

WELFARE REFORM ACT 2012

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 1: Universal credit

Section 5: Financial conditions

38. *Section 5* explains the financial conditions. *Subsection (1)* provides that entitlement is dependent on a claimant's capital and income. *Subsection (1)(a)* provides for the capital thresholds for entitlement to universal credit to be set out in regulations. *Subsection (1)(b)* also allows for regulations to prescribe a minimum amount of universal credit that is payable, below which there is no entitlement. This could be used so that a person who would be entitled to only a very small amount of universal credit would not be entitled.
39. *Subsection (2)* provides that in the case of joint claimants their combined capital must be below the prescribed thresholds, and provides an equivalent power to prescribe a minimum amount that is payable.
40. The first regulations made under subsections (1)(a) and (2)(a) will be subject to the affirmative resolution procedure.