Contract finishing UK style

Aidan Murray
Beef specialist, Teagasc Animal and Grassland Research & Innovation Programme.

I recently visited farms in the UK with a group of Irish dairy and beef farmers who were finalists in the Bord Bia Sustainability Awards Programme.

As a part of the prize for being finalists, Bord Bia organised a two-day trip to the north of England to let the farmers see, at first hand, beef and dairy operations in the UK.

In this article, we take a look at a beef farm we visited in north Yorkshire. Doug Dear, who farms near Selby, has introduced huge change on his 400ha farm over the last five to six years. The business has moved from a suckler system to finishing Friesian bulls and now on to contract finishing. Asked why he changed, he explains that they wanted to operate a beef system that would better complement his arable farming.

"Contract finishing suits us because we don't have to tie up huge levels of capital in stock which substantially reduces the risk to the business."

The finishing yard has capacity for 710 cattle, which are either bedded on straw or on an outdoor pad on recycled wood chip, which is cheaply available. The straw from the arable system is used as part of the diet or for bedding, and additional straw is bought in. The pay-back to the tillage system is that all the farmyard manure goes back out on the land.

Cattle are bedded daily, with all pens cleaned out once a month. In total, the farm finishes around 1,500 cattle (including heifers, steers and young bulls) each year.

Cattle intake protocol

Currently, Doug has 28 customers sending cattle into his yard, which is classed as a licenced finishing unit (LFU). This designation allows him to sell cattle directly to the factory even if they have gone out of TB test. "We're very conscious of TB and the perimeter fence of the yard is badger-proof," says Doug.

On arrival at the yard, all cattle have their backs clipped. The bellies and legs are clipped prior to slaughter. The animals are all vaccinated for IBR, PI3; they receive a fluke and worm dose and they are also treated for rumen fluke which has become an issue in recent years.

Within two or three days of arrival, they are EID tagged and their weight recorded. Weighing is routine throughout the finishing period.

The ration component of the diet is the same for all animals in the yard. It's calculated on an intake of up to 2.5% of bodyweight on a dry matter basis. When cattle first come into the yard, they are offered only 50% of their maximum intake and are gradually built up to ad lib. This avoids any potential digestive upsets.

Interestingly, no animal goes through a store period; everything is geared to a fast finish.

Finishing systems

As mentioned earlier, heifers, steers and young bulls are finished. Young bulls typically come into the yard at around seven months at circa 350kg and are generally finished at between 12 and 14 months. Any young bull which is unlikely to finish by 16 months is sold live at the mart.

Steers and heifers are obviously older on entry, at 18 to 24 months, and weigh 450kg-plus. Steers and heifers go on to a 90-day finishing regime, which ensures that they comply with the UK Farm Assurance Scheme. Some cattle may finish after 40 days, but they will have come from a farm that is already within the scheme.

Average daily liveweight gain across all categories of stock in the yard is 1.7kg to 1.8kg/day.

The batch of Angus x Saler pictured have been averaging 1.8kg/day. Although there were a number of breeds present in the yard, there was a high proportion of Angus and Stabilisers. The Stabiliser is a composite breed made up of Red Angus, Hereford, Simmental and Gelbvieh.

All the Angus cattle go to Dovecote Park and are pre-booked 90 days prior to slaughter. They want carcases of 320kg to 420kg, typically R3 and R4L.

Stabiliser bulls all go through a scheme with Woodheads (Morrisons) and their carcase specification is tighter, with the requirement for carcases of 320kg to 360kg R and U 4L and between 12 and 14 months.

The performance of the Stabiliser cattle – intake, average daily gain and slaughter data – is emailed to America once a month as part of a breed improvement programme focused on feed efficiency. The results of the programme are, in turn, shared with breeders and finishers.

Costs

The yard works on the basis that the owners of the cattle are charged monthly for the stock being fed. Each customer receives a breakdown of their cattles' monthly performance.

The diet feeder records the ingredients and amount of feed given to each pen and can work out the cost/animal/day.

Doug Dear addresses the group.

The feeder will also monitor dry matter intake (DMI) and will alert Doug if there is any drop-off. It will also show when the intake of a pen has plateaued.

Feed costs are calculated on an as-fed basis per animal per day, so they will vary according to animal type and size. There is also a fixed rate charge per day to cover the costs of labour, straw, water and maintenance. This cost will vary slightly based on the numbers the customer has in the yard at any one time.

The farm grows barley and wheat, some of which is whole-cropped, and also oats, forage maize and beans. A drier handles their grain and they also buy in maize meal, distiller's liquid feed, bread and vitamins and minerals to make up the diet.

The system certainly adds value to his cereals, but Doug was quite clear that when grain is between £150 and £200/t, it pays to feed it to cattle. Once it goes over £200, he says he is better off financially to sell it.

Thoughts on Brexit

Most of the farmers we spoke to on the visit were in favour of Brexit, which many Irish farmers find hard to fathom. When asked his opinion on Brexit, Doug said he is in favour of leaving the EU. He feels that the beef price will remain as it is and the devaluing of sterling is beneficial in terms of filling the yard. He was even considering building or expanding his yard.

His preference is to have subsidy-free agriculture, as he is adamant that it will free up more land for rent or purchase, as those who are more subsidy-driven are forced out.

Angus-cross-Salers cattle averaging 1.8kg/day.

Conclusion

It was interesting to see Doug's business model in action. He has eliminated the capital invested in stock yet is adding value to his cereals. He is able to predict his income every year irrespective of the volatility of beef prices.

Doug controls what he can control and is using technology very well. He regularly weighs cattle using EID; monitors costs and feed intakes through the diet feeder. This provides good transparency and regular performance updates for his customers. Processors benefit too as he can supply animals to a consistent spec on a regular basis. Whether Brexit will have the positive impact on the business which Doug predicts, remains to be seen.