The Talent Labs
Recruitment Agency Trends Report 2026

July 2026

Contents

01. Executive Summary

Recruitment agencies continue to play an important role within modern Talent Acquisition strategies, but the nature of those relationships is evolving.

Based on responses from **137 Talent Acquisition professionals and leaders,** the findings suggest organisations are becoming more selective in how they engage agencies, whilst continuing to place significant value on specialist expertise, talent access and market insight.

The survey highlights a recruitment market that is increasingly partnership-led. Internal Talent Acquisition capability has strengthened considerably in recent years, supported by advances in sourcing technology, workforce planning and AI-enabled recruitment tools. As a result, many organisations are becoming more deliberate about where external recruitment support can create the greatest impact.

Several findings stood out:

- **78%** of organisations who responded now operate primarily through direct hiring models, with **22%** relying on the support of agencies.
- **60%** reported agencies were involved in up to 10% of hires over the previous 12 months.
- **42%** have reduced agency usage over the past two years, although 40% reported no significant change.
- Hard-to-fill and specialist hiring remains the most common reason for agency engagement **(32%).**
- Access to hard to reach talent **(28%),** market insight and salary intelligence **(21%),** and high-quality shortlists **(20%)** were identified as the greatest areas of agency value.
- **50%** expect agency usage to remain broadly unchanged over the next 12–24 months.
- Perhaps most significantly, **97%** of responses seeing value in partnering with agencies as part of an overall hiring strategy.

Overall, the findings suggest that whilst hiring models continue to evolve, recruitment agencies remain highly valued where they provide expertise, intelligence and access that organisations cannot easily replicate internally.

02. Market Context

The relationship between Talent Acquisition teams and recruitment agencies has changed significantly over recent years.

Following the post-pandemic hiring surge, **many organisations invested heavily in internal Talent Acquisition capability, direct sourcing approaches and recruitment technology.** At the same time, economic uncertainty and softer hiring demand have increased scrutiny around recruitment spend and hiring efficiency.

This shift is reflected across wider market data. The Office for National Statistics and Recruitment & Employment Confederation **continue to report vacancy levels below post-pandemic highs,** whilst research from CIPD, LinkedIn and Gartner highlights growing investment in recruiter capability, workforce planning and talent intelligence.

The emergence of AI-enabled recruitment tools has accelerated this trend further, helping internal teams manage more recruitment activity directly.

Against this backdrop, the role of recruitment agencies is evolving. Rather than being used as a broad recruitment channel, **agencies are increasingly engaged where specialist expertise, market knowledge and access to difficult-to-reach talent** can provide a clear advantage.

This report explores how Talent Acquisition leaders are currently engaging agencies, where they continue to create value and how agency partnerships may evolve over the coming years.

03. About the Survey

This report is based on responses from 137 Talent Acquisition professionals and leaders across a range of sectors, organisation sizes and hiring environments.

The report is intended as a practical industry snapshot and has been supported by wider labour market and Talent Acquisition research to provide additional context.

The survey explored:

- Current hiring models.
- Levels of agency reliance.
- Changing agency usage trends.
- Agency value and effectiveness.
- Opportunities to strengthen partnerships.
- Future expectations for agency relationships.

04. Key Themes Emerging From the Data

Six themes emerged consistently throughout the survey.

Recruitment Agencies Continue to Play an Important Role

Despite changing hiring models, agencies remain an established and valued part of the recruitment ecosystem. Most organisations continue to engage agencies, particularly for specialist and business-critical hiring.

Specialist Expertise Continues to Differentiate Great Agencies

The strongest demand for agency support exists where hiring complexity is highest. Specialist, executive and difficult-to-fill recruitment remain key areas where agencies add value.

Internal Capability and External Expertise Are Becoming More Complementary

The growth of direct hiring capability does not appear to be replacing agencies. Instead, organisations are combining strong internal Talent Acquisition functions with targeted external support.

Stronger Agency Partnerships Are Emerging

Many organisations appear to be focusing on fewer, deeper relationships with agencies that understand their business and consistently deliver value.

Insight and Intelligence Are Becoming Key Differentiators

Access to talent remains critical, but market insight, salary intelligence and talent intelligence are becoming increasingly important differentiators.

Expectations Continue to Rise

As Talent Acquisition becomes more strategic, organisations increasingly expect agencies to operate as genuine talent partners rather than transactional suppliers.

05. Current Hiring Models & Agency Relationships

The findings suggest most organisations now operate with a predominantly direct hiring model, supported by selective agency engagement where additional expertise is required.

More than half of respondents **(52%)** described their approach as mostly direct hiring with occasional agency support, whilst a further **26%** reported operating a primarily direct only model. Agency involvement is typically low, with **60%** reporting agencies were involved in up to **10%** of hires over the previous 12 months.

At the same time, agency relationships remain firmly established. Only **11%** reported no agency involvement during the past year, whilst specialist agencies **(32%)**, contingent recruiters **(30%)** and retained search firms **(27%)** continue to be widely used.

The findings suggest organisations are becoming increasingly deliberate about where agency support is used. Rather than acting as a default hiring channel, agencies are most commonly engaged for:

- Hard-to-fill and specialist roles **(32%)**.
- Senior and executive recruitment **(18%)**.
- Interim hiring **(16%)**.
- Urgent hiring requirements **(13%)**.

The findings align with wider Talent Acquisition trends. LinkedIn's Future of Recruiting 2025 found that **37%** of recruiters believe AI will allow them to focus more time on strategic work, whilst CIPD's Resourcing & Talent Planning research continues to highlight growing investment in direct sourcing capability and workforce planning. Together, these trends help explain why many organisations are increasingly confident managing core recruitment activity internally.

The picture emerging is not one of reduced agency relevance, but one of more focused and strategic agency engagement.

06. How Agency Relationships Are Changing

Over the past 12–24 months, organisations have become increasingly selective in how they engage recruitment agencies.

Whilst **42%** reported agency usage has decreased, **40%** reported no significant change and **7%** reported increased usage. A further **11%** stated they have become more selective, reducing supplier numbers and focusing activity with fewer agency partners.

The findings suggest this shift is less about reducing agency value and more about increasing scrutiny around where agencies can deliver the greatest impact.

Structured agency relationships are now common. **29%** of organisations operate niche PSL arrangements, whilst many others use flat or tiered supplier models. Only **19%** reported having no formal agency structure in place.

The data points towards a market where organisations increasingly prioritise quality of partnership over quantity of suppliers.

This shift reflects broader labour market conditions. According to the REC's Report on Jobs, permanent hiring activity remained subdued throughout much of 2025, whilst ONS vacancy data showed UK vacancies falling below 800,000 for the first time since before the pandemic. In a more measured hiring market, organisations appear increasingly focused on where agency investment can deliver the greatest return.

07. What Great Agency Partnerships Deliver

One of the most positive findings from the survey is the continued value organisations place on recruitment agency partnerships.

When asked where agencies add the greatest value, respondents most frequently identified:

- Access to hard-to-reach talent **(28%)**.
- Market insight and salary intelligence **(21%)**.
- High-quality shortlists **(20%)**.
- Improved speed to hire **(13%)**.
- Reduced workload during hiring peaks **(12%)**.
- Only 3% of respondents felt agencies provide limited added value, beyond their growing internal TA team capability.

The findings suggest organisations increasingly value agencies for expertise, insight and access rather than recruitment delivery alone.

Wider market data reinforces these findings. Indeed Hiring Lab reported that many specialist and professional occupations continue to experience skill shortages despite broader hiring slowdowns. At the same time, Deloitte's Global Human Capital Trends research found that workforce intelligence and skills visibility are becoming increasingly important priorities for employers. **This helps explain why access to talent and market insight remain among the most valued aspects of agency partnerships.**

Ultimately, the strongest agency partnerships are increasingly built around expertise, intelligence and confidence rather than candidate volume alone.

08. How Agencies Can Create Even Greater Value

Whilst the overall sentiment towards recruitment agencies was positive, respondents also highlighted opportunities where agencies could strengthen their impact even further.

The most commonly identified improvement areas were:

- Better understanding of organisational culture and EVP **(27%)**.
- Higher quality and relevance of candidates **(21%)**.
- Greater consistency of service and delivery **(19%)**.
- More market insight and value beyond CV supply **(18%)**.

Interestingly, commercial terms and fee structures featured relatively low on the list of priorities. This suggests **the conversation is increasingly focused on quality, understanding and strategic contribution rather than cost alone.**

The findings point towards rising expectations rather than dissatisfaction. As Talent Acquisition functions become more strategic, organisations are looking for agency partners that understand their business, represent their employer brand effectively and contribute insights that support better hiring decisions.

The findings mirror broader trends across Talent Acquisition. Greenhouse research found that **84%** of hiring leaders believe improving quality of hire is a higher priority than increasing hiring volume. Similarly, Gartner continues to highlight growing demand for strategic talent partners capable of providing market intelligence and business insight alongside recruitment delivery.

For agencies, the opportunity is clear. Those that combine recruitment expertise with strong business understanding, market insight and consultative support are likely to be best positioned to create long-term value and differentiate themselves within an increasingly selective market.

09. The Future of TA & Agency Relationships

The findings suggest recruitment agencies will continue to play an important role within Talent Acquisition strategies over the coming years, although the nature of those relationships is likely to continue evolving.

Half of respondents **(50%)** expect agency usage to remain broadly unchanged over the next 12–24 months. Whilst **27%** anticipate a reduction in agency usage and 15% expect to become more selective, only **3%** anticipate a move towards broader outsourced recruitment models such as RPO or MSP arrangements.

Perhaps the most significant finding is that organisations do not appear to view direct hiring and agency hiring as competing approaches. **Instead, the future looks increasingly blended, combining stronger internal Talent Acquisition capability with targeted external expertise.**

Throughout the survey, respondents consistently highlighted the value agencies provide through:

- Specialist expertise.
- Access to talent.
- Market intelligence.
- Support in complex hiring situations.

These are all areas where demand is expected to remain strong, even as organisations continue investing in sourcing capability, recruitment technology and AI-enabled tools.

The wider market points towards a similar future. PwC's 28th Annual CEO Survey found that 40% of CEOs expect workforce skills shortages to impact business performance over the next decade, whilst Deloitte's Global Human Capital Trends research identified workforce agility and access to critical skills as key organisational priorities. Against this backdrop, specialist recruitment expertise is likely to remain an important component of many hiring strategies.

The findings suggest the future recruitment market will be characterised by:

- Fewer but deeper agency partnerships.
- Greater focus on specialist expertise.
- Increased emphasis on hiring outcomes and ROI.
- Stronger alignment between agencies and internal TA teams.
- Growing demand for talent intelligence and market insight.

For Talent Acquisition teams, this means being increasingly clear about where external expertise can complement internal capability.

For agencies, success is likely to be driven less by volume and more by differentiation. Agencies that provide **specialist knowledge, talent intelligence, business understanding and strategic support** are likely to be best positioned for long-term success.

The future does not appear to be one where agencies become less relevant.Instead, the findings suggest the most successful agency partnerships will become more focused, more strategic and ultimately more valuable.

10. Final Reflection

The findings from this survey paint a picture of a Talent Acquisition market that is becoming more strategic, more intentional and increasingly focused on hiring impact.

Whilst organisations continue to strengthen internal Talent Acquisition capability, recruitment agencies remain a valued and important part of the hiring ecosystem. The difference is that organisations are becoming more selective about where they engage agency support and what they expect from those partnerships.

Perhaps the most significant shift is not whether organisations use agencies, but how they define value. Increasingly, value is linked to expertise, insight, talent access and the ability to solve complex hiring challenges rather than recruitment delivery alone.

For recruitment agencies, this should be viewed as an opportunity. The findings suggest organisations continue to place significant value on specialist expertise and trusted partnerships. As hiring becomes more complex and expectations continue to rise, agencies that position themselves as genuine talent partners are likely to remain an important part of helping organisations attract and secure the talent they need to succeed.

11. A Word from Devonshire

One of the things we've always enjoyed about working with in-house TA teams is that no two organisations are quite the same. Different sectors, different challenges, different priorities. But reading through the findings of this survey, one thing stood out to us: the conversation has changed.

TA teams today are balancing more than ever – hiring demand, budget pressures, employer brand, candidate experience and longer-term workforce planning. As a result, agencies can no longer expect to be viewed simply as suppliers of CVs.

For agencies, the bar has undoubtedly risen, but that's no bad thing. It creates an opportunity to build genuine partnerships and bring more than recruitment delivery to the table. Market insight, access to specialist and freelance talent, support during peaks in demand, and a strong understanding of an organisation's culture and ways of working are all areas where agencies can add real value.

This research highlights that whilst engagement models may continue to evolve, the fundamentals of successful partnerships remain unchanged. Trust, transparency, responsiveness and a shared commitment to delivering a positive candidate experience remain at the heart of the strongest relationships.

At Devonshire, we've spent nearly 40 years supporting organisations through changing markets, shifting hiring priorities and evolving workforce models. That experience has shown us that the most successful partnerships are built on more than just recruitment delivery. By combining specialist expertise with services such as freelance solutions, executive search, screening, payroll and scalable talent support, we're able to work alongside TA teams as a genuine extension of their function, adapting our approach to meet each organisation's needs.

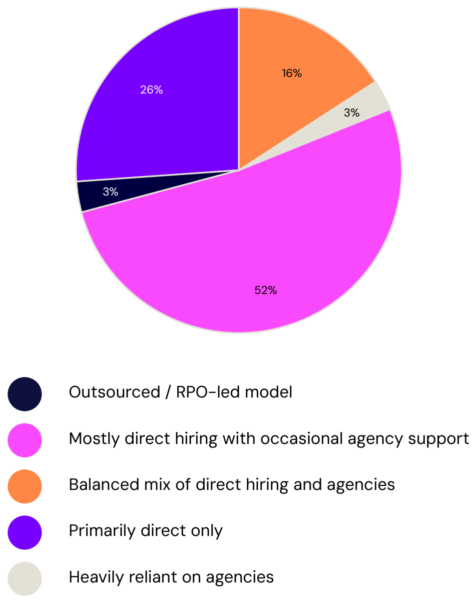
We're grateful to everyone who contributed to this research, and to The Talent Labs for bringing together the Talent Acquisition community to share its perspectives.
For us, the findings are a positive reminder that whilst expectations may be changing, the need for expertise, trusted relationships and collaborative partnerships remains as important as ever.

The Devonshire Team

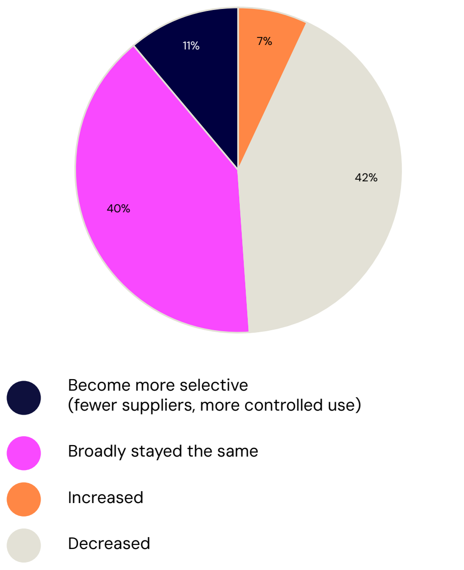
Devonshire
Recruitment Agency

12. The Data

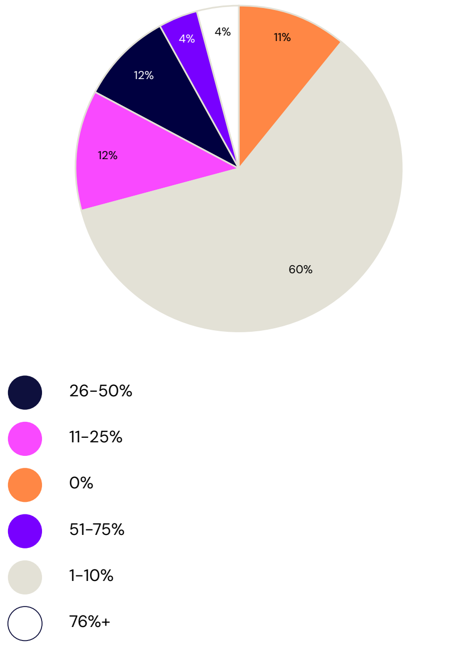
Question 1 – Which best describes your organisations current hiring model?



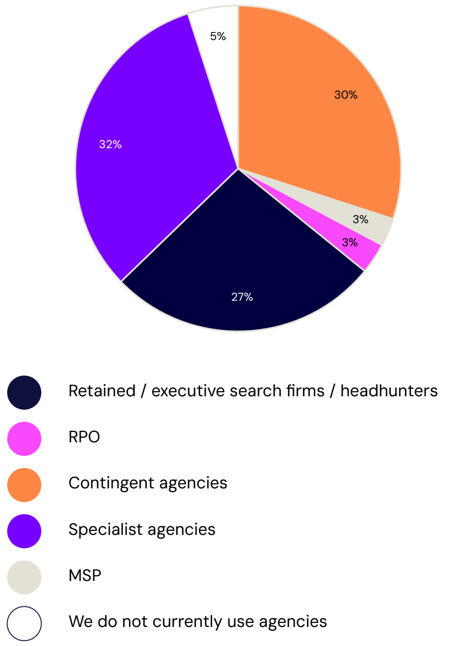
Question 3 – Over the past 12 – 24 months, your use of agencies has:



Question 2 – Approximately what % of your total hires involved an external agency in the last 12 months?

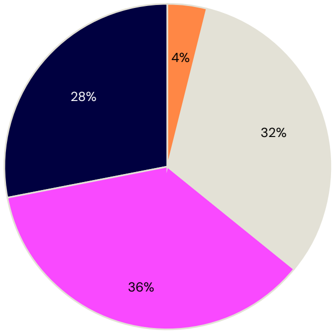


Question 4 – Which external providers do you primarily use? (Select all that apply)



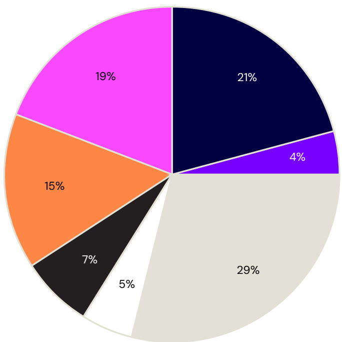
12. The Data

Question 5 – Which statement best reflects how agencies fit into your hiring strategy?



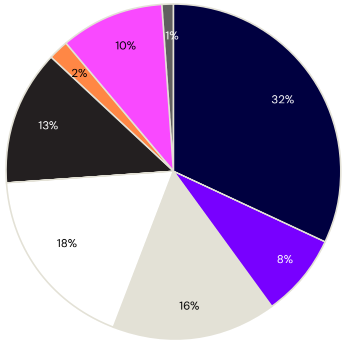
- Only when we've tried direct first
- A tactical solution for specific scenarios
- A core part of our hiring model
- A strategic partner for certain skills

Question 6 – How do you structure your PSL?



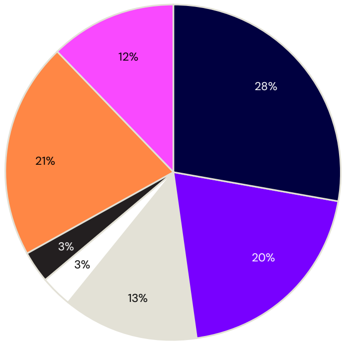
- Flat PSL
- We don't have one
- Tiered approach
- Master Vendor
- Niche PSL (specialists for different functions/business areas)
- On-demand / marketplace model
- RPO / MSP

Question 7 – In which situations are you most likely to engage agencies?



- Hard-to-fill / specialist roles
- We try to avoid agencies where possible
- Freelance hires
- Hiring spikes / internal capacity gaps
- Interim / contract hiring
- Senior or executive roles
- Urgent or time-critical hires
- International hires

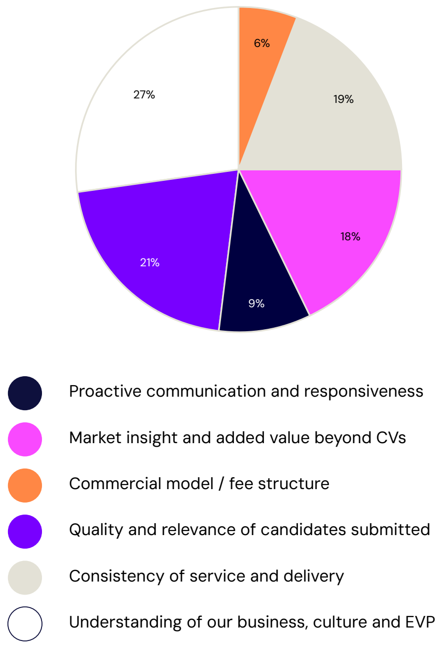
Question 8 – When agencies work well, what do they do best?



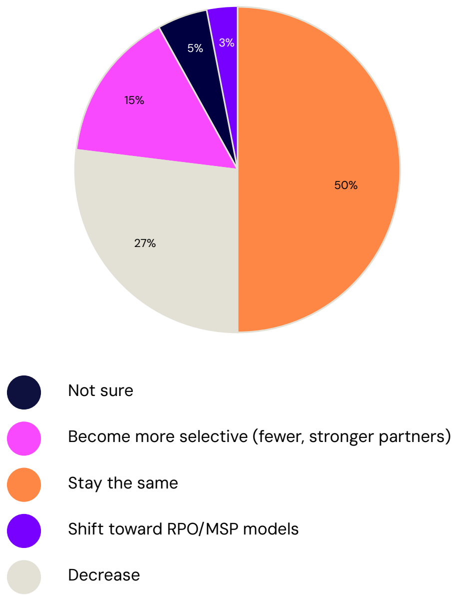
- Access hard-to-reach talent
- Reduce workload during peaks
- Provide market insight / salary intelligence
- Deliver high-quality, relevant shortlists
- Improve speed to hire
- Increase hiring manager confidence
- Limited added value

12. The Data

Question 9 – If the recruitment agencies you work with could improve one thing, what would it be?



Question 10 – Over the next 12–24 months, your work with agencies will likely:



13. Other Studies Referenced

To provide additional context and validation around the themes emerging from this survey, findings have been considered alongside wider labour market data, Talent Acquisition research and industry reporting from recognised external sources.

These sources help place the survey findings within the broader evolution of Talent Acquisition, workforce planning and recruitment agency partnerships, whilst providing additional perspective on the market trends shaping hiring strategies today.

1. Office for National Statistics (ONS)

   Vacancies and jobs in the UK - Office for National Statistics

2. LinkedIn

   https://business.linkedin.com/talent-solutions/resources/future-of-recruiting

3. Recruitment & Employment Confederation (REC)

   Report on jobs :: The REC

4. Indeed Hiring Lab UK Labour Market Insights

   https://www.hiringlab.org/uk

5. Gartner Talent Acquisition Research & Insights

   https://www.gartner.com/en/newsroom/press-releases/2025-10-07-gartner-says-ai-revolution-and-cost-pressures-are-two-forces-driving-the-top-four-trends-for-talent-acquisition-in-2026

6. Greenhouse Hiring & Candidate Experience Research

   https://www.greenhouse.com/content-topic/candidate-experience

7. Workday AI & Workforce Transformation Research

   https://blog.workday.com

8. Deloitte Global Human Capital Trends 2025

   https://www2.deloitte.com/global/en/pages/human-capital/topics/human-capital-trends.html

9. PwC 28th Annual Global CEO Survey

   https://www.pwc.com/gx/en/issues/c-suite-insights/ceo-survey.html