

2023

Region Stockholm

# Year-end report

## 2023 Year-end report

Region Stockholm has been affected, as all other regions in the country, by continued global uncertainties in 2023. Persistently high inflation has led to increased costs for salaries, fuel and materials. Pension costs have increased significantly in 2023 driven by high inflation. Region Stockholm, in line with other regions in the country, continues to face a very tough economic situation.

The health care situation in 2023 was generally more stable than in the immediately preceding years, with generally good capacity during the summer and the rest of the year. Healthcare providers in Region Stockholm have been working to reduce costs, not least relating to Region Stockholm's dependence on agency staff. This work has produced clear results. Compared to 2022, costs for temporary healthcare staffing have decreased by about 29 per cent or SEK 348 million. At the same time, total sick leave has decreased, and overtime for assistant nurses, nurses and midwives has decreased. Improved coordination in healthcare production has fostered an improved ability to plan staffing based on needs. The availability of health care for first visits within 30 days has improved by one percentage point and treatment within 90 days has improved by two percentage points compared to the previous year.

In public transport, travel volumes has recovered somewhat: at year-end, the level had reached about 82 per cent of a normal year. Remote work and new post-pandemic behaviors are contributing to reduced public transport travel. Some trips previously made by public transport are now replaced by car, bicycle and walking, or are not made at all. Efforts to bring passengers back to public transport have continued during the year.

## Net income

Net income	Outcome	Budget	Deviation	Outcome
SEKm	2023	2023	from budget	2022
Operating income	30,784	29,809	975	30,358
Operating costs	-116,872	-115,113	-1,759	-109,126
Depreciation	-7,080	-7,264	184	-6,890
<b>Net operating costs</b>	<b>-93,168</b>	<b>-92,567</b>	<b>-601</b>	<b>-85,658</b>
Tax revenue, general government grants and equalisation	97,028	94,202	2,826	92,760
Financial net income	-4,871	-5,091	219	-2,137
<b>Net income for the year</b>	<b>-1,011</b>	<b>-3,456</b>	<b>2,445</b>	<b>4,965</b>

Region Stockholm reports a negative net income of SEK –1,011 million for 2023, compared to the budgeted net income of SEK –3,456 million. The net income is thus SEK 2,445 million better than budget.

This positive deviation from the budget is mainly attributable to an increase in total tax revenue by SEK 2,826 million. In addition, operating income increased by SEK 975 million compared to the budget, mainly due to increased targeted government grants. The outcome also includes an increase in operating costs of SEK 1,759 million compared to budget, relating to healthcare provision, which reports a greater deficit for the year. The main reason for the deficit is inflation, which has led to increased staff and pension costs and higher costs for purchased healthcare. To manage the high-cost trend, the hospitals have developed action plans to achieve a balanced budget.

Profit for the year after balance requirement adjustments amounted to SEK –1,091 million, which has been calculated by adjusting the profit for the year of SEK –1 011 million downwards by SEK 80 million for capital gains. The deficit is managed by invoking exceptional circumstances.

## Balance sheet

<b>Balance sheet</b>			
SEKm	2023	2022	Change
<b>Assets</b>			
Fixed assets	149,460	139,201	10,259
Current assets	17,132	16,630	503
<b>Total assets</b>	<b>166,593</b>	<b>155,831</b>	<b>10,762</b>
<b>Equity, provisions and liabilities</b>			
Equity	25,989	27,001	–1,012
Provisions	42,785	36,638	6,147
Non-current liabilities	66,127	62,351	3,776
Current liabilities	31,692	29,841	1,851
<b>Total equity, provisions and liabilities</b>	<b>166,593</b>	<b>155,831</b>	<b>10,762</b>

Total assets increased in 2023 and amounted to SEK 167 billion at the end of the year. Region Stockholm's equity ratio, the long-term ability to pay, decreased by 1 percentage point compared to the previous year, which is mainly attributable to the negative net income. At the end of the year, the equity ratio amounted to 15.6 per cent, excluding the pension commitments that are reported as contingent liabilities. Including pension commitments, the equity ratio was 2.3 per cent.

Investments	Outcome	Budget	Deviation	Outcome
SEKm	2023	2023	from budget	2022
Healthcare	3,192	4,685	-1,493	2,369
Public transport	13,449	13,859	-410	10,432
Other	120	339	-219	212
<b>Total investments regional group</b>	<b>16,762</b>	<b>18,883</b>	<b>-2,122</b>	<b>13,013</b>

The investment volume for the year amounted to SEK 17 billion, which is SEK 2 billion lower than budget. Investments in public transport account for the largest share, corresponding to 80 per cent of total investment expenditure. Region Stockholm was able to finance these new investments without new borrowing.

During the year, the investment outcome was affected by the prevailing external situation with a shortage of materials and long delivery times. The lower completion rate is attributable to delays and cost overruns. The construction of the new metro has been affected by the cancellation of construction contracts and more complicated ground works.

The region's interest-bearing liabilities decreased by SEK 1.7 billion during the year and amounted to SEK 46 billion at the end of the year.

### **The future**

Current geopolitical developments are sources of concern and uncertainty. The world economy as well as the domestic economy are affected by the ongoing wars and crises around the world. Region Stockholm is facing several challenges in the coming years, for which the Region's committees and companies will need to prepare in order to adapt to new circumstances. Robust and sustainable operations require sound financial management.

Region Stockholm's financial situation is weakening, partly as a result of higher contributions to the municipal economic equalization system and partly because the government grants used during the pandemic to strengthen operations have ceased. 2024 will be affected by high inflation, temporarily leading to significantly higher pension costs. Price developments will affect costs in 2024 and beyond for Region Stockholm's operations. The regional price index (LPIK) is also expected to rise in 2024, which is expected to be reflected in wage cost developments, albeit to a lesser extent than in 2023.

Demographic changes, with the number of people aged 75 and over increasing by 5 per cent annually, will lead to higher demands on health care services. At the same time, the number of working-aged people is not increasing at the same rate as before, which affects the supply of skilled labor contributing to a lower tax growth rate. The supply of skilled labor is an important prerequisite for Region Stockholm's continued ability to run its operations. The implemented tax increase of 30 öre will create better conditions to cope with higher costs and thus represents a reinforcement for the Region.

In 2023, the economy proved stronger than forecasted, providing a better starting point for the coming budget year. Region Stockholm's equity ratio, i.e. the long-term ability to pay, decreased by one per cent in 2023, and amounted to 2.3 per cent at the end of the year. If the budgeted surpluses in 2025 and 2026 are achieved, the equity ratio will be restored to the 2022 level by 2026, which is in line with the principles of good financial management.