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BUSINESS

‘Billions can be saved on UK defence’

Cobham owner: copy American and German approach on procurement

Oliver Gill

Britain will be able to save billions of pounds on military spending if it follows the lead of America and Germany, the head of one of the world's biggest defence investors has said.

Shonnel Malani, European co-head of US private equity giant Advent, said it was time to “mobilise the full strength of Britain” following the shock resignation of defence secretary John Healey in a row over armed forces spending cuts.

Advent has invested \$15 billion in the sector since 2020, including a £4 billion takeover of UK firm Cobham and a £2.6 billion deal for Ultra Electronics. Malani chairs the boards of both companies. He was lead non-executive director at the Department for Science, Innovation & Technology until April 2024.

“The world has changed a lot. Defence is no longer just a cost in the budget. Britain cannot afford to be unprepared. It isn't that far-fetched that we could be under attack,” he said. “This transcends politics. In the current geopolitical context, defence needs to be treated [as] truly bipartisan.”

Healey's resignation followed a row with the Treasury after being offered less than £10 billion to fill a £28 billion military spending deficit.

A Defence Investment Plan (DIP) was created to allocate spending following the publication of the Strategic Defence Review 2025. It was due to be published by the end of last year; it will now be

delayed further. This weekend, the heads of some of the biggest trade bodies for the defence, finance and technology sectors joined forces to express their “deep concern” over further delays. “Without the Defence Investment Plan and a meaningful increase in defence spending, we will risk placing our national and economic security at risk against a growing and diversifying range of threats,” said trade bodies ADS, Make UK Defence, SMI, techUK and TheCityUK. Malani said: “Healey and the defence team were doing quite a good job of trying to advance the defence agenda and trying to find the right answers and the right trade-offs, but the money needs to flow.”

The government's refusal to involve the private sector at an earlier stage in procurement contrasts with the US, said Malani. “We have good engagement with the Pentagon. We have not found it as straightforward in the UK. This represents a potential opportunity.”

Historically, Ministry of Defence (MoD) contracts were drawn up by military personnel and officials before privately owned defence firms were invited to tender for them. The MoD is under pressure to invite contractors in at an earlier stage so they can offer a range of solutions to defence needs, rather than deliver under prescriptive contractual terms that have already been decided.

Asked whether this would save money, Malani responded: “Yes, we believe it does. But it shifts some development spending to the private sector. That means the financial burden moves from the taxpayer to people like us. But we can take on that risk only if we have a dialogue and have certainty that the government will spend in the first place.

He continued: “We are now seeing the US approach deliver results in Germany. The Nordic countries, too. They've made it clear that they will spend money.”



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