

Case Study 2: Creating a Legally Autonomous Public Service Provider

The Central Laundry is an office of the Department of Health in the city of X. It offers a comprehensive range of hygiene services. The Central Laundry provides clean textiles to public hospitals, clinics, old people's and nursing homes as well as the city's public administration and handles all laundry logistics.

With its laundry service for professional clothing, the Central Laundry also has customers outside public administration. It serves a total of 350 customers (private and public ones). The Central Laundry employs 212 people and generated sales of EUR 30.6 million in 2019.

The Department of Health has decided that the Central Laundry is to be spun off. After becoming an autonomous public service provider, the Central Laundry will pursue a growth strategy and attract more customers in the private sector and in out-of-town administrations.

Questions:

1. What will be the advantages and disadvantages of outsourcing this service?
2. What legal form do you recommend for the spin-off?