1 007 | -964 | -1 510 | -1 639 | -1 447 | -1 007 | -964 |
| Total tax revenues | | 49 838 | 47 208 | 74 751 | 74 979 | 71 010 | 49 838 | 47 208 |
| Financial income | | 73 | 71 | 89 | 88 | 135 | 427 | 470 |
| Financial expenses | | -1 274 | -758 | -2 108 | -2 201 | -1 391 | -1 238 | -784 |
| Net financial items | | -1 201 | -687 | -2 019 | -2 113 | -1 257 | -811 | -314 |
| Of which items affecting comparability ²⁾ | | | | | | -113 | | |
| Surplus/deficit | | 2 714 | 2 393 | 211 | -837 | 808 | 1 660 | 1 681 |

| Deficit for the year according to the balance requirement | | | | | |
|--|--------------|--------------|------------|-------------|------------|
| Surplus/deficit | 2 714 | 2 393 | 211 | -837 | 808 |
| Capital gains | -48 | -714 | -48 | | -656 |
| Surplus/deficit after balance requirement ac | 2 666 | 1 679 | 163 | -837 | 152 |
| Balance requirement surplus/deficit | 2 666 | 1 679 | 163 | -837 | 152 |
| Exceptional reasons | | | | | |
| Utilisation of reserved funds in equity regarding conversion costs in connection with the introduction of future health and medical care | 0 | 0 | 0 | 837 | 0 |
| Balance requirement result to settle | 2 666 | 1 679 | 163 | 0 | 152 |

1) Pertains to conversion costs and capital gains.

2) Pertains to interest rate change on pension liabilities.

12.2 Balance sheet, Group and County Council

| SEK million | Group | | County Council | |
|--|----------------------------|------------------|----------------------------|------------------|
| | Outcome 2017 Jan-Aug | Year end 2016 | Outcome 2017 Jan-Aug | Year end 2016 |
| Assets | | | | |
| Fixed assets | | | | |
| <i>Intangible assets</i> | | | | |
| Usufruct and other intangible assets | 292 | 240 | 59 | 68 |
| <i>Tangible assets</i> | | | | |
| Land, buildings, plant and machinery | 51 287 | 48 347 | 23 932 | 23 833 |
| Machinery and equipment | 25 113 | 22 422 | 6 659 | 5 498 |
| Constructions in progress, advance payments for tangible assets | 30 635 | 31 175 | 19 334 | 17 571 |
| <i>Financial assets</i> | | | | |
| Financial assets | 1 494 | 1 348 | 40 287 | 40 192 |
| Total fixed assets | 108 821 | 103 532 | 90 270 | 87 162 |
| Current assets | | | | |
| Stocks, etcetera | 584 | 579 | 414 | 398 |
| Current receivables | 5 424 | 6 835 | 5 588 | 5 444 |
| Current investments | 0 | 0 | 0 | 0 |
| Cash and cash equivalents | 2 784 | 2 878 | 1 002 | 805 |
| Total current assets | 8 792 | 10 292 | 7 005 | 6 648 |
| Total assets | 117 613 | 113 824 | 97 275 | 93 810 |

| SEK million | | Group | | County Council | |
|---|-----|----------------|----------------|----------------|---------------|
| | | Outcome | Year end | Outcome | Year end |
| | | 2017 | 2016 | 2017 | 2016 |
| | NOT | Jan-Aug | | Jan-Aug | |
| Equity, provisions and liabilities | | | | | |
| Equity* | | | | | |
| | | 8 239 | 7 451 | 7 210 | 6 776 |
| | | 4 | -20 | - | - |
| | | 2 714 | 808 | 1 660 | 435 |
| | | 10 958 | 8 239 | 8 870 | 7 210 |
| Provisions | | | | | |
| | 4 | 26 635 | 25 624 | 21 181 | 20 483 |
| | | 782 | 809 | 663 | 689 |
| | | 27 418 | 26 433 | 21 844 | 21 172 |
| Liabilities | | | | | |
| | | 63 235 | 58 176 | 50 740 | 45 040 |
| | | 16 003 | 20 976 | 15 820 | 20 387 |
| | | 79 238 | 79 152 | 66 560 | 65 428 |
| | | 117 613 | 113 824 | 97 275 | 93 810 |
| | | none | none | none | none |
| Contingent liabilities | | | | | |
| | 4 | 23 821 | 24 025 | 23 821 | 24 025 |
| | | 732 | 439 | 16 039 | 16 040 |
| | | 24 553 | 24 464 | 39 860 | 40 065 |

***) Supplementary disclosure reserved equity**

Restructuring Future Health and Medical Care

Reserved in 2011 annual accounts 1 200

Reserved in 2012 annual accounts 2 100

Reserved in 2013 annual accounts 2 000

Utilised in 2015 annual accounts -159

Total restructuring 5 141

12.3 Cash flow statement, Group

| SEK million | Group | | County Council | | |
|--|---------|---------------|----------------|---------------|---------------|
| | Outcome | Outcome | Outcome | Outcome | |
| | 2017 | 2016 | 2017 | 2016 | |
| | Note | Jan-Aug | Jan-Aug | Jan-Aug | Jan-Aug |
| Operation activities | | | | | |
| Profit/Loss for the year | | 2 714 | 2 393 | 1 660 | 1 681 |
| Adjustment for non-cash items | 1 | 4 596 | 4 309 | 2 482 | 1 747 |
| <i>Funds from operations before changes in working capital</i> | | 7 310 | 6 702 | 4 142 | 3 428 |
| Increase (-) or decrease (+) in stocks | | -5 | -86 | -16 | -47 |
| Increase (-) or decrease (+) in current receivables | | 1 710 | 1 800 | -357 | 955 |
| Increase (+) and decrease (-) in current liabilities | | -3 721 | -3 884 | -2 707 | -1 473 |
| <i>Change in working capital</i> | | -2 016 | -2 170 | -3 080 | -565 |
| Cash flow from operating activities | | 5 294 | 4 532 | 1 062 | 2 863 |
| Investing activities | | | | | |
| Investments in intangible assets | | -110 | -39 | 0 | -7 |
| Investments in tangible assets | | -7 583 | -8 372 | -3 297 | -4 747 |
| Sales of tangible assets | | 51 | 784 | 51 | 275 |
| Cash flow from investing activities | | -7 642 | -7 627 | -3 246 | -4 479 |
| Financing activities | | | | | |
| Increase in long-term borrowing | | 3 970 | 3 425 | 3 063 | 5 291 |
| Repayment of long-term liabilities | | -1 400 | -900 | -1 400 | -900 |
| Change in long-term receivables | | -145 | 31 | -95 | -3 112 |
| Change in leasing financing | | -994 | -1 065 | 0 | 0 |
| Investment contributions received | | 823 | 562 | 813 | 500 |
| Cash flow from financing activities | | 2 254 | 2 053 | 2 381 | 1 779 |
| Cash flow for the year | | -94 | -1 042 | 197 | 163 |
| Cash and bank balances at the beginning of the year | | 2 878 | 3 634 | 805 | 491 |
| Cash and cash equivalents at the end of the period | | 2 784 | 2 592 | 1 002 | 654 |
| Total disposable cash and cash equivalents | | 2 784 | 2 592 | 1 002 | 654 |
| Note 1: Adjustment for non-cash items | | | | | |
| Depreciation/Amortisation | | 3 325 | 2 985 | 1 186 | 989 |
| Change in provisions | | 984 | 811 | 672 | 574 |
| Capital gains/losses | | 88 | -573 | -40 | -271 |
| Other non-cash items | | 199 | 1 086 | 664 | 455 |
| Adjustment for non-cash items | | 4 596 | 4 309 | 2 482 | 1 747 |

12.4 All results for all profit centres at SCC

| SEK million | County Council grants Jan-Aug | Income Jan-Aug | Expenses Jan-Aug | Surplus/deficit Jan-Aug | Forecast 2017 | Budget deviation |
|---|----------------------------------|-------------------|---------------------|----------------------------|------------------|---------------------|
| Health and medical care | | | | | | |
| Public Healthcare Services Committee | 37 877,2 | 2 044,9 | -39 125,0 | 797,1 | 0,0 | 0,0 |
| Kommunalförbundet Sjukvård och omsorg i Norrtälje | 484,1 | 432,6 | -926,0 | -9,3 | 0,0 | 0,0 |
| Stockholms läns sjukvårdsområde | | 6 954,4 | -6 775,2 | 179,2 | 100,0 | 0,0 |
| Karolinska University Hospital | | 12 195,3 | -12 259,5 | -64,2 | -69,8 | -100,0 |
| Södersjukhuset AB | | 3 218,9 | -3 146,7 | 72,2 | 9,4 | 0,0 |
| Danderyds Sjukhus AB | | 2 573,6 | -2 526,4 | 47,2 | -35,3 | -41,8 |
| Södertälje Sjukhus AB | | 776,0 | -782,8 | -6,8 | -26,7 | -30,0 |
| TioHundra AB | | 532,4 | -535,8 | -3,4 | -6,8 | -6,8 |
| S:t Eriks Ögonsjukhus AB | | 400,4 | -354,8 | 45,6 | 30,0 | 27,0 |
| Folktandvården Stockholms Län AB | | 1 103,1 | -1 010,8 | 92,3 | 105,0 | 0,0 |
| Ambulanssjukvården i Storstockholm AB | | 173,7 | -174,9 | -1,1 | -5,4 | -6,1 |
| Stockholm Care AB | | 96,8 | -94,1 | 2,7 | 5,0 | 0,0 |
| MediCarrier AB | | 511,5 | -500,8 | 10,7 | 5,0 | 4,7 |
| Patient Advisory Committee | 15,5 | 0,9 | -13,0 | 3,5 | 0,0 | 0,0 |
| NKS Construction | 76,9 | 790,1 | -846,2 | 20,7 | 0,0 | 0,0 |
| Group adjustments | | -24 604,6 | 24 604,6 | | | |
| Total health and medical care | 38 453,7 | 7 200,1 | -44 467,5 | 1 186,3 | 110,4 | -153,0 |
| Public transport | | | | | | |
| AB Storstockholms Lokaltrafik | 5 748,4 | 7 574,0 | -12 528,6 | 793,9 | 346,9 | 346,9 |
| Special transport services | 625,4 | 295,5 | -873,7 | 47,1 | 38,6 | 38,6 |
| Traffic Administration | 43,4 | 819,4 | -684,4 | 178,4 | 144,1 | -105,9 |
| Waxholms Ångfartygs AB | 217,4 | 135,1 | -342,2 | 10,3 | 20,4 | 20,4 |
| The Metro Expansion Administration | | 53,0 | -53,0 | 0,0 | 0,0 | 0,0 |
| Group adjustments | | -734,9 | 734,9 | | | |
| Total public transport | 6 634,7 | 8 142,0 | -13 747,0 | 1 029,7 | 550,0 | 300,0 |
| Culture | | | | | | |
| Culture Committee | 406,3 | 45,2 | -433,6 | 17,8 | 0,0 | 0,0 |
| Total culture | 406,3 | 45,2 | -433,6 | 17,8 | 0,0 | 0,0 |
| Regional planning | | | | | | |
| Growth and Regional Planning Committee | 112,5 | 1,2 | -109,6 | 4,1 | 0,0 | 0,0 |
| Total regional planning | 112,5 | 1,2 | -109,6 | 4,1 | 0,0 | 0,0 |
| Others | | | | | | |
| County Council Executive Board Administration | 1 919,4 | 252,1 | -2 032,8 | 138,7 | 25,0 | 25,0 |
| SLL IT | 89,2 | 578,2 | -664,4 | 3,0 | 0,0 | 0,0 |
| Damages account | 0,0 | 10,2 | -7,5 | 2,7 | 0,0 | 0,0 |
| Group financing | | 55 468,8 | -54 955,7 | 513,0 | 211,1 | 755,1 |
| Locum AB | | 215,0 | -217,5 | -2,5 | 7,0 | 0,0 |
| Landstingsfastigheter Stockholm | | 2 119,9 | -1 650,0 | 469,9 | 400,0 | 65,1 |
| County Council Auditors | 22,1 | 1,8 | -18,5 | 5,4 | 0,0 | 0,0 |
| Landstingshuset i Stockholm AB | | 239,1 | -12,6 | 226,5 | -7,5 | 23,8 |
| AB SLL Internfinans | | 11,1 | -7,3 | 3,8 | 4,0 | 1,0 |

| | | | | | | |
|---|----------------|-----------------|------------------|----------------|----------------|----------------|
| Total other | 2 030,8 | 58 896,2 | -59 566,4 | 1 360,6 | 639,6 | 870,0 |
| Group adjustments | -47 637,9 | -10 629,3 | 58 038,9 | -228,2 | 0,0 | 0,0 |
| All results all profit centres | 0,0 | 63 655,5 | -60 285,3 | 3 370,3 | 1 300,0 | 1 016,9 |
| Transition costs | | | -656,2 | -656,2 | -1 089,1 | 30,9 |
| Surplus/deficit including conversion costs | 0,0 | 63 655,5 | -60 941,5 | 2 714,1 | 211,0 | 1 047,8 |

12.5 Investment report

| SEK million | Outcome 2017 Jan-Aug | Outcome 2016 Jan-Aug | Forecast 2017 Aug | Budget 2017 | Deviation budget forecast | Year end 2016 |
|---|----------------------------|----------------------------|-------------------------|-----------------|---------------------------------|------------------|
| Health and medical care | | | | | | |
| Public Healthcare Services Committee | 16,0 | 5,3 | 20,0 | 10,0 | -10,0 | 20,4 |
| Healthcare Provision Stockholm County Council | 33,8 | 54,9 | 88,7 | 72,6 | -16,1 | 94,2 |
| Karolinska University Hospital | 108,6 | 137,6 | 198,0 | 198,0 | 0,0 | 270,3 |
| Södersjukhuset AB | 57,2 | 58,7 | 166,0 | 116,0 | -50,0 | 123,0 |
| Danderyds Sjukhus AB | 48,8 | 38,4 | 116,0 | 116,0 | 0,0 | 73,9 |
| Södertälje Sjukhus AB | 152,0 | 31,1 | 21,8 | 20,0 | -1,8 | 85,0 |
| St. Eriks Ögonsjukhus AB | 4,2 | 4,9 | 12,0 | 12,0 | 0,0 | 13,0 |
| Folktandvården Stockholms Län AB | 30,7 | 34,8 | 70,0 | 70,0 | 0,0 | 57,2 |
| Ambulanssjukvården i Storstockholms län AB | 7,5 | 5,1 | 22,5 | 22,5 | 0,0 | 12,6 |
| Stockholm Care AB | 0,4 | 0,0 | 0,7 | 0,0 | -0,7 | 0,0 |
| MediCarrier AB | 1,8 | 1,0 | 4,0 | 4,0 | 0,0 | 4,2 |
| New Karolinska Construction | 1 925,7 | 2 691,8 | 3 181,0 | 3 089,1 | -91,9 | 3 854,6 |
| Total health and medical care | 2 386,8 | 3 063,8 | 3 900,6 | 3 730,2 | -170,4 | 4 608,4 |
| Public transport | | | | | | |
| Traffic Administration including public transport | 30,1 | 29,6 | 399,4 | 97,0 | -302,4 | 21,2 |
| AB Storstockholms Lokaltrafik | 3 949,7 | 3 459,3 | 7 303,9 | 8 240,4 | 936,5 | 6 103,4 |
| Waxholms Ångfartygs AB | 31,5 | 2,2 | 58,7 | 86,0 | 27,3 | 22,0 |
| Metro Expansion Administration | 358,2 | 372,3 | 651,0 | 1 291,5 | 640,5 | 658,1 |
| Total public transport | 4 369,4 | 3 863,4 | 8 413,0 | 9 714,9 | 1 301,9 | 6 804,7 |
| Culture | | | | | | |
| Culture Committee | 0,4 | 0,5 | 0,4 | 0,3 | -0,1 | 0,9 |
| Total culture | 0,4 | 0,5 | 0,4 | 0,3 | -0,1 | 0,9 |
| Other operations | | | | | | |
| County Council Executive Board Administration | 19,2 | 78,9 | 849,7 | 866,4 | 16,7 | 142,8 |
| SLL IT | 85,5 | 0,0 | 261,0 | 167,0 | -94,0 | 0,0 |
| Group financing | 0,0 | 340,7 | 709,0 | 709,0 | 0,0 | 378,2 |
| Locum AB | 0,3 | 1,7 | 4,5 | 4,5 | 0,0 | 3,4 |
| Landstingsfastigheter Stockholm | 1 633,7 | 1 733,1 | 3 200,0 | 4 045,5 | 845,5 | 3 126,4 |
| County Council Auditors | 0,0 | 0,0 | 0,1 | 0,2 | 0,1 | 0,0 |
| AB SLL Internfinans | 0,0 | 0,0 | 0,0 | 1,4 | 1,4 | 0,0 |
| Total other | 1 738,7 | 2 154,4 | 5 024,3 | 5 794,0 | 769,7 | 3 650,9 |
| All investments | 8 495,4 | 9 082,1 | 17 338,3 | 19 239,4 | 1 901,0 | 15 064,9 |

12.6 Accounting principles

In the preparation of this interim report, the same accounting principles have been used as in the most recent annual report.

12.7 Notes

Note 2 Operating revenues and expenses

| SEK million | Outcome Jan-Aug 2017 | Outcome Jan-Aug 2016 | Year end 2016 |
|--|-------------------------|-------------------------|------------------|
| Patient fees for health and dental care | 917 | 911 | 1 401 |
| Passenger receipts | 5 297 | 4 890 | 7 540 |
| Sale of primary services | 1 302 | 1 321 | 2 132 |
| Rental income, sales, other services | 2 611 | 2 414 | 3 812 |
| Government grants and other grants | 2 796 | 2 866 | 4 336 |
| Other revenues | 1 062 | 1 312 | 1 880 |
| <i>of which, items affecting comparability</i> | - | 714 | 656 |
| Operating revenues | 13 985 | 13 715 | 21 102 |
| Personnel costs | -19 417 | -18 700 | -28 832 |
| Purchased health and medical care services | -13 183 | -12 513 | -19 363 |
| Purchased transport services | -8 834 | -8 888 | -13 433 |
| Pharmaceuticals | -4 779 | -4 662 | -7 093 |
| Other materials and products, etc. | -3 269 | -3 078 | -5 149 |
| Grants provided | -1 303 | -1 339 | -1 779 |
| Cost of premises, lease of equipment | -1 864 | -1 660 | -2 874 |
| Other expenses | -3 933 | -4 018 | -6 866 |
| <i>of which expenses affecting comparability</i> | -656 | -456 | -899 |
| Operating expenses | -56 582 | -54 858 | -85 388 |

Note 3 Capital gains/losses

| SEK million | Outcome Jan-Aug 2017 | Outcome Jan-Aug 2016 | Year end 2016 |
|---|-------------------------|-------------------------|------------------|
| Other operating revenues | | | |
| <i>Capital gains</i> | | | |
| in Landstingsfastigheter Stockholm's sale of tangible assets | 48 | 273 | 251 |
| on SL Group's sales of other assets | - | 441 | 398 |
| on other units' sales of tangible assets | - | - | 7 |
| Other operating expenses | | | |
| <i>Capital losses</i> | | | |
| in Landstingsfastigheter Stockholm's sale of tangible assets | - | -2 | -62 |
| on SL Group's sales of other assets | -1 | - | - |
| on other sales of tangible assets | - | -4 | -5 |
| Capital gains/losses net upon sale of subsidiaries and tangible assets | 47 | 709 | 589 |

Note 4 Pension provision

| SEK million | Pensions total |
|--|-------------------|
| Pension liabilities incl. salary tax | |
| Provision for pensions according to the balance sheet at 31 December 2016 | 25 624 |
| Change in provision for pensions, incl. payroll tax and interest component | 1 011 |
| Provision for pensions according to the balance sheet at 2017-08-31 | 26 635 |
| <i>of which payroll tax SEK 5,200 million</i> | |

The Group's liability regarding the individual component amounted to SEK 557 million excluding payroll tax at 31 August 2017 and is recognised as a current liability.

| SEK million | Outcome Jan-Aug 2017 | Outcome Jan-Aug 2016 | Year end 2016 |
|--|-------------------------|-------------------------|------------------|
| Pension expense for the year | | | |
| Change in provision for pensions during the year | 529 | 540 | 831 |
| Defined-contribution retirement pension | 671 | 648 | 941 |
| Pensions paid | 934 | 873 | 1 340 |
| Payroll tax on pensions | 515 | 549 | 852 |
| Other pension expenses | -85 | 19 | -27 |
| Total pension expenses, excl. financial expense | 2 565 | 2 630 | 3 937 |
| Plus interest component of pension expenses | 415 | 168 | 352 |
| Total pension expenses, incl. financial expense | 2 981 | 2 798 | 4 289 |
| Contingent liabilities | | | |
| Pensions | 19 170 | 19 577 | 19 335 |
| Payroll tax | 4 651 | 4 749 | 4 690 |
| Total contingent liability, incl. payroll tax | 23 821 | 24 326 | 24 025 |