

# Leasing Temporary Classrooms under Secretary of State Class Consent

WHITE PAPER 2026

## Supporting Additional Capacity, Building Renewal, and Cost-Efficient, Sustainable Modular Solutions in UK Schools

UK schools increasingly face demand for additional teaching space due to rising pupil numbers, ageing facilities, and structural issues such as RAAC affected buildings. Traditional construction is slow and capital intensive, while school budgets remain constrained.

A strategic, compliant mechanism exists: **Leasing temporary classrooms and modular structures under the Secretary of State's Class Consent framework, enabled by the IFRS 16 accounting regime for maintained schools.**

# Executive Summary

This white paper explains the key aspects of leasing temporary classrooms under the Class Consent framework:

## **Class Consent Regime**

How the class consent regime allows leasing of temporary classrooms without individual approvals.

## **Why Schools Use Leasing**

Why schools use leasing for both capacity increases and replacement/maintenance avoidance.

## **Financial & Operational Benefits**

The financial and operational benefits of modular construction, including reduced energy and maintenance costs.

## **Key Requirements & Risks**

Key requirements and risks that schools and local authorities must be aware of before entering arrangements.

# 1. Policy and Financial Context

## IFRS 16 and Class Consent

From **1 April 2024**, IFRS 16 accounting applies to maintained schools:

### What IFRS 16 Means

- ◆ All leases count as borrowing on the balance sheet
- ◆ Under the Education Act 2002, leases as borrowing require consent of the Secretary of State for Education

### The Class Consent Solution

To reduce administrative burden, the Department for Education issued a general (class) consent early in 2024:

- **The IFRS16 Maintained Schools Finance Lease Class Consent 2024** — which pre-approves leasing of certain asset classes, including temporary classrooms and equivalent structures.

This means maintained schools and their local authorities can enter leasing arrangements for temporary classrooms **without seeking specific written consent beforehand** — so long as the lease fits within this general consent list.

## 2. Drivers for Leasing Temporary Classrooms

### **Increasing Capacity Needs**

Many schools face pupil growth due to:

- Demographic trends
- Local housing developments
- Changes in school catchment demand

Temporary classroom leasing allows quick expansion of teaching spaces and avoidance of protracted capital approval and build times.

### **Replacement of Facilities No Longer Fit-for-Purpose**

Many facilities in older school estates may be structurally deficient, suffering from poor thermal performance and high running costs, or in need of extensive maintenance.

Under RAAC guidance, schools with unsafe ceilings or compromised structures may require space relocation or temporary classrooms while remediation occurs.

### **Excess Maintenance Burden**

Buildings in poor condition or outdated mechanical heating / cooling systems often incur:

- Higher repair bills
- Classroom downtime during maintenance
- Elevated ongoing running costs

Leased modular classrooms provide a low-maintenance alternative while longer-term investment plans are developed.

### 3. Class Consent List and Temporary Classrooms

The Class Consent (2024) explicitly includes temporary classrooms and equivalent structures among pre-approved leasing asset classes (alongside IT equipment, telephony, vehicles, etc.). This means schools can lease these structures with the benefit of blanket consent, avoiding time-consuming individual approvals.



This streamlined process removes the administrative burden of individual consent applications, enabling schools to act quickly when capacity or condition issues arise.

- ❏ **Important note:** Land on which modular classrooms sit generally remains excluded — only the physical structure is included in the consent. If any lease extends to land rights, separate approval may still be required.

# 4. Why Leasing Temporary Classrooms Makes Financial and Operational Sense



## Speed of Delivery

Modular classrooms produced off-site can be assembled on campus throughout school terms with minimal disruption and rapid installation compared with traditional builds. This helps schools respond to capacity shortfalls **within weeks rather than years.**



## Financial Flexibility

Leasing avoids large upfront capital outlay and aligns payment obligations with the revenue budget cycle. Predictable lease costs can be easier to manage within constrained budgets than unexpected one-off outlays.



## Lifecycle and Maintenance Cost Savings

Modern modular classrooms are designed to meet current building regulations (including thermal efficiency) and typically have better insulation and airtightness, lower energy requirements, and lower routine maintenance needs — contributing to lower total lifecycle costs compared to ageing traditional buildings.

# 5. Benefits Specific to Modular Construction



## Energy Efficiency

Modular classrooms are built in controlled factory conditions, allowing for tighter construction tolerances. They often exceed minimum energy performance requirements and can thus achieve lower energy consumption and emissions compared with older brick-and-mortar classrooms. This translates into **reduced running costs** and supports sustainability goals.



## Adaptability and Future Use

Modular units can be reconfigured for alternate uses (e.g., SEN classrooms, libraries, labs), re-sited to other campuses as demand shifts, and integrated with permanent facilities. This flexibility avoids locked-in investments in a single physical layout.



## Minimal Site Disruption

Installing modular classrooms typically requires less invasive groundwork and shorter on-site construction periods, **reducing disruption to learners and staff.**

# 6. Practical Implementation Considerations

To lease successfully under the class consent regime:

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## Ensure Lease Scope is Correct

Ensure the lease strictly covers the temporary classroom units as per the consent list.

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## Work with Experienced Providers

Work with lease providers experienced in modular deployment and compliant documentation.

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## Avoid Land Rights

Avoid granting rights over land, which remains outside class consent and would require specific approvals.

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## Consult Finance and Audit Teams

Consult finance and audit teams to ensure proper IFRS 16 accounting treatment.

# 7. Case Use Examples

## Leasing for Capacity Increase

A maintained primary school facing enrolment growth could enter a lease for modular classrooms, adding several teaching spaces to its site within weeks. No individual Secretary of State consent application is required because the asset class (temporary classroom) is on the approved lease class list.

## Replacing Space During Remedial Work

A school with deteriorating facilities (high maintenance costs and poor condition) could lease temporary classrooms to house pupils while refurbishment occurs, avoiding costly in-term disruption.

# 8. Risks and Best Practice

## Risks

### Lease Structuring Pitfalls

Misclassification of a lease that includes land could void class consent benefits.

### Long-term Value

Schools should assess whether leasing over multiple years remains value for money compared with alternative funding.

### Planning Permissions

Even with leasing consent, planning rules must be satisfied.

## Best Practice

→ Engage auditors or accountants early.

→ Use procurement frameworks that support modular builds.

→ Model energy and life-cycle costs before committing.

# 9. Conclusion

The introduction of IFRS 16 and the Secretary of State's Class Consent specifically including temporary classrooms offers schools and local authorities a compliant, fast, and financially flexible route to address classroom capacity challenges — whether growth-driven or due to building condition issues.

Combined with the operational and energy-efficiency advantages of modern modular classrooms, this leasing route supports educational outcomes while helping manage limited resources effectively.

## References

1. Leasing for Maintained Schools – Department for Education, GOV.UK (guidance on IFRS 16 and consent).
2. Changes to leasing agreements for maintained schools – GOV.UK detail on accounting and consent requirements.
3. Consistent financial reporting framework 2026 to 2027 – on IFRS 16 interpretation and consent.
4. The IFRS16 Maintained Schools Finance Lease Class Consent 2024 – List of pre-approved lease classes including temporary classrooms.
5. Modular classroom benefits and financial context – industry overview of modular performance characteristics.